
ANNUAL FINANCIAL REPORT MARION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
MARION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

MARION COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Marion County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Marion County as of and for the year ended June 30, 2013.

Results

Our report on Marion County's financial statements is unmodified.

Our audit resulted in 11 findings and recommendations, which we have reviewed with Marion County management. Detailed findings, recommendations, and management's responses 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

- ◆ The airport had operating deficiencies.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office did not document some charges for credit card transactions.
- ◆ The School Department did not comply with management directives from the Office of Tennessee Recovery Act Management.

OFFICE OF TRUSTEE

- ◆ The trustee did not require two depositories to adequately collateralize funds.
 - ◆ The trustee paid certain expenses from the commission account rather than through the county's budgetary process.
 - ◆ Supplemental payments to employees were not made through the payroll system.
-

OFFICE OF COUNTY CLERK

- ◆ Users processed transactions utilizing the same username.
-

OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

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

OFFICE OF SHERIFF

- ◆ 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 OF DEEDS, 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, 2013

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 of Deeds
Ronnie Burnett, Sheriff

Board of County Commissioners

| | |
|----------------------|----------------------|
| Les Price, Chairman | |
| Don Adkins | Marshall Raines, Sr. |
| Donald Blansett | Mack Reeves |
| Louin Campbell | Jody Rollins |
| Kenneth Cookston | Donnie Sartin |
| Jane Dawkins | Thomas Thompson |
| Robert Eugene Hargis | Glenn White |
| Ralph Pickett | 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
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the county'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.

Auditor's Responsibility

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, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marion County Conservation Commission, is based solely on the report of the other auditors. 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 auditor's 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 auditor considers 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 opinions.

Opinions

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Marion County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Marion County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

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 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 schedule of funding progress – pension plan and other postemployment benefit plan on pages 77-79 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Rural Debt Service funds, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of 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 the responsibility of management and were derived from and relate 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

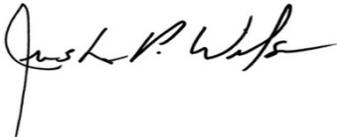
other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules 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 miscellaneous schedules are 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 24, 2013, on our consideration of Marion County'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's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 24, 2013

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Marion County, Tennessee
Statement of Net Position
June 30, 2013

| | Primary Government | | | Component Unit |
|--|--------------------|---------------|----------------|--------------------------------|
| | Governmental | Business-type | Total | Marion |
| | Activities | Activities | | County School Department |
| <u>ASSETS</u> | | | | |
| Cash | \$ 101,792 | \$ 45,230 | \$ 147,022 | \$ 1,414 |
| Equity in Pooled Cash and Investments | 17,323,242 | 0 | 17,323,242 | 4,089,934 |
| Inventories | 0 | 0 | 0 | 60,022 |
| Accounts Receivable | 45,643 | 329 | 45,972 | 72,189 |
| Due from Other Governments | 879,465 | 0 | 879,465 | 812,107 |
| Due from Other Funds | 20,000 | 0 | 20,000 | 0 |
| Due from Component Unit | 186,855 | 0 | 186,855 | 0 |
| Property Taxes Receivable | 9,896,741 | 0 | 9,896,741 | 5,267,111 |
| Allowance for Uncollectible Property Taxes | (659,591) | 0 | (659,591) | (351,038) |
| Prepaid Items | 0 | 64 | 64 | 0 |
| Assets Not Depreciated: | | | | |
| Land | 2,599,981 | 0 | 2,599,981 | 1,133,836 |
| Construction in Progress | 231,930 | 35,171 | 267,101 | 97,610 |
| Assets Net of Accumulated Depreciation: | | | | |
| Buildings and Improvements | 7,392,207 | 53,956 | 7,446,163 | 40,414,813 |
| Infrastructure | 6,311,283 | 0 | 6,311,283 | 0 |
| Other Capital Assets | 669,255 | 0 | 669,255 | 198,250 |
| Total Assets | \$ 44,998,803 | \$ 134,750 | \$ 45,133,553 | \$ 51,796,248 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 0 | \$ 18,311 | \$ 18,311 | \$ 156,284 |
| Accrued Payroll | 0 | 0 | 0 | 24,628 |
| Payroll Deductions Payable | 1,531 | 0 | 1,531 | 386,391 |
| Contracts Payable | 0 | 0 | 0 | 23,951 |
| Due to Other Funds | 0 | 20,000 | 20,000 | 0 |
| Due to Primary Government | 0 | 0 | 0 | 186,855 |
| Due to Litigants, Heirs, and Others | 7,394 | 0 | 7,394 | 0 |
| Accrued Interest Payable | 267,676 | 0 | 267,676 | 0 |
| Noncurrent Liabilities: | | | | |
| Due Within One Year | 2,234,712 | 0 | 2,234,712 | 0 |
| Due in More Than One Year (net of unamortized premium on debt) | 37,790,391 | 0 | 37,790,391 | 476,083 |
| Total Liabilities | \$ 40,301,704 | \$ 38,311 | \$ 40,340,015 | \$ 1,254,192 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Current Property Taxes | \$ 8,740,223 | \$ 0 | \$ 8,740,223 | \$ 4,651,606 |
| Other Deferred Revenue | 0 | 506 | 506 | 0 |
| Total Deferred Inflows of Resources | \$ 8,740,223 | \$ 506 | \$ 8,740,729 | \$ 4,651,606 |
| <u>NET POSITION</u> | | | | |
| Net Investment in Capital Assets | \$ 9,902,368 | \$ 69,127 | \$ 9,971,495 | \$ 41,844,509 |
| Restricted for: | | | | |
| Courthouse and Jail Maintenance | 16,254 | 0 | 16,254 | 0 |
| Solid Waste/Sanitation | 85,346 | 0 | 85,346 | 0 |
| Drug Control | 56,477 | 0 | 56,477 | 0 |
| Highway/Public Works | 1,059,415 | 0 | 1,059,415 | 0 |
| Central Cafeteria | 0 | 0 | 0 | 969,842 |
| Debt Service | 7,526,639 | 0 | 7,526,639 | 0 |
| Capital Projects | 1,345,736 | 0 | 1,345,736 | 0 |
| Other Purposes | 639,588 | 0 | 639,588 | 27,429 |
| Unrestricted | (24,674,947) | 26,806 | (24,648,141) | 3,048,670 |
| Total Net Position | \$ (4,043,124) | \$ 95,933 | \$ (3,947,191) | \$ 45,890,450 |

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, 2013

| Functions/Programs | Program Revenues | | | | | | Net (Expense) Revenue and Changes in Net Position | | | 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 | |
| | | | | | Governmental Activities | Business-type Activities | | | | |
| Primary Government: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 1,604,436 | \$ 444,661 | \$ 16,664 | \$ 0 | \$ (1,143,111) | \$ 0 | \$ (1,143,111) | \$ 0 | \$ 0 | \$ 0 |
| Finance | 789,199 | 747,145 | 0 | 0 | (42,054) | 0 | (42,054) | 0 | (42,054) | 0 |
| Administration of Justice | 1,039,322 | 581,700 | 11,400 | 0 | (446,222) | 0 | (446,222) | 0 | (446,222) | 0 |
| Public Safety | 3,639,412 | 426,619 | 270,160 | 32,768 | (2,909,865) | 0 | (2,909,865) | 0 | (2,909,865) | 0 |
| Public Health and Welfare | 935,225 | 1,016,701 | 143,015 | 7,000 | 231,491 | 0 | 231,491 | 0 | 231,491 | 0 |
| Social, Cultural, and Recreational Services | 157,990 | 0 | 0 | 0 | (157,990) | 0 | (157,990) | 0 | (157,990) | 0 |
| Agriculture and Natural Resources | 79,745 | 0 | 0 | 0 | (79,745) | 0 | (79,745) | 0 | (79,745) | 0 |
| Other Operations | 575,364 | 144,715 | 19,678 | 19,627 | (391,344) | 0 | (391,344) | 0 | (391,344) | 0 |
| Highways/Public Works | 2,540,977 | 373,102 | 1,765,163 | 422,892 | 20,180 | 0 | 20,180 | 0 | 20,180 | 0 |
| Interest on Long-term Debt | 1,669,084 | 0 | 0 | 0 | (1,669,084) | 0 | (1,669,084) | 0 | (1,669,084) | 0 |
| Other Debt Service | 56,291 | 0 | 821,035 | 0 | 764,744 | 0 | 764,744 | 0 | 764,744 | 0 |
| Total Governmental Activities | \$ 13,087,045 | \$ 3,734,643 | \$ 3,047,115 | \$ 482,287 | \$ (5,823,000) | \$ 0 | \$ (5,823,000) | \$ 0 | \$ (5,823,000) | \$ 0 |
| Business-type Activities: | | | | | | | | | | |
| Marion County Conservation Commission | \$ 100,098 | \$ 81,063 | \$ 0 | \$ 0 | \$ 0 | \$ (19,035) | \$ (19,035) | \$ 0 | \$ (19,035) | \$ 0 |
| Total Primary Government | \$ 13,187,143 | \$ 3,815,706 | \$ 3,047,115 | \$ 482,287 | \$ (5,823,000) | \$ (19,035) | \$ (5,842,035) | \$ 0 | \$ (5,842,035) | \$ 0 |
| Component Unit: | | | | | | | | | | |
| Marion County School Department | \$ 35,550,695 | \$ 888,234 | \$ 4,488,552 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (30,173,909) | \$ (30,173,909) |
| Total Component Unit | \$ 35,550,695 | \$ 888,234 | \$ 4,488,552 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (30,173,909) | \$ (30,173,909) |

(Continued)

Exhibit B

Marion County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Program Revenues | | | | | Net (Expense) Revenue and Changes in Net Position | | Component Unit |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|---|-------|---------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Business-type Activities | | Total | Marion County School Department |
| | | | | | Governmental Activities | Business-type Activities | | |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes Levied for General Purposes | | \$ 7,054,473 | \$ | | 0 | \$ 7,054,473 | \$ | 4,887,823 |
| Property Taxes Levied for Debt Service | | 1,900,490 | | | 0 | 1,900,490 | | 0 |
| Local Option Sales Taxes | | 1,722,348 | | | 0 | 1,722,348 | | 3,053,020 |
| Hotel/Motel Tax | | 0 | | | 0 | 0 | | 4,397 |
| Litigation Tax - General | | 91,152 | | | 0 | 91,152 | | 0 |
| Litigation Tax - Special Purpose | | 9,113 | | | 0 | 9,113 | | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | | 16,727 | | | 0 | 16,727 | | 0 |
| Business Tax | | 246,144 | | | 0 | 246,144 | | 0 |
| Mineral Severance Tax | | 4,119 | | | 0 | 4,119 | | 0 |
| Wholesale Beer Tax | | 0 | | | 0 | 0 | | 106,114 |
| Other Local Taxes | | 2,029 | | | 0 | 2,029 | | 1,354 |
| Grants and Contributions Not Restricted to Specific Programs | | 764,113 | | | 0 | 764,113 | | 20,869,910 |
| Unrestricted Investment Earnings | | 128,421 | | | 0 | 128,421 | | 8,109 |
| Miscellaneous | | 26,518 | | | 0 | 26,518 | | 122,487 |
| Total General Revenues | | \$ 11,965,647 | \$ | | 0 | \$ 11,965,647 | \$ | 29,053,214 |
| Change in Net Position | | \$ 6,142,647 | \$ | | (19,035) | \$ 6,123,612 | \$ | (1,120,695) |
| Prior-period Adjustment | | (214,484) | | | 0 | (214,484) | | 0 |
| Net Position, July 1, 2012 | | (9,971,287) | \$ | | 114,968 | (9,856,319) | | 47,011,145 |
| Net Position, June 30, 2013 | | \$ (4,043,124) | \$ | | 95,933 | (3,947,191) | \$ | 45,890,450 |

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

Marion County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

ASSETS

| | Major Funds | | | | Nonmajor Funds | | Total Governmental Funds |
|--|---------------|------------------------|----------------------|--------------------|--------------------------|--------------|--------------------------|
| | General | Highway / Public Works | General Debt Service | Rural Debt Service | Other Governmental Funds | | |
| Cash | \$ 200 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 101,592 | \$ 101,792 |
| Equity in Pooled Cash and Investments | 6,672,624 | 744,771 | 1,640,015 | 4,445,058 | 3,820,774 | 3,820,774 | 17,323,242 |
| Accounts Receivable | 43,390 | 1,999 | 0 | 0 | 254 | 254 | 45,643 |
| Due from Other Governments | 253,867 | 312,645 | 0 | 0 | 312,953 | 312,953 | 879,465 |
| Due from Other Funds | 20,354 | 0 | 0 | 0 | 0 | 0 | 20,354 |
| Property Taxes Receivable | 7,791,112 | 0 | 646,453 | 1,459,176 | 0 | 0 | 9,896,741 |
| Allowance for Uncollectible Property Taxes | (619,256) | 0 | (43,085) | (97,250) | 0 | 0 | (659,591) |
| Total Assets | \$ 14,262,291 | \$ 1,059,415 | \$ 2,243,383 | \$ 5,806,984 | \$ 4,235,573 | \$ 4,235,573 | \$ 27,607,646 |

LIABILITIES

| | | | | | | | |
|-------------------------------------|----------|------|------|------|----------|----------|----------|
| Payroll Deductions Payable | \$ 1,531 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,531 |
| Due to Other Funds | 0 | 0 | 0 | 0 | 354 | 354 | 354 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 0 | 0 | 7,394 | 7,394 | 7,394 |
| Total Liabilities | \$ 1,531 | \$ 0 | \$ 0 | \$ 0 | \$ 7,748 | \$ 7,748 | \$ 9,279 |

DEFERRED INFLOWS OF RESOURCES

| | | | | | | | |
|-------------------------------------|--------------|------------|------------|--------------|------------|------------|--------------|
| Deferred Current Property Taxes | \$ 6,880,655 | \$ 0 | \$ 570,909 | \$ 1,288,659 | \$ 0 | \$ 0 | \$ 8,740,223 |
| Deferred Delinquent Property Taxes | 351,701 | 0 | 29,159 | 65,867 | 0 | 0 | 446,727 |
| Other Deferred/Unavailable Revenue | 0 | 151,698 | 0 | 0 | 0 | 155,000 | 306,698 |
| Total Deferred Inflows of Resources | \$ 7,232,356 | \$ 151,698 | \$ 600,068 | \$ 1,354,526 | \$ 155,000 | \$ 155,000 | \$ 9,493,648 |

FUND BALANCES

| | | | | | | | |
|--|-----------|---------|-----------|-----------|-----------|-----------|-----------|
| Restricted: | \$ 54,159 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 16,254 | \$ 70,413 |
| Restricted for General Government | 3,908 | 0 | 0 | 0 | 0 | 101,492 | 105,400 |
| Restricted for Finance | 173,945 | 0 | 0 | 0 | 0 | 0 | 173,945 |
| Restricted for Administration of Justice | 29,416 | 0 | 0 | 0 | 56,477 | 85,893 | 85,893 |
| Restricted for Public Safety | 1,160 | 0 | 0 | 0 | 57,346 | 57,346 | 58,506 |
| Restricted for Public Health and Welfare | 377,000 | 0 | 0 | 0 | 0 | 0 | 377,000 |
| Restricted for Other Operations | 0 | 907,717 | 0 | 0 | 0 | 0 | 907,717 |
| Restricted for Highways/Public Works | 0 | 0 | 1,643,315 | 4,452,458 | 0 | 0 | 6,095,773 |
| Restricted for Debt Service | 0 | 0 | 0 | 0 | 1,345,736 | 1,345,736 | 1,345,736 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Committed: | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Committed for Debt Service | 0 | 0 | 0 | 0 | 0 | 1,474,689 | 1,474,689 |
| Committed for Capital Projects | 0 | 0 | 0 | 0 | 0 | 1,000,000 | 1,000,000 |

(Continued)

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

| | Major Funds | | | Nonmajor Funds | | Total Governmental Funds |
|----|------------------------|----------------------|--------------------|--------------------------|--------------|--------------------------|
| | Highway / Public Works | General Debt Service | Rural Debt Service | Other Governmental Funds | | |
| \$ | 72,379 | \$ 0 | \$ 0 | \$ 0 | \$ 20,831 | \$ 93,210 |
| | 6,316,437 | 0 | 0 | 0 | 0 | 6,316,437 |
| \$ | 7,028,404 | \$ 907,717 | \$ 1,643,315 | \$ 4,452,458 | \$ 4,072,825 | \$ 18,104,719 |
| \$ | 14,262,291 | \$ 1,059,415 | \$ 2,243,383 | \$ 5,806,984 | \$ 4,235,573 | \$ 27,607,646 |

FUND BALANCES (Cont.)

Assigned:
 Assigned for Capital Projects
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, 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 Position
June 30, 2013

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

| | | | |
|---|----|------------------|--------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit C-1) | | \$ | 18,104,719 |
| (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 | | 231,930 | |
| Add: buildings and improvements net of accumulated depreciation | | 7,392,207 | |
| Add: infrastructure net of accumulated depreciation | | 6,311,283 | |
| Add: other capital assets net of accumulated depreciation | | <u>669,255</u> | 17,204,656 |
| (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 | \$ | (1,984,844) | |
| Add: amount due from school department for debt retirement | | 186,855 | |
| Less: bonds payable | | (37,515,000) | |
| Less: compensated absences payable | | (60,969) | |
| Less: other postemployment benefits liability | | (236,633) | |
| Less: accrued interest on bonds | | (259,036) | |
| Less: accrued interest on notes | | (8,640) | |
| Less: other deferred revenue - premium on debt | | <u>(227,657)</u> | (40,105,924) |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>753,425</u> |
| Net position of governmental activities (Exhibit A) | | \$ | <u>(4,043,124)</u> |

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

Marion County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

| | Major Funds | | | | Nonmajor Funds | | Total Governmental Funds |
|--|----------------------|------------------------|----------------------|---------------------|--------------------------|----------------------|--------------------------|
| | General | Highway / Public Works | General Debt Service | Rural Debt Service | Other Governmental Funds | | |
| Revenues | | | | | | | |
| Local Taxes | \$ 7,500,129 | \$ 4,119 | \$ 597,825 | \$ 1,326,600 | \$ 1,730,220 | \$ 11,158,893 | |
| Licenses and Permits | 180,558 | 0 | 0 | 0 | 0 | 180,558 | |
| Fines, Forfeitures, and Penalties | 108,923 | 0 | 0 | 0 | 11,122 | 120,045 | |
| Charges for Current Services | 104,524 | 158,331 | 0 | 0 | 421,517 | 684,372 | |
| Other Local Revenues | 366,963 | 218,948 | 0 | 0 | 1,014,481 | 1,600,392 | |
| Fees Received from County Officials | 940,244 | 0 | 0 | 0 | 0 | 940,244 | |
| State of Tennessee | 1,078,824 | 2,178,055 | 0 | 0 | 177,400 | 3,434,279 | |
| Federal Government | 64,202 | 0 | 0 | 0 | 0 | 64,202 | |
| Other Governments and Citizens Groups | 236,823 | 0 | 0 | 805,834 | 54,149 | 1,096,806 | |
| Total Revenues | \$ 10,581,190 | \$ 2,559,453 | \$ 597,825 | \$ 2,132,434 | \$ 3,408,889 | \$ 19,279,791 | |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General Government | \$ 1,473,019 | \$ 0 | \$ 0 | \$ 0 | \$ 12,490 | \$ 1,485,509 | |
| Finance | 375,941 | 0 | 0 | 0 | 395,070 | 771,011 | |
| Administration of Justice | 1,009,412 | 0 | 0 | 0 | 3,300 | 1,012,712 | |
| Public Safety | 3,305,945 | 0 | 0 | 0 | 50,295 | 3,356,240 | |
| Public Health and Welfare | 418,767 | 0 | 0 | 0 | 552,851 | 971,618 | |
| Social, Cultural, and Recreational Services | 157,990 | 0 | 0 | 0 | 0 | 157,990 | |
| Agriculture and Natural Resources | 79,912 | 0 | 0 | 0 | 0 | 79,912 | |
| Other Operations | 625,782 | 0 | 11,922 | 0 | 29,450 | 667,154 | |
| Highways | 0 | 2,370,714 | 0 | 0 | 0 | 2,370,714 | |
| Debt Service: | | | | | | | |
| Principal on Debt | 0 | 0 | 345,000 | 1,115,000 | 599,564 | 2,059,564 | |
| Interest on Debt | 0 | 0 | 267,721 | 595,562 | 798,535 | 1,661,818 | |
| Other Debt Service | 0 | 0 | 250 | 56,041 | 0 | 56,291 | |
| Capital Projects | 0 | 0 | 0 | 0 | 42,877 | 42,877 | |
| Total Expenditures | \$ 7,446,768 | \$ 2,370,714 | \$ 624,893 | \$ 1,766,603 | \$ 2,484,432 | \$ 14,693,410 | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 3,134,422 | \$ 188,739 | \$ (27,068) | \$ 365,831 | \$ 924,457 | \$ 4,586,381 | |
| Other Financing Sources (Uses) | | | | | | | |
| Notes Issued | \$ 377,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 377,000 | |
| Refunding Debt Issued | 0 | 0 | 0 | 1,415,000 | 0 | 1,415,000 | |
| Proceeds from Sale of Capital Assets | 27,500 | 0 | 0 | 0 | 0 | 27,500 | |
| Transfers In | 0 | 10,000 | 0 | 0 | 70,000 | 80,000 | |
| Transfers Out | (80,000) | 0 | 0 | 0 | 0 | (80,000) | |
| Payments to Refunded Debt Escrow Agent | 0 | 0 | 0 | (1,385,548) | 0 | (1,385,548) | |
| Total Other Financing Sources (Uses) | \$ 324,500 | \$ 10,000 | \$ 0 | \$ 29,452 | \$ 70,000 | \$ 433,952 | |

(Continued)

Exhibit C-3

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 | |
| Net Change in Fund Balances | \$ 3,458,922 | \$ 198,739 | \$ (27,068) | \$ 395,283 | \$ 994,457 | \$ 5,020,333 |
| Fund Balance, July 1, 2012 | 3,569,482 | 708,978 | 1,670,383 | 4,057,175 | 3,078,368 | 13,084,386 |
| Fund Balance, June 30, 2013 | \$ 7,028,404 | \$ 907,717 | \$ 1,643,315 | \$ 4,452,458 | \$ 4,072,825 | \$ 18,104,719 |

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, 2013

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) | | \$ 5,020,333 |
| <p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p> | | |
| Add: capital assets purchased in the current period | \$ 434,554 | |
| Less: current-year depreciation expense | <u>(946,617)</u> | (512,063) |
| <p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p> | | |
| Less: proceeds from the sale of capital assets | \$ (27,500) | |
| Less: loss on disposal of capital assets | <u>(22,236)</u> | (49,736) |
| <p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p> | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2013 | \$ 753,425 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2012 | <u>(779,756)</u> | (26,331) |
| <p>(4) The issuance of long-term debt (e.g., bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p> | | |
| Less: note proceeds | \$ (1,792,000) | |
| Less: change in deferred issuance cost | (214,484) | |
| Add: principal payments on notes | 136,049 | |
| Less: payment from school department for note retirement | (44,564) | |
| Add: principal payments on bonds | 2,005,000 | |
| Add: payments to refunding agents | 1,385,548 | |
| Add: changes in premium on debt issuance | 20,796 | |
| Less: additional interest paid to refunding agent | <u>(20,548)</u> | 1,475,797 |
| <p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p> | | |
| Change in accrued interest payable | \$ 13,282 | |
| Change in compensated absences payable | (1,710) | |
| Change in landfill postclosure care costs liability | 54,088 | |
| Change in other postemployment benefits liability | <u>(45,497)</u> | <u>20,163</u> |
| Change in net position of governmental activities (Exhibit B) | | <u>\$ 5,928,163</u> |

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

Exhibit C-5

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2013

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2012 | Add: Encumbrances 6/30/2013 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | | Original | Final | |
| Revenues | | | | | | | |
| Local Taxes | \$ 7,500,129 | \$ 0 | \$ 0 | \$ 7,500,129 | \$ 6,866,703 | \$ 6,866,703 | \$ 633,426 |
| Licenses and Permits | 180,558 | 0 | 0 | 180,558 | 132,500 | 132,500 | 48,058 |
| Fines, Forfeitures, and Penalties | 108,923 | 0 | 0 | 108,923 | 97,300 | 97,300 | 11,623 |
| Charges for Current Services | 104,524 | 0 | 0 | 104,524 | 148,660 | 148,660 | (44,136) |
| Other Local Revenues | 366,963 | 0 | 0 | 366,963 | 378,320 | 593,091 | (226,128) |
| Fees Received from County Officials | 940,244 | 0 | 0 | 940,244 | 824,600 | 824,600 | 115,644 |
| State of Tennessee | 1,078,824 | 0 | 0 | 1,078,824 | 891,250 | 895,150 | 183,674 |
| Federal Government | 64,202 | 0 | 0 | 64,202 | 159,530 | 159,530 | (95,328) |
| Other Governments and Citizens Groups | 236,823 | 0 | 0 | 236,823 | 215,816 | 215,816 | 21,007 |
| Total Revenues | \$ 10,581,190 | \$ 0 | \$ 0 | \$ 10,581,190 | \$ 9,714,679 | \$ 9,933,350 | \$ 647,840 |
| Expenditures | | | | | | | |
| General Government | | | | | | | |
| County Commission | \$ 130,960 | \$ 0 | \$ 0 | \$ 130,960 | \$ 118,600 | \$ 134,600 | \$ 3,640 |
| Board of Equalization | 3,950 | 0 | 0 | 3,950 | 2,000 | 3,950 | 0 |
| Beer Board | 2,907 | 0 | 0 | 2,907 | 2,925 | 2,925 | 18 |
| Budget and Finance Committee | 4,037 | 0 | 0 | 4,037 | 5,400 | 5,400 | 1,363 |
| County Mayor/Executive | 207,308 | 0 | 0 | 207,308 | 213,529 | 213,529 | 6,221 |
| Election Commission | 221,822 | 0 | 0 | 221,822 | 272,071 | 273,071 | 51,249 |
| Register of Deeds | 191,102 | 0 | 0 | 191,102 | 191,279 | 193,479 | 2,377 |
| Development | 20,500 | 0 | 0 | 20,500 | 20,000 | 20,500 | 0 |
| Building | 122,496 | 0 | 0 | 122,496 | 134,233 | 134,233 | 11,737 |
| County Buildings | 476,914 | 0 | 0 | 476,914 | 973,023 | 973,023 | 496,109 |
| Other General Administration | 91,023 | 0 | 0 | 91,023 | 108,478 | 109,078 | 18,055 |
| Finance | | | | | | | |
| Property Assessor's Office | 203,315 | 0 | 0 | 203,315 | 209,281 | 212,481 | 9,166 |
| Reappraisal Program | 72,757 | 0 | 0 | 72,757 | 74,674 | 76,058 | 3,301 |
| County Trustee's Office | 50,748 | 0 | 0 | 50,748 | 47,601 | 51,801 | 1,053 |
| County Clerk's Office | 49,121 | 0 | 0 | 49,121 | 49,470 | 51,470 | 2,349 |

(Continued)

Exhibit C-5

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2012 | Add: Encumbrances 6/30/2013 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court | \$ 465,891 | \$ 0 | \$ 0 | \$ 465,891 | \$ 468,141 | \$ 477,701 | \$ 11,810 |
| General Sessions Court | 121,286 | 0 | 0 | 121,286 | 121,828 | 121,828 | 542 |
| Drug Court | 60,570 | 0 | 0 | 60,570 | 45,000 | 65,000 | 4,430 |
| Chancery Court | 181,103 | 0 | 0 | 181,103 | 182,325 | 188,825 | 7,722 |
| Juvenile Court | 180,562 | 0 | 0 | 180,562 | 184,216 | 185,116 | 4,554 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 2,020,507 | 0 | 0 | 2,020,507 | 2,024,673 | 2,101,573 | 81,066 |
| Drug Enforcement | 5,616 | 0 | 0 | 5,616 | 5,616 | 5,616 | 0 |
| Administration of the Sexual Offender Registry | 8,014 | 0 | 0 | 8,014 | 11,420 | 11,420 | 3,406 |
| Jail | 1,074,035 | 0 | 0 | 1,074,035 | 1,071,301 | 1,119,751 | 45,716 |
| Fire Prevention and Control | 140,076 | 0 | 0 | 140,076 | 140,076 | 140,076 | 0 |
| Civil Defense | 37,123 | 0 | 0 | 37,123 | 37,271 | 37,271 | 148 |
| Rescue Squad | 8,000 | 0 | 0 | 8,000 | 8,000 | 8,000 | 0 |
| Other Emergency Management | 3,574 | 0 | 0 | 3,574 | 20,432 | 20,432 | 16,858 |
| County Coroner/Medical Examiner | 9,000 | 0 | 0 | 9,000 | 9,000 | 9,000 | 0 |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 168,120 | 0 | 0 | 168,120 | 174,100 | 174,100 | 5,980 |
| Ambulance/Emergency Medical Services | 150,000 | 0 | 0 | 150,000 | 150,000 | 150,000 | 0 |
| Alcohol and Drug Programs | 2,400 | 0 | 0 | 2,400 | 6,400 | 6,400 | 4,000 |
| Other Local Health Services | 50,755 | 0 | 0 | 50,755 | 42,000 | 52,000 | 1,245 |
| Sanitation Education/Information | 47,492 | 0 | 0 | 47,492 | 46,085 | 47,493 | 1 |
| <u>Social, Cultural, and Recreational Services</u> | | | | | | | |
| Libraries | 134,331 | 0 | 0 | 134,331 | 134,331 | 134,331 | 0 |
| Parks and Fair Boards | 20,659 | 0 | 0 | 20,659 | 0 | 40,661 | 20,002 |
| Other Social, Cultural, and Recreational | 3,000 | 0 | 0 | 3,000 | 3,000 | 3,000 | 0 |
| <u>Agriculture and Natural Resources</u> | | | | | | | |
| Agriculture Extension Service | 46,069 | 0 | 0 | 46,069 | 45,819 | 46,101 | 32 |
| Soil Conservation | 33,843 | 0 | 0 | 33,843 | 34,355 | 34,355 | 512 |

(Continued)

Exhibit C-5

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2012 | Add: Encumbrances 6/30/2013 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Other Operations</u> | | | | | | | |
| Industrial Development | \$ 9,096 | \$ 0 | \$ 0 | \$ 9,096 | \$ 9,100 | \$ 9,100 | \$ 4 |
| Other Economic and Community Development | 4,532 | 0 | 0 | 4,532 | 2,500 | 219,303 | 214,771 |
| Airport | 252,547 | (27,905) | 72,379 | 297,021 | 282,789 | 327,289 | 30,268 |
| Veterans' Services | 16,387 | 0 | 0 | 16,387 | 13,613 | 16,633 | 246 |
| Other Charges | 343,220 | 0 | 0 | 343,220 | 522,000 | 522,000 | 178,780 |
| Total Expenditures | \$ 7,446,768 | \$ (27,905) | \$ 72,379 | \$ 7,491,242 | \$ 8,217,955 | \$ 8,729,973 | \$ 1,238,731 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 3,134,422 | \$ 27,905 | \$ (72,379) | \$ 3,089,948 | \$ 1,496,724 | \$ 1,203,377 | \$ 1,886,571 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Notes Issued | \$ 377,000 | \$ 0 | \$ 0 | \$ 377,000 | \$ 0 | \$ 0 | \$ 377,000 |
| Proceeds from Sale of Capital Assets | 27,500 | 0 | 0 | 27,500 | 0 | 0 | 27,500 |
| Insurance Recovery | 0 | 0 | 0 | 0 | 5,000 | 5,000 | (5,000) |
| Transfers Out | (80,000) | 0 | 0 | (80,000) | (150,000) | (150,000) | 70,000 |
| Total Other Financing Sources | \$ 324,500 | \$ 0 | \$ 0 | \$ 324,500 | \$ (145,000) | \$ (145,000) | \$ 469,500 |
| Net Change in Fund Balance Fund Balance, July 1, 2012 | \$ 3,458,922 | \$ 27,905 | \$ (72,379) | \$ 3,414,448 | \$ 1,351,724 | \$ 1,058,377 | \$ 2,356,071 |
| Fund Balance, July 1, 2012 | 3,569,482 | (27,905) | 0 | 3,541,577 | 3,550,550 | 3,550,550 | (8,973) |
| Fund Balance, June 30, 2013 | \$ 7,028,404 | \$ 0 | \$ (72,379) | \$ 6,956,025 | \$ 4,902,274 | \$ 4,608,927 | \$ 2,347,098 |

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

Exhibit C-6

Marion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 4,119 | \$ 0 | \$ 4,119 | \$ 8,976 | \$ 4,119 | \$ 0 |
| Charges for Current Services | 158,331 | 0 | 158,331 | 100,000 | 161,615 | (3,284) |
| Other Local Revenues | 218,948 | 0 | 218,948 | 3,000 | 4,177 | 214,771 |
| State of Tennessee | 2,178,055 | 0 | 2,178,055 | 2,583,949 | 2,322,068 | (144,013) |
| Total Revenues | \$ 2,559,453 | \$ 0 | \$ 2,559,453 | \$ 2,695,925 | \$ 2,491,979 | \$ 67,474 |
| <u>Expenditures</u> | | | | | | |
| <u>Highways</u> | | | | | | |
| Administration | \$ 289,173 | \$ 0 | \$ 289,173 | \$ 253,572 | \$ 289,897 | \$ 724 |
| Highway and Bridge Maintenance | 885,296 | 0 | 885,296 | 1,056,265 | 1,125,563 | 240,267 |
| Operation and Maintenance of Equipment | 297,384 | 0 | 297,384 | 305,828 | 329,083 | 31,699 |
| Other Charges | 60,230 | 0 | 60,230 | 59,692 | 60,393 | 163 |
| Employee Benefits | 225,139 | 0 | 225,139 | 231,336 | 231,336 | 6,197 |
| Capital Outlay | 613,492 | (241,990) | 371,502 | 944,304 | 610,779 | 239,277 |
| Total Expenditures | \$ 2,370,714 | \$ (241,990) | \$ 2,128,724 | \$ 2,850,997 | \$ 2,647,051 | \$ 518,327 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 188,739 | \$ 241,990 | \$ 430,729 | \$ (155,072) | \$ (155,072) | \$ 585,801 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Transfers In | \$ 10,000 | \$ 0 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 0 |
| Total Other Financing Sources | \$ 10,000 | \$ 0 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 0 |
| Net Change in Fund Balance | \$ 198,739 | \$ 241,990 | \$ 440,729 | \$ (145,072) | \$ (145,072) | \$ 585,801 |
| Fund Balance, July 1, 2012 | 708,978 | (241,990) | 466,988 | 502,188 | 502,188 | (35,200) |
| Fund Balance, June 30, 2013 | \$ 907,717 | \$ 0 | \$ 907,717 | \$ 357,116 | \$ 357,116 | \$ 550,601 |

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

Exhibit D-1

Marion County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

| | Major Enterprise Fund <hr/> Marion County Conservation Commission <hr/> |
|---|---|
| <u>ASSETS</u> | |
| Cash | \$ 45,230 |
| Accounts Receivable | 329 |
| Prepaid Items | 64 |
| Assets Not Depreciated: | |
| Construction in Progress | 35,171 |
| Assets Net of Accumulated Depreciation: | |
| Buildings and Improvements | <hr/> 53,956 |
| Total Assets | <hr/> \$ 134,750 |
| <u>LIABILITIES</u> | |
| Accounts Payable | \$ 18,311 |
| Due to Other Funds | <hr/> 20,000 |
| Total Liabilities | <hr/> \$ 38,311 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Other Deferred Revenue | <hr/> \$ 506 |
| Total Deferred Inflows of Resources | <hr/> \$ 506 |
| <u>NET POSITION</u> | |
| Net Investment in Capital Assets | \$ 69,127 |
| Unrestricted | <hr/> 26,806 |
| Total Net Position | <hr/> <hr/> \$ 95,933 |

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 Position
Proprietary Fund
For the Year Ended June 30, 2013

| | Major Enterprise Fund Marion County Conservation Commission |
|--|---|
| <u>Operating Revenues</u> | |
| User Fees/Vending | \$ 81,063 |
| Total Operating Revenues | <u>\$ 81,063</u> |
| <u>Operating Expenses</u> | |
| Supplies | \$ 6,687 |
| Utilities | 31,312 |
| Repairs and Maintenance | 3,482 |
| Administrative Services | 3,067 |
| Depreciation | 7,526 |
| Professional Fees | 5,400 |
| Insurance | 1,463 |
| Office | 89 |
| Salaries and Benefits | 27,130 |
| Equipment Rental | 3,410 |
| Gasoline | 3,754 |
| Permits | 80 |
| Services | 5,938 |
| Total Operating Expenses | <u>\$ 99,338</u> |
| Operating Loss | <u>\$ (18,275)</u> |
| Nonoperating Revenue/(Expenses) | |
| Loss on Sale of Fixed Assets | \$ (760) |
| Total Non-Operating Revenue/(Expenses) | <u>(760)</u> |
| Changes in Net Position | \$ (19,035) |
| Net Position, July 1, 2012 | <u>114,968</u> |
| Net Position, June 30, 2013 | <u><u>\$ 95,933</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, 2013

| | Major Enterprise Fund <hr/> Marion County Conservation Commission <hr/> |
|---|---|
| <u>Cash Flows from Operating Activities</u> | |
| Receipts from Customers | \$ 79,322 |
| Utilities | (31,312) |
| Salaries and Benefits | (27,130) |
| Supplies | (6,776) |
| Gasoline/Fuel | (3,754) |
| Equipment Rent | (3,410) |
| Other Receipts (Payments) | (5,621) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ 1,319</u> |
| <u>Cash Flows from Capital and Related Financing Activities</u> | |
| Proceeds from Capital Debt | \$ 20,000 |
| Purchase of Property, Plant, and Equipment | (35,736) |
| Net Cash Provided By (Used In) Capital and Related Financing Activities | <u>\$ (15,736)</u> |
| Net Increase (Decrease) in Cash | \$ (14,417) |
| Cash, July 1, 2012 | <u>59,647</u> |
| Cash, June 30, 2013 | <u><u>\$ 45,230</u></u> |
| <u>Reconciliation of Net Operating Income (Loss)</u> | |
| <u>to Net Cash Provided By (Used In) Operating Activities</u> | |
| Operating Income (Loss) | \$ (18,275) |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | |
| Depreciation | 7,526 |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Accounts Receivable | (329) |
| Increase (Decrease) in Accounts Payable | 13,809 |
| Increase (Decrease) in Deferred Revenue | (1,412) |
| Net Cash Provided By (Used In) Operating Activities | <u><u>\$ 1,319</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, 2013

| | <u>Agency Funds</u> |
|--|----------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 841,215 |
| Equity in Pooled Cash and Investments | 4,131 |
| Accounts Receivable | 26 |
| Due from Other Governments | 548,623 |
| Property Taxes Receivable | 414,479 |
| Allowance for Uncollectible Property Taxes | <u>(26,920)</u> |
| Total Assets | <u><u>\$ 1,781,554</u></u> |
| <u>LIABILITIES</u> | |
| Cash Overdraft | \$ 35,019 |
| Due to Other Taxing Units | 899,965 |
| Due to Litigants, Heirs, and Others | 841,215 |
| Due to Joint Ventures | <u>5,355</u> |
| Total Liabilities | <u><u>\$ 1,781,554</u></u> |

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

MARION COUNTY, TENNESSEE
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MARION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 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; however, in our opinion, this omission is not material to the component units' opinion unit.

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 Position 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, 2013.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 3.65 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow or resources 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. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from two sources: current and delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. 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 allows 12-month employees to earn one day annual leave for each 20 days worked. Any accumulated vacation days, in excess of 20 days, at the end of the school year are converted to sick leave. There is no lump sum payment or compensation for unused annual vacation leave. All professional and support personnel of the School Department are allowed to accumulate unlimited sick leave days. The granting of vacation and sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

8. Net Position and Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net Investment in capital 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.
- b. Restricted net position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$639,588, with the primary restrictions being for: (1) alcohol and drug treatment (\$56,564); (2) computer systems for various offices (\$173,493); (3) drug court (\$32,835); and (4) various public works projects (\$377,000). For the discretely presented School Department, the account balance in Restricted for Other Purposes totaling \$27,429 consists primarily of restrictions for career ladder (\$5,790) and the daycare program (\$21,639).

As of June 30, 2013, Marion County had \$32,025,000 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 position with no corresponding increase in the county's capital assets.

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.

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 Commission has authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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.

9. Prior-period Adjustment

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$214,484 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

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 Position

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 Position.

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 Position.

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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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, 2013, Marion County and the Marion County School Department reported the following significant encumbrances:

| Funds | Description | Amount |
|----------------------------|---------------------------------------|-----------|
| Major Fund: | | |
| General | Airport Improvements | \$ 72,379 |
| Nonmajor Fund: | | |
| Education Capital Projects | Architect and Construction Manager | 22,648 |

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

At June 30, 2013, the School Department's brokerage firm was holding investments of \$596,168 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.

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

The trustee did not require depositories 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, 2013, deposits at two depositories exceeded FDIC coverage by \$15,173,349. 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.

D. Cash Shortages – Prior Years

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. Subsequently, the county filed a claim with their insurance company for the remainder of the shortage, but that claim was denied. The County Commission has decided not to spend any additional resources to recoup the remainder of the shortage.

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 Hometown 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. On January 22, 2013, Mr. Henegar pled guilty to a charge of theft of \$10,000 to \$60,000 and was ordered to pay restitution totaling \$30,000 to the Hometown Volunteer Fire Department at a rate of \$175 a month. As of the date of this report, Mr. Henegar has remitted \$1,225 of the \$30,000 court ordered restitution.

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 position as Equity in Pooled Cash and Investments. Cash and investments reflected in the balance sheets or statements of net position 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, 2013, Marion County had the following investments carried at fair value. All the investments are nonpooled investments held by the School Department’s Private Purpose Trust Fund.

| Investment | Weighted Average Maturity (days) | Maturities | Fair Value |
|--|---|------------|------------|
| Private Purpose Trust Fund: | | | |
| Nonpooled Investments: | | | |
| SunTrust Bank - U.S. Certificates of Deposit | N/A | 3-20-15 \$ | 61,178 |
| Corporate Bonds - Citigroup | N/A | 6-15-16 | 26,352 |
| Corporate Bonds - JP Morgan Chase & Co. | N/A | 3-1-15 | 63,828 |
| Corporate Bonds - Verizon Communications | N/A | 2-15-16 | 77,563 |
| Corporate Bonds - Morgan Stanley | N/A | 7-24-20 | 106,000 |
| Corporate Bonds - Johnson & Johnson | N/A | 7-15-18 | 114,870 |
| Corporate Bonds - Dow Chemical | N/A | 12-15-17 | 24,152 |
| Corporate Bonds - Caterpillar Financial | N/A | 12-15-22 | 46,237 |
| Corporate Bonds - General Electric | N/A | 1-9-23 | 37,787 |
| Corporate Bonds - Wells Fargo | N/A | 2-13-23 | 38,201 |
| Total | | | \$ 596,168 |

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 - JP Morgan Chase & Co. | A2 | A |
| Corporate Bonds - Verizon Communications | A3 | A- |
| Corporate Bonds - Morgan Stanley | Baa1 | A- |
| Corporate Bonds - Johnson & Johnson | Aaa | AAA |
| Corporate Bonds - Dow Chemical | Baa2 | BBB |
| Corporate Bonds - Caterpillar Financial | A2 | A |
| Corporate Bonds - General Electric | A1 | AA+ |
| Corporate Bonds - Wells Fargo | A1 | AA+ |

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 (\$596,168) 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 (ten percent), Corporate Bonds - Citigroup (four percent), Corporate Bonds - JP Morgan Chase and Co. (11 percent), Corporate Bonds - Verizon (13 percent), Corporate Bonds – Morgan Stanley (18 percent), Corporate Bonds - Johnson & Johnson (19 percent), Corporate Bonds – Dow Chemical (four percent) Corporate Bonds - Caterpillar Financial (eight percent) Corporate Bonds – General Electric (six percent) and Corporate Bonds – Wells Fargo (seven 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 \$596,168 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, 2013, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-12 | Increases | Decreases | Balance 6-30-13 |
|--|----------------------|---------------------|---------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 2,599,981 | \$ 0 | \$ 0 | \$ 2,599,981 |
| Construction in Progress | 412,228 | 30,046 | (210,344) | 231,930 |
| Total Capital Assets Not Depreciated | <u>\$ 3,012,209</u> | <u>\$ 30,046</u> | <u>\$ (210,344)</u> | <u>\$ 2,831,911</u> |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 11,340,018 | \$ 26,918 | \$ 0 | \$ 11,366,936 |
| Infrastructure | 26,084,040 | 525,755 | 0 | 26,609,795 |
| Other Capital Assets | 3,372,001 | 62,179 | (53,875) | 3,380,305 |
| Total Capital Assets Depreciated | <u>\$ 40,796,059</u> | <u>\$ 614,852</u> | <u>\$ (53,875)</u> | <u>\$ 41,357,036</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 3,669,563 | \$ 305,166 | \$ 0 | \$ 3,974,729 |
| Infrastructure | 19,779,283 | 519,229 | 0 | 20,298,512 |
| Other Capital Assets | 2,592,967 | 122,222 | (4,139) | 2,711,050 |
| Total Accumulated Depreciation | <u>\$ 26,041,813</u> | <u>\$ 946,617</u> | <u>\$ (4,139)</u> | <u>\$ 26,984,291</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 14,754,246</u> | <u>\$ (331,765)</u> | <u>\$ (49,736)</u> | <u>\$ 14,372,745</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 17,766,455</u> | <u>\$ (301,719)</u> | <u>\$ (260,080)</u> | <u>\$ 17,204,656</u> |

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

Governmental Activities:

| | |
|---|-----------------------|
| General Government | \$ 98,068 |
| Public Safety | 247,364 |
| Public Health and Welfare | 20,022 |
| Other Operations | 47,358 |
| Highways/Public Works | <u>533,805</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 946,617</u> |

Discretely Presented Marion County School Department

Governmental Activities:

| | Balance 7-1-12 | Increases | Decreases | Balance 6-30-13 |
|---|----------------------|---------------------|--------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 1,133,836 | \$ 0 | \$ 0 | \$ 1,133,836 |
| Construction in Progress | 67,121 | 97,610 | (67,121) | 97,610 |
| Total Capital Assets Not Depreciated | <u>\$ 1,200,957</u> | <u>\$ 97,610</u> | <u>\$ (67,121)</u> | <u>\$ 1,231,446</u> |
| Depreciated: | | | | |
| Buildings and Improvements | \$ 59,112,866 | \$ 258,092 | \$ 0 | \$ 59,370,958 |
| Other Capital Assets | 418,789 | 11,950 | (18,774) | 411,965 |
| Total Capital Assets Depreciated | <u>\$ 59,531,655</u> | <u>\$ 270,042</u> | <u>\$ (18,774)</u> | <u>\$ 59,782,923</u> |
| Less Accumulated Depreciated For: | | | | |
| Buildings and Improvements | \$ 17,447,108 | \$ 1,509,037 | \$ 0 | \$ 18,956,145 |
| Other Capital Assets | 199,577 | 32,264 | (18,126) | 213,715 |
| Total Accumulated Depreciation | <u>\$ 17,646,685</u> | <u>\$ 1,541,301</u> | <u>\$ (18,126)</u> | <u>\$ 19,169,860</u> |

Governmental Activities (Cont.):

| | Balance 7-1-12 | Increases | Decreases | Balance 6-30-13 |
|-------------------------|-------------------|----------------|-------------|--------------------|
| Total Capital Assets | | | | |
| Depreciated, Net | \$ 41,884,970 | \$ (1,271,259) | \$ (648) | \$ 40,613,063 |
| Governmental Activities | | | | |
| Capital Assets, Net | \$ 43,085,927 | \$ (1,173,649) | \$ (67,769) | \$ 41,844,509 |

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

Governmental Activities:

| | |
|---|---------------------|
| Instruction | \$ 1,508,968 |
| Support Services | 14,278 |
| Operation of Non-Instructional Services | <u>18,055</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,541,301</u> |

C. Construction Commitments

At June 30, 2013, the county had uncompleted construction contracts of approximately \$72,379 for airport improvements and \$22,648 for higher education projects. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------|---------------|
| General | Conservation Commission | \$ 20,000 |
| " | Nonmajor governmental | 354 |

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, 2013, 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 | \$ 70,000 |

Discretely Presented Marion County School Department

| <u>Transfer Out</u> | <u>Transfer In</u> |
|----------------------------|--------------------------------------|
| | General Purpose School Fund |
| Nonmajor governmental fund | \$ 135,904 |

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.

E. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Marion County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other 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 11 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, 2013, 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, 2013, will be retired from the General Fund, Rural Debt Service Fund, and contributions from the School Department's General Purpose School Fund.

On December 2, 2012, Marion County issued a \$377,000 capital outlay note for a public works project. This capital outlay note will finance a portion of the cost of a sewer line extension and sewer pump station construction on the City of Jasper's existing sewer system to serve a commercial development and other properties within a newly-annexed portion of the city. Marion County and the City of Jasper entered into an interlocal agreement with the express understanding and agreement that the City of Jasper would be responsible for repayment of all principal and interest due on the capital outlay note. The City of Jasper will remit to the county on or before March 15, of each of the next ten years, an amount between \$40,277 and \$44,345, depending on the debt service (principal and interest payments) for that particular year.

General obligation bonds and capital outlay notes outstanding as of June 30, 2013, for governmental activities are as follows:

| Type | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-13 |
|--------------------------------------|---------------|----------------|--------------------------|-----------------|
| General Obligation Bonds | 2.5 to 4.5 % | 6-1-31 | \$ 23,175,000 | \$ 20,140,000 |
| General Obligation Bonds - Refunding | 3 to 4.5 | 4-1-30 | 20,150,000 | 17,375,000 |
| Capital Outlay Notes | 1.94 to 4.55 | 4-1-23 | 2,317,817 | 1,984,844 |

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

| Year Ending June 30 | Notes | | |
|------------------------|--------------|------------|--------------|
| | Principal | Interest | Total |
| 2014 | \$ 206,792 | \$ 42,542 | \$ 249,334 |
| 2015 | 214,129 | 37,200 | 251,329 |
| 2016 | 221,571 | 31,653 | 253,224 |
| 2017 | 210,352 | 26,018 | 236,370 |
| 2018 | 172,000 | 21,961 | 193,961 |
| 2019-2023 | 960,000 | 56,745 | 1,016,745 |
| Total | \$ 1,984,844 | \$ 216,119 | \$ 2,200,963 |

| Year Ending June 30 | Bonds | | |
|------------------------|---------------|---------------|---------------|
| | Principal | Interest | Total |
| 2014 | \$ 1,970,000 | \$ 1,543,598 | \$ 3,513,598 |
| 2015 | 2,025,000 | 1,472,324 | 3,497,324 |
| 2016 | 2,100,000 | 1,404,574 | 3,504,574 |
| 2017 | 2,160,000 | 1,333,441 | 3,493,441 |
| 2018 | 2,250,000 | 1,259,003 | 3,509,003 |
| 2019-2023 | 12,575,000 | 4,876,592 | 17,451,592 |
| 2024-2028 | 9,505,000 | 2,262,680 | 11,767,680 |
| 2029-2031 | 4,930,000 | 421,393 | 5,351,393 |
| Total | \$ 37,515,000 | \$ 14,573,605 | \$ 52,088,605 |

There is \$7,570,462 available in the debt service funds to service general long-term debt. Debt per capita, including bonds and notes, totaled \$1,399, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

| | |
|------------------------------------|----------------------------------|
| <u>Description of Indebtedness</u> | <u>Outstanding 6-30-2013</u> |
|------------------------------------|----------------------------------|

Notes Payable

Contributed through General Purpose School Fund

| | | |
|----------------------------------|----|---------|
| South Pittsburg High School HVAC | \$ | 186,855 |
|----------------------------------|----|---------|

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

| | <u>Bonds</u> | <u>Notes</u> |
|---------------------------------|---------------|--------------|
| Balance, July 1, 2012 | \$ 40,885,000 | \$ 97,474 |
| Reclassification of School Debt | 0 | 231,419 |
| Additions | 0 | 1,792,000 |
| Reductions | (2,005,000) | (136,049) |
| Debt Refunded | (1,365,000) | 0 |
| | \$ 37,515,000 | \$ 1,984,844 |
| Balance, June 30, 2013 | \$ 37,515,000 | \$ 1,984,844 |
| Balance Due Within One Year | \$ 1,970,000 | \$ 206,792 |

| | <u>Landfill Postclosure Care Costs</u> | <u>Compensated Absences</u> | <u>Other Postemployment Benefits</u> |
|-----------------------------|--|---------------------------------|--|
| Balance, July 1, 2012 | \$ 54,088 | \$ 59,259 | \$ 191,136 |
| Additions | 0 | 106,809 | 50,530 |
| Reductions | (54,088) | (105,099) | (5,033) |
| | \$ 0 | \$ 60,969 | \$ 236,633 |
| Balance, June 30, 2013 | \$ 0 | \$ 60,969 | \$ 236,633 |
| Balance Due Within One Year | \$ 0 | \$ 57,920 | \$ 0 |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|-----------------------------|
| Total Noncurrent Liabilities, June 30, 2013 | \$ 39,797,446 |
| Less: Balance Due Within One Year | (2,234,712) |
| Add: Unamortized Premium on Debt | <u>227,657</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u><u>\$ 37,790,391</u></u> |

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

Advance Refunding

On December 20, 2012, Marion County advance refunded a general obligation bond issue with a separate note issue. The county issued \$1,415,000 of notes to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next ten years will be reduced by \$118,353, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$101,801 was obtained.

Discretely Presented Marion County School Department

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented Marion County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

| | Notes | Other Postemployment Benefits |
|---------------------------------|--------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Balance, July 1, 2012 | \$ 231,419 | \$ 405,281 |
| Additions | 0 | 344,003 |
| Reductions | 0 | (273,201) |
| Reclassification of School Debt | <u>(231,419)</u> | <u>0</u> |
| Balance, June 30, 2013 | <u><u>\$ 0</u></u> | <u><u>\$ 476,083</u></u> |
| Balance Due Within One Year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|-------------------|
| Total Noncurrent Liabilities, June 30, 2013 | \$ 476,083 |
| Less: Balance Due Within One Year | <u>0</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 476,083</u> |

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

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for various employees on-behalf of Marion County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2013, totaled \$600. Marion County has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Marion County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Marion County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$61,984 and \$43,752, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Internal Financing

In-lieu-of issuing debt with financial institutions, Marion County chose to internally finance a \$20,000 project for the Conservation Commission with idle county funds of the General Fund. This debt is non-interest bearing and will be repaid by the Conservation Commission. The debt has been reflected as Due to Other Funds in the Conservation Commission financial statements and as Due from Other Funds in the financial statements of the General Fund. This debt is expected to be repaid by June 2014.

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 Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs.

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Marion County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not

conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limited fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modified guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Events

On July 11, 2013, the South Pittsburg Elementary school sustained flood damage due to a major flood in the town of South Pittsburg. The insurance company sent contractors to the school to make necessary repairs. No insurance money was paid to the school, and no expenses were incurred by the School Department. However, the contents that were damaged are being replaced by the Board of Education through insurance proceeds estimated to be between \$40,000 and \$55,000.

On July 24, 2013, the County Commission entered into a \$2,654,000 contract with Chazler, Inc., for the construction of the Marion County Regional Institute of Technical Excellence.

On August 28, 2013, the County Commission, on behalf of the discretely presented School Department, entered into a five-year lease-purchase agreement totaling \$197,958 for 200 Dell touch screen computers.

D. Contingent Liabilities

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

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs generally are paid near the date that the landfill stops accepting waste and postclosure care costs are paid during the 30-year period following closure. Marion County has contracted with Solid Waste Disposal, Inc., a private company, to operate the county's landfill. This contract was amended on November 26, 2012, and requires Solid Waste Disposal, Inc., to be responsible for all closure and postclosure care costs of the county's landfill during the term of the contract. The terms of the 2012 amendment to the contract runs for three consecutive ten-year periods. Prior to expiration of the initial ten-year term the parties have the right to renegotiate or adjust the fees paid from Solid Waste Disposal, Inc., to the county. Any adjustment or modification made will apply to the second ten-year term. Prior to expiration of the second ten-year term the parties have the right to renegotiate or adjust the fees paid from Solid Waste Disposal, Inc., to the county. Any adjustment or modification made will apply to the third ten-year term. The \$251,666 estimated closure and postclosure costs of the landfill at June 30, 2013, were not included in the county's long-term debt due to the uncertainty of what amount, if any, will be paid by the county. This amount is based on estimates of what it would cost to perform all closure and postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District; Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Marion County made no contributions to the DTF for the year ended June 30, 2013.

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

G. Jointly Governed Organization

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

H. Retirement Commitments

Information for this footnote for the year ended June 30, 2013, 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, 2012.

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, 2012, 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, 2012, the county's annual pension cost of \$570,851 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-12 | \$570,851 | 100% | \$0 |
| 6-30-11 | 461,389 | 100 | 0 |
| 6-30-10 | 561,760 | 100 | 0 |

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.25 percent funded. The actuarial accrued liability for benefits was \$21.89 million, and the actuarial value of assets was \$21.29 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.53 million, and the ratio of the UAAL to the covered payroll was 7.07 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.

SCHOOL TEACHERS

Plan Description

The Marion County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/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, 2012, 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, 2012, 2011, and 2010, were \$1,367,077, \$1,370,625, and \$1,960,728 respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

Marion County and the Marion County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *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 \$400 to \$659 per month. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$565 to \$1,150 per month. During the year ended June 30, 2013, the county and the discretely presented School Department contributed \$5,033 and \$273,201, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

| | Local Government Group Plan | Local Education Group Plan |
|------------------------------|--------------------------------------|-------------------------------------|
| ARC | \$ 51,000 | \$ 345,000 |
| Interest on the NOPEBO | 7,645 | 16,211 |
| Adjustment to the ARC | (8,115) | (17,208) |
| Annual OPEB cost | <u>\$ 50,530</u> | <u>\$ 344,003</u> |
| Amount of contribution | (5,033) | (273,201) |
| Increase/decrease in NOPEBO | \$ 45,497 | \$ 70,802 |
| Net OPEB obligation, 7-1-12 | <u>191,136</u> | <u>405,281</u> |
| Net OPEB obligation, 6-30-13 | <u><u>\$ 236,633</u></u> | <u><u>\$ 476,083</u></u> |

| Fiscal Year Ended | Plans | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------------|------------------------|------------------------|---|---------------------------------------|
| 6-30-11 | Local Government Group | \$ 73,193 | 12% | \$ 145,402 |
| 6-30-12 | " | 50,642 | 10 | 191,136 |
| 6-30-13 | " | 50,530 | 10 | 236,633 |
| 6-30-11 | Local Education Group | 271,893 | 114 | 338,344 |
| 6-30-12 | " | 341,150 | 80 | 405,281 |
| 6-30-13 | " | 344,003 | 79 | 476,083 |

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 | 7-1-2011 | 7-1-2011 |
| 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) | \$ 3,717,653 | \$ 17,153,962 |
| UAAL as a % of covered payroll | 9.60% | 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 for the Local Government Group Plan and the Local Education Group Plan, 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) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 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 July 1, 2007.

J. Termination Benefits

The discretely presented Marion County School Department offers a retirement incentive to support staff with at least 20 years with the School Department, and teachers, who retire from the School Department. The employee must notify the School Department of their plans to retire by April 15 in the year they choose to retire. In accordance with contract provisions, eligible retirees receive a \$500 retirement incentive. During the year ended June 30, 2013, twenty School Department employees accepted the retirement incentive; therefore, the total cost of the cash payments reported in the government-wide Statement of Net Position by function was \$10,000.

K. 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 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 of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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:

| <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, 2013, was \$45,230. Of this amount, \$2,380 was undeposited or in petty cash, and the remaining \$42,850 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, 2013, is as follows:

| | Balance 7-1-12 | Additions | Deletions | Balance 6-30-13 |
|---------------------------------|-------------------|------------------|-----------------|--------------------|
| Capital Assets Not Depreciated: | | | | |
| Construction in Progress | \$ 6,100 | \$ 29,071 | \$ 0 | \$ 35,171 |
| Capital Assets Depreciated: | | | | |
| Mobile Home | 12,112 | 0 | 0 | 12,112 |
| Bathhouse | 14,670 | 0 | 6,679 | 7,991 |
| Land Improvements | 74,055 | 0 | 0 | 74,055 |
| Equipment | 26,493 | 6,665 | 2,475 | 30,683 |
| Total Assets | <u>\$ 133,430</u> | <u>\$ 35,736</u> | <u>\$ 9,154</u> | <u>\$ 160,012</u> |
| Total Accumulated Depreciation | <u>\$ 71,753</u> | <u>\$ 7,526</u> | <u>\$ 8,394</u> | <u>\$ 70,885</u> |
| Net Capital Assets | <u>\$ 61,677</u> | <u>\$ 28,210</u> | <u>\$ 760</u> | <u>\$ 89,127</u> |

E. Short-term Debt

Short-term debt provides financing for the commission. During the fiscal year, the commission received \$20,000 from Marion County for interim financing associated with the construction of a new bathhouse. The debt is due within one year and is noninterest bearing. This debt has been shown as Due to Other Funds in the financial statements of the Marion County Conservation Commission.

F. 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 \$21,140 related to salaries, payroll taxes, and workers' compensation insurance. Additionally, the manager received a \$1,000 bonus from the commission and \$4,991 in health insurance reimbursements 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 Funding Progress – Pension Plan
Primary Government and Discretely Presented Marion County School Department
June 30, 2013

(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) |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-11 | \$ 21,291 | \$ 21,894 | \$ 603 | 97.25 | % \$ 8,528 | 7.07 % |
| 7-1-09 | 17,340 | 17,340 | 0 | 100 | 8,229 | 0 |
| 7-1-07 | 16,300 | 16,300 | 0 | 100 | 7,318 | 0 |

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit F-2

Marion County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Marion County School Department
June 30, 2013

(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 | 17,154 | 17.21 |

MARION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

**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, 2013

| | Special Revenue Funds | | | | | Debt Service Fund | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|---------------------------------|--------------------------|--------------|--------------------------------|------------|------------------------|----------------------------|-----------------------|-----------------------------------|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Total | Education Debt Service | Education Capital Projects | | |
| ASSETS | | | | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 101,592 | \$ 101,592 | \$ 0 | \$ 0 | \$ 0 | \$ 101,592 |
| Equity in Pooled Cash and Investments | 16,254 | 27,392 | 63,403 | 0 | 107,049 | 1,347,158 | 2,366,567 | 3,820,774 | |
| Accounts Receivable | 0 | 0 | 0 | 254 | 254 | 0 | 0 | 0 | 254 |
| Due from Other Governments | 0 | 57,954 | 468 | 0 | 58,422 | 254,531 | 0 | 0 | 312,953 |
| Total Assets | \$ 16,254 | \$ 85,346 | \$ 63,871 | \$ 101,846 | \$ 267,317 | \$ 1,601,689 | \$ 2,366,567 | \$ 4,235,573 | |
| | | | | | | | | | |
| LIABILITIES | | | | | | | | | |
| Due to Other Funds | \$ 0 | \$ 0 | \$ 0 | \$ 354 | \$ 354 | \$ 0 | \$ 0 | \$ 0 | \$ 354 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 7,394 | 0 | 7,394 | 0 | 0 | 0 | 7,394 |
| Total Liabilities | \$ 0 | \$ 0 | \$ 7,394 | \$ 354 | \$ 7,748 | \$ 0 | \$ 0 | \$ 0 | \$ 7,748 |
| | | | | | | | | | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Other Deferred/Unavailable Revenue | \$ 0 | \$ 28,000 | \$ 0 | \$ 0 | \$ 28,000 | \$ 127,000 | \$ 0 | \$ 0 | \$ 155,000 |
| Total Deferred Inflows of Resources | \$ 0 | \$ 28,000 | \$ 0 | \$ 0 | \$ 28,000 | \$ 127,000 | \$ 0 | \$ 0 | \$ 155,000 |
| | | | | | | | | | |
| FUND BALANCES | | | | | | | | | |
| Restricted: | | | | | | | | | |
| Restricted for General Government | \$ 16,254 | \$ 0 | \$ 0 | \$ 0 | \$ 16,254 | \$ 0 | \$ 0 | \$ 0 | \$ 16,254 |
| Restricted for Finance | 0 | 0 | 0 | 101,492 | 101,492 | 0 | 0 | 0 | 101,492 |
| Restricted for Public Safety | 0 | 0 | 56,477 | 0 | 56,477 | 0 | 0 | 0 | 56,477 |
| Restricted for Public Health and Welfare | 0 | 57,346 | 0 | 0 | 57,346 | 0 | 0 | 0 | 57,346 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 1,345,736 | 0 | 1,345,736 |
| Committed: | | | | | | | | | |
| Committed for Debt Service | 0 | 0 | 0 | 0 | 0 | 1,474,689 | 0 | 0 | 1,474,689 |
| Committed for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 1,000,000 | 0 | 1,000,000 |
| Assigned: | | | | | | | | | |
| Assigned for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 20,831 | 0 | 20,831 |
| Total Fund Balances | \$ 16,254 | \$ 57,346 | \$ 56,477 | \$ 101,492 | \$ 231,569 | \$ 1,474,689 | \$ 2,366,567 | \$ 4,072,825 | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 16,254 | \$ 85,346 | \$ 63,871 | \$ 101,846 | \$ 267,317 | \$ 1,601,689 | \$ 2,366,567 | \$ 4,235,573 | |

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, 2013

| | Special Revenue Funds | | | | | | | Debt Service Fund | | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|--|---------------------------------|--------------------------|--------------------|--------------------------------|---------------------|------------------------|----------------------------|------------------------|----------------------------|-----------------------|--|-----------------------------------|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Total | Education Debt Service | Education Capital Projects | Education Debt Service | Education Capital Projects | Total | | |
| | | | | | | | | | | | | |
| Revenues | | | | | | | | | | | | |
| Local Taxes | \$ 7,872 | \$ 278,026 | \$ 0 | \$ 0 | \$ 285,898 | \$ 1,444,322 | \$ 0 | \$ 0 | \$ 0 | \$ 1,730,220 | | |
| Fines, Forfeitures, and Penalties | 0 | 0 | 11,122 | 0 | 11,122 | 0 | 0 | 0 | 0 | 11,122 | | |
| Changes for Current Services | 0 | 16,701 | 0 | 404,816 | 421,517 | 0 | 0 | 0 | 0 | 421,517 | | |
| Other Local Revenues | 0 | 0 | 0 | 0 | 0 | 10,183 | 1,004,298 | 0 | 0 | 1,014,481 | | |
| State of Tennessee | 0 | 176,398 | 1,002 | 0 | 177,400 | 0 | 0 | 0 | 0 | 177,400 | | |
| Other Governments and Citizens Groups | 0 | 0 | 0 | 0 | 0 | 54,149 | 0 | 0 | 0 | 54,149 | | |
| Total Revenues | \$ 7,872 | \$ 471,125 | \$ 12,124 | \$ 404,816 | \$ 895,937 | \$ 1,508,654 | \$ 1,004,298 | \$ 0 | \$ 0 | \$ 3,408,889 | | |
| Expenditures | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General Government | \$ 12,490 | \$ 0 | \$ 0 | \$ 0 | \$ 12,490 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 12,490 | | |
| Finance | 0 | 0 | 0 | 395,070 | 395,070 | 0 | 0 | 0 | 0 | 395,070 | | |
| Administration of Justice | 0 | 0 | 0 | 3,300 | 3,300 | 0 | 0 | 0 | 0 | 3,300 | | |
| Public Safety | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Public Health and Welfare | 0 | 0 | 50,295 | 0 | 50,295 | 0 | 0 | 0 | 0 | 50,295 | | |
| Other Operations | 0 | 552,851 | 0 | 0 | 552,851 | 0 | 0 | 0 | 0 | 552,851 | | |
| Debt Service: | 79 | 4,583 | 170 | 0 | 4,832 | 14,575 | 10,043 | 0 | 0 | 29,450 | | |
| Principal on Debt | 0 | 0 | 0 | 0 | 0 | 599,564 | 0 | 0 | 0 | 599,564 | | |
| Interest on Debt | 0 | 0 | 0 | 0 | 0 | 798,535 | 0 | 0 | 0 | 798,535 | | |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 42,877 | 0 | 0 | 42,877 | | |
| Total Expenditures | \$ 12,569 | \$ 557,434 | \$ 50,465 | \$ 398,370 | \$ 1,018,838 | \$ 1,412,674 | \$ 52,920 | \$ 0 | \$ 0 | \$ 2,484,432 | | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (4,697) | \$ (86,309) | \$ (38,341) | \$ 6,446 | \$ (122,901) | \$ 95,980 | \$ 951,378 | \$ 0 | \$ 0 | \$ 924,457 | | |
| Other Financing Sources (Uses) | | | | | | | | | | | | |
| Transfers In | 0 | 70,000 | 0 | 0 | 70,000 | 0 | 0 | 0 | 0 | 70,000 | | |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 70,000 | \$ 0 | \$ 0 | \$ 70,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 70,000 | | |
| Net Change in Fund Balances | \$ (4,697) | \$ (16,309) | \$ (38,341) | \$ 6,446 | \$ (52,901) | \$ 95,980 | \$ 951,378 | \$ 0 | \$ 0 | \$ 994,457 | | |
| Fund Balance, July 1, 2012 | 20,951 | 73,655 | 94,818 | 95,046 | 284,470 | 1,378,709 | 1,415,189 | 0 | 0 | 3,078,368 | | |
| Fund Balance, June 30, 2013 | \$ 16,254 | \$ 57,346 | \$ 56,477 | \$ 101,492 | \$ 231,569 | \$ 1,474,689 | \$ 2,366,567 | \$ 0 | \$ 0 | \$ 4,072,825 | | |

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, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|------------|------------------|------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 7,872 | \$ 6,000 | \$ 6,000 | \$ 1,872 |
| Total Revenues | \$ 7,872 | \$ 6,000 | \$ 6,000 | \$ 1,872 |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Buildings | \$ 12,490 | \$ 15,000 | \$ 15,000 | \$ 2,510 |
| <u>Other Operations</u> | | | | |
| Other Charges | 79 | 100 | 100 | 21 |
| Total Expenditures | \$ 12,569 | \$ 15,100 | \$ 15,100 | \$ 2,531 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (4,697) | \$ (9,100) | \$ (9,100) | \$ 4,403 |
| Net Change in Fund Balance | \$ (4,697) | \$ (9,100) | \$ (9,100) | \$ 4,403 |
| Fund Balance, July 1, 2012 | 20,951 | 20,952 | 20,952 | (1) |
| Fund Balance, June 30, 2013 | \$ 16,254 | \$ 11,852 | \$ 11,852 | \$ 4,402 |

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, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|--------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 278,026 | \$ 300,000 | \$ 300,000 | \$ (21,974) |
| Charges for Current Services | 16,701 | 10,000 | 10,000 | 6,701 |
| State of Tennessee | 176,398 | 174,000 | 174,000 | 2,398 |
| Total Revenues | <u>\$ 471,125</u> | <u>\$ 484,000</u> | <u>\$ 484,000</u> | <u>\$ (12,875)</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Health and Welfare</u> | | | | |
| Convenience Centers | \$ 541,455 | \$ 586,705 | \$ 586,705 | \$ 45,250 |
| Other Waste Collection | 11,396 | 24,000 | 24,000 | 12,604 |
| <u>Other Operations</u> | | | | |
| Other Charges | 4,583 | 6,000 | 6,000 | 1,417 |
| Total Expenditures | <u>\$ 557,434</u> | <u>\$ 616,705</u> | <u>\$ 616,705</u> | <u>\$ 59,271</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (86,309)</u> | <u>\$ (132,705)</u> | <u>\$ (132,705)</u> | <u>\$ 46,396</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 70,000 | \$ 140,000 | \$ 140,000 | \$ (70,000) |
| Total Other Financing Sources | <u>\$ 70,000</u> | <u>\$ 140,000</u> | <u>\$ 140,000</u> | <u>\$ (70,000)</u> |
| Net Change in Fund Balance | \$ (16,309) | \$ 7,295 | \$ 7,295 | \$ (23,604) |
| Fund Balance, July 1, 2012 | 73,655 | 128,478 | 128,478 | (54,823) |
| Fund Balance, June 30, 2013 | <u>\$ 57,346</u> | <u>\$ 135,773</u> | <u>\$ 135,773</u> | <u>\$ (78,427)</u> |

Exhibit G-5

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|-------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Fines, Forfeitures, and Penalties | \$ 11,122 | \$ 62,000 | \$ 62,000 | \$ (50,878) |
| State of Tennessee | 1,002 | 2,000 | 2,000 | (998) |
| Other Governments and Citizens Groups | 0 | 500 | 500 | (500) |
| Total Revenues | <u>\$ 12,124</u> | <u>\$ 64,500</u> | <u>\$ 64,500</u> | <u>\$ (52,376)</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Safety</u> | | | | |
| Drug Enforcement | \$ 50,295 | \$ 67,100 | \$ 67,100 | \$ 16,805 |
| <u>Other Operations</u> | | | | |
| Other Charges | 170 | 500 | 500 | 330 |
| Total Expenditures | <u>\$ 50,465</u> | <u>\$ 67,600</u> | <u>\$ 67,600</u> | <u>\$ 17,135</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (38,341)</u> | <u>\$ (3,100)</u> | <u>\$ (3,100)</u> | <u>\$ (35,241)</u> |
| Net Change in Fund Balance | \$ (38,341) | \$ (3,100) | \$ (3,100) | \$ (35,241) |
| Fund Balance, July 1, 2012 | <u>94,818</u> | <u>97,434</u> | <u>97,434</u> | <u>(2,616)</u> |
| Fund Balance, June 30, 2013 | <u>\$ 56,477</u> | <u>\$ 94,334</u> | <u>\$ 94,334</u> | <u>\$ (37,857)</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, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 1,444,322 | \$ 1,400,000 | \$ 1,400,000 | \$ 44,322 |
| Other Local Revenues | 10,183 | 15,000 | 15,000 | (4,817) |
| Other Governments and Citizens Groups | 54,149 | 0 | 54,149 | 0 |
| Total Revenues | <u>\$ 1,508,654</u> | <u>\$ 1,415,000</u> | <u>\$ 1,469,149</u> | <u>\$ 39,505</u> |
| <u>Expenditures</u> | | | | |
| <u>Other Operations</u> | | | | |
| Other Charges | \$ 14,575 | \$ 17,000 | \$ 17,000 | \$ 2,425 |
| <u>Principal on Debt</u> | | | | |
| Education | 599,564 | 555,000 | 599,564 | 0 |
| <u>Interest on Debt</u> | | | | |
| Education | 798,535 | 788,950 | 798,535 | 0 |
| Total Expenditures | <u>\$ 1,412,674</u> | <u>\$ 1,360,950</u> | <u>\$ 1,415,099</u> | <u>\$ 2,425</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 95,980</u> | <u>\$ 54,050</u> | <u>\$ 54,050</u> | <u>\$ 41,930</u> |
| Net Change in Fund Balance | \$ 95,980 | \$ 54,050 | \$ 54,050 | \$ 41,930 |
| Fund Balance, July 1, 2012 | 1,378,709 | 1,378,710 | 1,378,710 | (1) |
| Fund Balance, June 30, 2013 | <u>\$ 1,474,689</u> | <u>\$ 1,432,760</u> | <u>\$ 1,432,760</u> | <u>\$ 41,929</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, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 597,825 | \$ 575,777 | \$ 575,777 | \$ 22,048 |
| Total Revenues | \$ 597,825 | \$ 575,777 | \$ 575,777 | \$ 22,048 |
| <u>Expenditures</u> | | | | |
| <u>Other Operations</u> | | | | |
| Other Charges | \$ 11,922 | \$ 15,000 | \$ 15,000 | \$ 3,078 |
| <u>Principal on Debt</u> | | | | |
| General Government | 345,000 | 345,000 | 345,000 | 0 |
| <u>Interest on Debt</u> | | | | |
| General Government | 267,721 | 267,721 | 267,721 | 0 |
| <u>Other Debt Service</u> | | | | |
| General Government | 250 | 500 | 500 | 250 |
| Total Expenditures | \$ 624,893 | \$ 628,221 | \$ 628,221 | \$ 3,328 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (27,068) | \$ (52,444) | \$ (52,444) | \$ 25,376 |
| Net Change in Fund Balance | \$ (27,068) | \$ (52,444) | \$ (52,444) | \$ 25,376 |
| Fund Balance, July 1, 2012 | 1,670,383 | 1,670,381 | 1,670,381 | 2 |
| Fund Balance, June 30, 2013 | \$ 1,643,315 | \$ 1,617,937 | \$ 1,617,937 | \$ 25,378 |

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, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 1,326,600 | \$ 1,301,399 | \$ 1,301,399 | \$ 25,201 |
| Other Governments and Citizens Groups | 805,834 | 805,834 | 805,834 | 0 |
| Total Revenues | <u>\$ 2,132,434</u> | <u>\$ 2,107,233</u> | <u>\$ 2,107,233</u> | <u>\$ 25,201</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| Education | \$ 1,115,000 | \$ 1,105,000 | \$ 1,115,000 | \$ 0 |
| <u>Interest on Debt</u> | | | | |
| Education | 595,562 | 608,772 | 608,772 | 13,210 |
| <u>Other Debt Service</u> | | | | |
| Education | 56,041 | 32,500 | 61,952 | 5,911 |
| Total Expenditures | <u>\$ 1,766,603</u> | <u>\$ 1,746,272</u> | <u>\$ 1,785,724</u> | <u>\$ 19,121</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 365,831</u> | <u>\$ 360,961</u> | <u>\$ 321,509</u> | <u>\$ 44,322</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Refunding Debt Issued | \$ 1,415,000 | 0 | \$ 1,415,000 | 0 |
| Payments to Refunded Debt Escrow Agent | (1,385,548) | 0 | (1,385,548) | 0 |
| Total Other Financing Sources | <u>\$ 29,452</u> | <u>\$ 0</u> | <u>\$ 29,452</u> | <u>\$ 0</u> |
| Net Change in Fund Balance | \$ 395,283 | \$ 360,961 | \$ 350,961 | 44,322 |
| Fund Balance, July 1, 2012 | 4,057,175 | 4,052,180 | 4,052,180 | 4,995 |
| Fund Balance, June 30, 2013 | <u>\$ 4,452,458</u> | <u>\$ 4,413,141</u> | <u>\$ 4,403,141</u> | <u>\$ 49,317</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 grants and other restricted revenues for the benefits of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

Marion County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

| | Cities - Sales Tax | Special School District | Agency Funds | | | Total |
|--|--------------------------|-------------------------------|--------------------------------------|--|------------------------------|--------------|
| | | | City School ADA - Richard City | Constitutional Officers - Agency | Judicial District Drug | |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 841,215 | \$ 0 | \$ 841,215 |
| Equity in Pooled Cash and Investments | 0 | 52 | 0 | 0 | 4,079 | 4,131 |
| Accounts Receivable | 0 | 0 | 26 | 0 | 0 | 26 |
| Due from Other Governments | 508,859 | 0 | 38,488 | 0 | 1,276 | 548,623 |
| Property Taxes Receivable | 0 | 36,241 | 378,238 | 0 | 0 | 414,479 |
| Allowance for Uncollectible Property Taxes | 0 | (1,712) | (25,208) | 0 | 0 | (26,920) |
| Total Assets | \$ 508,859 | \$ 34,581 | \$ 391,544 | \$ 841,215 | \$ 5,355 | \$ 1,781,554 |
| <u>LIABILITIES</u> | | | | | | |
| Cash Overdraft | \$ 0 | \$ 0 | \$ 35,019 | \$ 0 | \$ 0 | \$ 35,019 |
| Due to Other Taxing Units | 508,859 | 34,581 | 356,525 | 0 | 0 | 899,965 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 0 | 841,215 | 0 | 841,215 |
| Due to Joint Ventures | 0 | 0 | 0 | 0 | 5,355 | 5,355 |
| Total Liabilities | \$ 508,859 | \$ 34,581 | \$ 391,544 | \$ 841,215 | \$ 5,355 | \$ 1,781,554 |

Exhibit I-2

Marion County, Tennessee
Combining Statements of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended June 30, 2013

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|--------------|--------------|-------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 2,978,572 | \$ 2,978,572 | \$ 0 |
| Due from Other Governments | 525,730 | 508,859 | 525,730 | 508,859 |
| Total Assets | \$ 525,730 | \$ 3,487,431 | \$ 3,504,302 | \$ 508,859 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 525,730 | \$ 3,487,431 | \$ 3,504,302 | \$ 508,859 |
| Total Liabilities | \$ 525,730 | \$ 3,487,431 | \$ 3,504,302 | \$ 508,859 |
| <u>Special School District Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 184 | \$ 21,523 | \$ 21,655 | \$ 52 |
| Taxes Receivable | 33,340 | 36,241 | 33,340 | 36,241 |
| Allowance for Uncollectible Taxes | (1,150) | (1,712) | (1,150) | (1,712) |
| Total Assets | \$ 32,374 | \$ 56,052 | \$ 53,845 | \$ 34,581 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 32,374 | \$ 56,052 | \$ 53,845 | \$ 34,581 |
| Total Liabilities | \$ 32,374 | \$ 56,052 | \$ 53,845 | \$ 34,581 |
| <u>City School ADA - Richard City Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 71,653 | \$ 579,438 | \$ 651,091 | \$ 0 |
| Accounts Receivable | 71 | 26 | 71 | 26 |
| Due from Other Governments | 43,469 | 38,488 | 43,469 | 38,488 |
| Taxes Receivable | 381,484 | 378,238 | 381,484 | 378,238 |
| Allowance for Uncollectible Taxes | (25,097) | (25,208) | (25,097) | (25,208) |
| Total Assets | \$ 471,580 | \$ 970,982 | \$ 1,051,018 | \$ 391,544 |
| <u>Liabilities</u> | | | | |
| Cash Overdraft | \$ 0 | \$ 35,019 | \$ 0 | \$ 35,019 |
| Due to Other Taxing Units | 471,580 | 935,963 | 1,051,018 | 356,525 |
| Total Liabilities | \$ 471,580 | \$ 970,982 | \$ 1,051,018 | \$ 391,544 |

(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 | \$ 1,157,285 | \$ 4,707,813 | \$ 5,023,883 | \$ 841,215 |
| Total Assets | \$ 1,157,285 | \$ 4,707,813 | \$ 5,023,883 | \$ 841,215 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 1,157,285 | \$ 4,707,813 | \$ 5,023,883 | \$ 841,215 |
| Total Liabilities | \$ 1,157,285 | \$ 4,707,813 | \$ 5,023,883 | \$ 841,215 |
| <u>Judicial District Drug Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 1,562 | \$ 153,368 | \$ 150,851 | \$ 4,079 |
| Due from Other Governments | 2,298 | 1,276 | 2,298 | 1,276 |
| Total Assets | \$ 3,860 | \$ 154,644 | \$ 153,149 | \$ 5,355 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 860 | \$ 154,644 | \$ 150,149 | \$ 5,355 |
| Due to Joint Ventures | 3,000 | 0 | 3,000 | 0 |
| Total Liabilities | \$ 3,860 | \$ 154,644 | \$ 153,149 | \$ 5,355 |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 1,157,285 | \$ 4,707,813 | \$ 5,023,883 | \$ 841,215 |
| Equity in Pooled Cash and Investments | 73,399 | 3,732,901 | 3,802,169 | 4,131 |
| Accounts Receivable | 71 | 26 | 71 | 26 |
| Due from Other Governments | 571,497 | 548,623 | 571,497 | 548,623 |
| Taxes Receivable | 414,824 | 414,479 | 414,824 | 414,479 |
| Allowance for Uncollectible Taxes | (26,247) | (26,920) | (26,247) | (26,920) |
| Total Assets | \$ 2,190,829 | \$ 9,376,922 | \$ 9,786,197 | \$ 1,781,554 |
| <u>Liabilities</u> | | | | |
| Cash Overdraft | \$ 0 | \$ 35,019 | \$ 0 | \$ 35,019 |
| Due to Other Taxing Units | 1,029,684 | 4,479,446 | 4,609,165 | 899,965 |
| Due to Litigants, Heirs, and Others | 1,158,145 | 4,862,457 | 5,174,032 | 846,570 |
| Due to Joint Ventures | 3,000 | 0 | 3,000 | 0 |
| Total Liabilities | \$ 2,190,829 | \$ 9,376,922 | \$ 9,786,197 | \$ 1,781,554 |

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, 2013

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|----------------------|----------------------|------------------------------------|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities: | | | | |
| Instruction | \$ 20,341,842 | \$ 164,022 | \$ 1,831,612 | \$ (18,346,208) |
| Support Services | 10,892,353 | 0 | 237,646 | (10,654,707) |
| Operation of Non-Instructional Services | 3,501,081 | 724,212 | 2,419,294 | (357,575) |
| Interest on Long-term Debt | 9,585 | 0 | 0 | (9,585) |
| Other Debt Service | 805,834 | 0 | 0 | (805,834) |
| Total Governmental Activities | \$ 35,550,695 | \$ 888,234 | \$ 4,488,552 | \$ (30,173,909) |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes Levied for General Purposes | | | | \$ 4,887,823 |
| Local Option Sales Taxes | | | | 3,053,020 |
| Hotel/Motel Tax | | | | 4,397 |
| Wholesale Beer Tax | | | | 106,114 |
| Other Local Taxes | | | | 1,354 |
| Grants and Contributions Not Restricted to Specific Programs | | | | 20,869,910 |
| Unrestricted Investment Earnings | | | | 8,109 |
| Miscellaneous | | | | 122,487 |
| Total General Revenues | | | | \$ 29,053,214 |
| Change in Net Position | | | | \$ (1,120,695) |
| Net Position, July 1, 2012 | | | | 47,011,145 |
| Net Position, June 30, 2013 | | | | \$ 45,890,450 |

Marion County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marion County School Department
June 30, 2013

| | Major Funds | | Nonmajor | Total Governmental Funds |
|---|------------------------------|----------------------|-------------------------------|--------------------------------|
| | General Purpose School | Central Cafeteria | School Federal Projects | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 1,414 | \$ 0 | \$ 1,414 |
| Equity in Pooled Cash and Investments | 3,155,917 | 908,406 | 25,611 | 4,089,934 |
| Inventories | 0 | 60,022 | 0 | 60,022 |
| Accounts Receivable | 72,189 | 0 | 0 | 72,189 |
| Due from Other Governments | 804,325 | 0 | 7,782 | 812,107 |
| Property Taxes Receivable | 5,267,111 | 0 | 0 | 5,267,111 |
| Allowance for Uncollectible Property Taxes | (351,038) | 0 | 0 | (351,038) |
| Total Assets | \$ 8,948,504 | \$ 969,842 | \$ 33,393 | \$ 9,951,739 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 156,284 | \$ 0 | \$ 0 | \$ 156,284 |
| Accrued Payroll | 24,628 | 0 | 0 | 24,628 |
| Payroll Deductions Payable | 352,998 | 0 | 33,393 | 386,391 |
| Contracts Payable | 23,951 | 0 | 0 | 23,951 |
| Total Liabilities | \$ 557,861 | \$ 0 | \$ 33,393 | \$ 591,254 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Current Property Taxes | \$ 4,651,606 | \$ 0 | \$ 0 | \$ 4,651,606 |
| Deferred Delinquent Property Taxes | 228,467 | 0 | 0 | 228,467 |
| Other Deferred/Unavailable Revenue | 270,000 | 0 | 0 | 270,000 |
| Total Deferred Inflows of Resources | \$ 5,150,073 | \$ 0 | \$ 0 | \$ 5,150,073 |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 0 | \$ 60,022 | \$ 0 | \$ 60,022 |
| Restricted: | | | | |
| Restricted for Education | 27,429 | 909,820 | 0 | 937,249 |
| Unassigned | 3,213,141 | 0 | 0 | 3,213,141 |
| Total Fund Balances | \$ 3,240,570 | \$ 969,842 | \$ 0 | \$ 4,210,412 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 8,948,504 | \$ 969,842 | \$ 33,393 | \$ 9,951,739 |

Exhibit J-3

Marion County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Marion County School Department
June 30, 2013

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

| | | | |
|---|------------------|--------------|-----------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit J-2) | | \$ 4,210,412 | |
| (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 | 97,610 | | |
| Add: buildings and improvements net of accumulated depreciation | 40,414,813 | | |
| Add: other capital assets net of accumulated depreciation | <u>198,250</u> | 41,844,509 | |
| (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 on primary government debt | \$ (186,855) | | |
| Less: other postemployment benefits liability | <u>(476,083)</u> | (662,938) | |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>498,467</u> |
| Net position of governmental activities (Exhibit A) | | | <u><u>\$ 45,890,450</u></u> |

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, 2013

| | Major Funds | | Nonmajor | Total Governmental Funds |
|--|------------------------------|----------------------|-------------------------------|--------------------------------|
| | General Purpose School | Central Cafeteria | School Federal Projects | |
| | | | | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 8,139,330 | \$ 0 | \$ 0 | \$ 8,139,330 |
| Licenses and Permits | 2,436 | 0 | 0 | 2,436 |
| Charges for Current Services | 164,022 | 724,212 | 0 | 888,234 |
| Other Local Revenues | 111,584 | 20,987 | 0 | 132,571 |
| State of Tennessee | 20,670,863 | 24,394 | 0 | 20,695,257 |
| Federal Government | 110,139 | 1,898,385 | 2,582,689 | 4,591,213 |
| Total Revenues | \$ 29,198,374 | \$ 2,667,978 | \$ 2,582,689 | \$ 34,449,041 |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 17,271,560 | \$ 0 | \$ 1,623,808 | \$ 18,895,368 |
| Support Services | 10,101,735 | 0 | 823,750 | 10,925,485 |
| Operation of Non-Instructional Services | 733,881 | 2,749,145 | 0 | 3,483,026 |
| Capital Outlay | 121,152 | 0 | 0 | 121,152 |
| Debt Service: | | | | |
| Principal on Debt | 44,564 | 0 | 0 | 44,564 |
| Interest on Debt | 9,585 | 0 | 0 | 9,585 |
| Other Debt Service | 805,834 | 0 | 0 | 805,834 |
| Total Expenditures | \$ 29,088,311 | \$ 2,749,145 | \$ 2,447,558 | \$ 34,285,014 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 110,063 | \$ (81,167) | \$ 135,131 | \$ 164,027 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 135,904 | \$ 0 | \$ 0 | \$ 135,904 |
| Transfers Out | 0 | 0 | (135,904) | (135,904) |
| Total Other Financing Sources (Uses) | \$ 135,904 | \$ 0 | \$ (135,904) | \$ 0 |
| Net Change in Fund Balances | \$ 245,967 | \$ (81,167) | \$ (773) | \$ 164,027 |
| Fund Balance, July 1, 2012 | 2,994,603 | 1,051,009 | 773 | 4,046,385 |
| Fund Balance, June 30, 2013 | \$ 3,240,570 | \$ 969,842 | \$ 0 | \$ 4,210,412 |

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, 2013

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) | | \$ | 164,027 |
| (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 | | \$ | 300,531 |
| Less: current-year depreciation expense | | | <u>(1,541,301)</u> |
| | | | (1,240,770) |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. | | | |
| Less: proceeds from the sale of capital assets | | \$ | (1,975) |
| Add: gain on disposal of capital assets | | | <u>1,327</u> |
| | | | (648) |
| (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, 2013 | | \$ | 498,467 |
| Less: deferred delinquent property taxes and other deferred June 30, 2012 | | | <u>(515,533)</u> |
| | | | (17,066) |
| (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 position. Also, governmental funds report the effect of 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 for primary government | | | 44,564 |
| (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>(70,802)</u> |
| Change in net position of governmental activities (Exhibit B) | | \$ | <u>(1,120,695)</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, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------|------------------|---------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 8,139,330 | \$ 7,871,853 | \$ 7,871,853 | \$ 267,477 |
| Licenses and Permits | 2,436 | 2,165 | 2,165 | 271 |
| Charges for Current Services | 164,022 | 227,650 | 227,650 | (63,628) |
| Other Local Revenues | 111,584 | 121,960 | 121,960 | (10,376) |
| State of Tennessee | 20,670,863 | 20,664,089 | 20,772,583 | (101,720) |
| Federal Government | 110,139 | 113,600 | 116,526 | (6,387) |
| Total Revenues | \$ 29,198,374 | \$ 29,001,317 | \$ 29,112,737 | \$ 85,637 |
| <u>Expenditures</u> | | | | |
| <u>Instruction</u> | | | | |
| Regular Instruction Program | \$ 13,102,628 | \$ 13,644,617 | \$ 13,644,617 | \$ 541,989 |
| Alternative Instruction Program | 74,616 | 83,485 | 83,485 | 8,869 |
| Special Education Program | 2,466,183 | 2,506,536 | 2,509,462 | 43,279 |
| Vocational Education Program | 1,454,173 | 1,515,483 | 1,515,483 | 61,310 |
| Adult Education Program | 173,960 | 184,950 | 184,950 | 10,990 |
| <u>Support Services</u> | | | | |
| Attendance | 121,039 | 131,420 | 131,420 | 10,381 |
| Health Services | 345,012 | 382,620 | 382,620 | 37,608 |
| Other Student Support | 605,967 | 742,432 | 742,432 | 136,465 |
| Regular Instruction Program | 936,616 | 983,205 | 983,205 | 46,589 |
| Special Education Program | 154,932 | 163,998 | 163,998 | 9,066 |
| Vocational Education Program | 99,248 | 101,305 | 101,305 | 2,057 |
| Other Programs | 105,736 | 0 | 105,736 | 0 |
| Board of Education | 444,694 | 556,490 | 556,490 | 111,796 |
| Director of Schools | 285,426 | 341,170 | 341,170 | 55,744 |
| Office of the Principal | 1,842,756 | 1,920,716 | 1,923,474 | 80,718 |
| Fiscal Services | 293,658 | 325,965 | 325,965 | 32,307 |
| Human Services/Personnel | 96,482 | 99,200 | 99,200 | 2,718 |
| Operation of Plant | 2,606,715 | 3,020,200 | 3,020,200 | 413,485 |
| Maintenance of Plant | 696,338 | 816,625 | 816,625 | 120,287 |
| Transportation | 1,076,856 | 1,129,081 | 1,129,081 | 52,225 |
| Central and Other | 390,260 | 428,450 | 428,450 | 38,190 |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Community Services | 356,658 | 461,653 | 461,653 | 104,995 |
| Early Childhood Education | 377,223 | 385,463 | 385,463 | 8,240 |
| <u>Capital Outlay</u> | | | | |
| Regular Capital Outlay | 121,152 | 458,167 | 458,167 | 337,015 |
| <u>Principal on Debt</u> | | | | |
| Education | 44,564 | 558,328 | 44,564 | 0 |
| <u>Interest on Debt</u> | | | | |
| Education | 9,585 | 301,655 | 9,585 | 0 |
| <u>Other Debt Service</u> | | | | |
| Education | 805,834 | 0 | 805,834 | 0 |
| Total Expenditures | \$ 29,088,311 | \$ 31,243,214 | \$ 31,354,634 | \$ 2,266,323 |

(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 | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 110,063 | \$ (2,241,897) | \$ (2,241,897) | \$ 2,351,960 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 135,904 | \$ 157,239 | \$ 157,239 | \$ (21,335) |
| Total Other Financing Sources | \$ 135,904 | \$ 157,239 | \$ 157,239 | \$ (21,335) |
| Net Change in Fund Balance | \$ 245,967 | \$ (2,084,658) | \$ (2,084,658) | \$ 2,330,625 |
| Fund Balance, July 1, 2012 | 2,994,603 | 2,958,658 | 2,958,658 | 35,945 |
| Fund Balance, June 30, 2013 | \$ 3,240,570 | \$ 874,000 | \$ 874,000 | \$ 2,366,570 |

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, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Federal Government | \$ 2,582,689 | \$ 2,918,711 | \$ 2,931,453 | \$ (348,764) |
| Total Revenues | \$ 2,582,689 | \$ 2,918,711 | \$ 2,931,453 | \$ (348,764) |
| <u>Expenditures</u> | | | | |
| <u>Instruction</u> | | | | |
| Regular Instruction Program | \$ 1,145,940 | \$ 1,209,604 | \$ 1,215,564 | \$ 69,624 |
| Special Education Program | 416,030 | 473,221 | 473,221 | 57,191 |
| Vocational Education Program | 61,838 | 59,892 | 61,838 | 0 |
| <u>Support Services</u> | | | | |
| Other Student Support | 158,727 | 267,708 | 265,762 | 107,035 |
| Regular Instruction Program | 239,240 | 314,373 | 320,705 | 81,465 |
| Special Education Program | 381,447 | 393,773 | 393,773 | 12,326 |
| Vocational Education Program | 1,850 | 1,850 | 1,850 | 0 |
| Transportation | 42,486 | 49,125 | 49,125 | 6,639 |
| Total Expenditures | \$ 2,447,558 | \$ 2,769,546 | \$ 2,781,838 | \$ 334,280 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 135,131 | \$ 149,165 | \$ 149,615 | \$ (14,484) |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers Out | \$ (135,904) | \$ (149,937) | \$ (150,387) | \$ 14,483 |
| Total Other Financing Sources | \$ (135,904) | \$ (149,937) | \$ (150,387) | \$ 14,483 |
| Net Change in Fund Balance | \$ (773) | \$ (772) | \$ (772) | \$ (1) |
| Fund Balance, July 1, 2012 | 773 | 772 | 772 | 1 |
| Fund Balance, June 30, 2013 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

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, 2013

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Charges for Current Services | \$ 724,212 | \$ 794,300 | \$ 794,300 | \$ (70,088) |
| Other Local Revenues | 20,987 | 10,800 | 10,800 | 10,187 |
| State of Tennessee | 24,394 | 23,050 | 23,050 | 1,344 |
| Federal Government | 1,898,385 | 1,895,000 | 1,895,000 | 3,385 |
| Total Revenues | <u>\$ 2,667,978</u> | <u>\$ 2,723,150</u> | <u>\$ 2,723,150</u> | <u>\$ (55,172)</u> |
| <u>Expenditures</u> | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Food Service | \$ 2,749,145 | \$ 2,955,046 | \$ 2,955,046 | \$ 205,901 |
| Total Expenditures | <u>\$ 2,749,145</u> | <u>\$ 2,955,046</u> | <u>\$ 2,955,046</u> | <u>\$ 205,901</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (81,167)</u> | <u>\$ (231,896)</u> | <u>\$ (231,896)</u> | <u>\$ 150,729</u> |
| Net Change in Fund Balance | \$ (81,167) | \$ (231,896) | \$ (231,896) | \$ 150,729 |
| Fund Balance, July 1, 2012 | 1,051,009 | 1,077,910 | 1,077,910 | (26,901) |
| Fund Balance, June 30, 2013 | <u>\$ 969,842</u> | <u>\$ 846,014</u> | <u>\$ 846,014</u> | <u>\$ 123,828</u> |

Exhibit J-9

Marion County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2013

| | Other Trust Fund |
|---------------------------------------|---|
| | <u>Private Purpose Trust Fund</u> |
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash in Bank | \$ 27,507 |
| Equity in Pooled Cash and Investments | 10,200 |
| Investments | <u>596,168</u> |
| Total Assets | <u>\$ 633,875</u> |
| <u>NET POSITION</u> | |
| Funds Held in Trust for Scholarships | <u>\$ 633,875</u> |
| Total Net Position | <u><u>\$ 633,875</u></u> |

Exhibit J-10

Marion County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Marion County School Department
Fiduciary Fund
For the Year Ended June 30, 2013

| | Other Trust Fund |
|-----------------------------|---|
| | <u>Private Purpose Trust Fund</u> |
| <u>ADDITIONS</u> | |
| Investment Income | \$ 13,223 |
| Total Additions | <u>\$ 13,223</u> |
| <u>DEDUCTIONS</u> | |
| Scholarship Disbursements | <u>\$ 16,000</u> |
| Total Deductions | <u>\$ 16,000</u> |
| Change in Net Position | \$ (2,777) |
| Net Position, July 1, 2012 | <u>636,652</u> |
| Net Position, June 30, 2013 | <u><u>\$ 633,875</u></u> |

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marion County, Tennessee
 Schedule of Changes in Long-term Notes and Bonds
 For the Year Ended June 30, 2013

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-12 | Issued During Period | Paid and/or Matured During Period | Debt Refunded | Outstanding 6-30-13 |
|--|--------------------------|---------------|---------------|--------------------|--------------------|----------------------|-----------------------------------|---------------|---------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | | | | |
| NOTES PAYABLE | | | | | | | | | |
| Payable through General Fund | | | | | | | | | |
| Election Commission Building | \$ 200,000 | 3.5% | 2-11-08 | 2-20-13 | \$ 42,799 | 0 \$ | 42,799 \$ | 0 \$ | 0 |
| Sheriff's Vehicles | 236,000 | 2.125 | 11-16-09 | 11-15-12 | 33,692 | 0 | 33,692 | 0 | 0 |
| Drug Force Vehicle | 25,817 | 3.25 | 6-30-11 | 6-20-16 | 20,983 | 0 | 4,994 | 0 | 15,989 |
| Jasper Public Works Project* | 377,000 | 1.94 | 12-2-12 | 4-1-23 | 0 | 377,000 | 0 | 0 | 377,000 |
| Total Payable through General Fund | | | | | \$ 97,474 | \$ 377,000 | \$ 81,485 | 0 \$ | 392,989 |
| Payable through Rural Debt Service Fund | | | | | | | | | |
| School Refunding Capital Outlay Note | 1,415,000 | 1.94 | 12-2-12 | 4-1-23 | 0 \$ | 1,415,000 \$ | 10,000 \$ | 0 \$ | 1,405,000 |
| Total Payable through Rural Debt Service Fund | | | | | \$ 0 | \$ 1,415,000 | \$ 10,000 | 0 \$ | 1,405,000 |
| Contributed by School Department through General Purpose School Fund | | | | | | | | | |
| South Pittsburg High School HVAC | 500,000 | 4.55 | 5-16-05 | 3-16-17 | \$ 231,419 | 0 \$ | 44,564 \$ | 0 \$ | 186,855 |
| Total Contributed by School Department through General Purpose School Fund | | | | | \$ 231,419 | 0 \$ | 44,564 \$ | 0 \$ | 186,855 |
| Total Notes Payable | | | | | \$ 328,893 | \$ 1,792,000 | \$ 136,049 | 0 \$ | 1,984,844 |
| BONDS PAYABLE | | | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | | | |
| General Obligation Refunding Bonds, 2005 Series | 4,460,000 | 3.5 to 4.2 | 7-1-05 | 4-1-29 | \$ 3,890,000 | 0 \$ | 165,000 \$ | 0 \$ | 3,725,000 |
| General Obligation Bonds, Series 2010 | 3,675,000 | 2.5 to 4 | 3-31-10 | 4-1-30 | 3,350,000 | 0 | 180,000 | 0 | 3,170,000 |
| Total Payable through General Debt Service Fund | | | | | \$ 7,240,000 | 0 \$ | \$ 345,000 | 0 \$ | 6,895,000 |
| Payable through Education Debt Service Fund | | | | | | | | | |
| General Obligation Bonds, 2006 Series | 19,500,000 | 4 to 4.5 | 5-31-06 | 6-1-31 | \$ 17,525,000 | 0 \$ | 555,000 \$ | 0 \$ | 16,970,000 |
| Total Payable through Education Debt Service Fund | | | | | \$ 17,525,000 | 0 \$ | \$ 555,000 | 0 \$ | 16,970,000 |
| Payable through Rural Debt Service Fund | | | | | | | | | |
| Rural School Bonds, Series 2003 | 2,165,000 | 1.2 to 4 | 7-16-03 | 12-2-12 | \$ 1,465,000 | 0 \$ | 100,000 \$ | 1,365,000 \$ | 0 |
| Rural School Refunding Bonds, Series 2005 | 2,560,000 | 3.5 to 4.2 | 7-1-05 | 4-1-25 | 2,350,000 | 0 | 140,000 | 0 | 2,210,000 |
| Rural School Refunding Bonds, Series 2011 | 13,130,000 | 3 to 4.5 | 1-6-11 | 4-1-24 | 12,305,000 | 0 | 865,000 | 0 | 11,440,000 |
| Total Payable through Rural Debt Service Fund | | | | | \$ 16,120,000 | 0 \$ | \$ 1,105,000 | \$ 1,365,000 | \$ 13,650,000 |
| Total Bonds Payable | | | | | \$ 40,885,000 | 0 \$ | \$ 2,005,000 | \$ 1,365,000 | \$ 37,515,000 |

* - Marion County and the City of Jasper entered into an interlocal agreement with the express understanding and agreement that Jasper would be responsible for repayment of all principal and interest due on the capital outlay note.

Exhibit K-2

Marion County, Tennessee
Schedule of Long-term Debt Requirements by Year

| Year Ending June 30 | Notes | | |
|---------------------------|--------------|------------|--------------|
| | Principal | Interest | Total |
| 2014 | \$ 206,792 | \$ 42,542 | \$ 249,334 |
| 2015 | 214,129 | 37,200 | 251,329 |
| 2016 | 221,571 | 31,653 | 253,224 |
| 2017 | 210,352 | 26,018 | 236,370 |
| 2018 | 172,000 | 21,961 | 193,961 |
| 2019 | 185,000 | 18,624 | 203,624 |
| 2020 | 185,000 | 15,035 | 200,035 |
| 2021 | 190,000 | 11,446 | 201,446 |
| 2022 | 200,000 | 7,760 | 207,760 |
| 2023 | 200,000 | 3,880 | 203,880 |
| Total | \$ 1,984,844 | \$ 216,119 | \$ 2,200,963 |

| Year Ending June 30 | Bonds | | |
|---------------------------|---------------|---------------|---------------|
| | Principal | Interest | Total |
| 2014 | \$ 1,970,000 | \$ 1,543,598 | \$ 3,513,598 |
| 2015 | 2,025,000 | 1,472,324 | 3,497,324 |
| 2016 | 2,100,000 | 1,404,574 | 3,504,574 |
| 2017 | 2,160,000 | 1,333,441 | 3,493,441 |
| 2018 | 2,250,000 | 1,259,003 | 3,509,003 |
| 2019 | 2,310,000 | 1,170,493 | 3,480,493 |
| 2020 | 2,400,000 | 1,078,593 | 3,478,593 |
| 2021 | 2,495,000 | 981,318 | 3,476,318 |
| 2022 | 2,625,000 | 880,131 | 3,505,131 |
| 2023 | 2,745,000 | 766,057 | 3,511,057 |
| 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 | \$ 37,515,000 | \$ 14,573,605 | \$ 52,088,605 |

Exhibit K-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2013

| <u>Fund and Type</u> | <u>Amount</u> |
|--|-------------------|
| <u>Private Purpose Trust Fund</u> | |
| SunTrust Bank - U.S. Certificates of Deposit | \$ 61,178 |
| Corporate Bonds - Citigroup | 26,352 |
| Corporate Bonds - JP Morgan Chase & Co. | 63,828 |
| Corporate Bonds - Verizon Communications | 77,563 |
| Corporate Bonds - Morgan Stanley | 106,000 |
| Corporate Bonds - Johnson & Johnson | 114,870 |
| Corporate Bonds - Dow Chemical | 24,152 |
| Corporate Bonds - Caterpillar Financial | 46,237 |
| Corporate Bonds - General Electric | 37,787 |
| Corporate Bonds - Wells Fargo | <u>38,201</u> |
| Total Investments | <u>\$ 596,168</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, 2013

| <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 | 70,000 |
| Total Transfers Primary Government | | | <u>\$ 80,000</u> |
| <u>DISCRETELY PRESENTED MARION</u> <u>COUNTY SCHOOL DEPARTMENT</u> | | | |
| School Federal Projects | General Purpose School | Indirect costs | \$ 70,044 |
| " | " | Salary reimbursements | 65,860 |
| Total Transfers Discretely Presented Marion County School Department | | | <u>\$ 135,904</u> |

Exhibit K-5

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, 2013

| Official | Authorization for Salary | \$ | 81,884 (1) | \$ | 50,000 | RLI Insurance | Surety |
|--|--|----|------------|---------|-----------|---------------|---|
| | | | 69,013 (2) | | 100,000 | " | |
| | | | 85,920 (3) | | 50,000 | " | |
| | | | 62,739 | | 1,104,300 | " | |
| | | | 62,739 | | 10,000 | " | |
| | | | 62,739 | | 50,000 | " | |
| | | | 62,739 (4) | | 50,000 | " | |
| | | | 62,739 | | 25,000 | " | |
| | | | 69,013 (5) | | 25,000 | " | |
| County Mayor | Section 8-24-102, TCA, and County Commission | | | | | | |
| Highway Supervisor | Section 8-24-102, TCA, and County Commission | | | | | | |
| Director of Schools | State Board of Education and County Board of Education | | | | | | |
| Trustee | Section 8-24-102, TCA | | | | | | |
| Assessor of Property | Section 8-24-102, TCA | | | | | | |
| County Clerk | Section 8-24-102, TCA | | | | | | |
| Circuit and General Sessions Courts Clerk | Section 8-24-102, TCA | | | | | | |
| Clerk and Master | Section 8-24-102, TCA | | | | | | |
| Register of Deeds | Section 8-24-102, TCA | | | | | | |
| Sheriff | Section 8-24-102, TCA | | | | | | |
| 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 \$9,421.
- (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 \$3,300.
- (5) Does not include a law enforcement training supplement of \$600.

Marion County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------|--------------------------|--------------|--------------------------------|------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 6,475,279 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Trustee's Collections - Prior Year | 342,261 | 0 | 0 | 0 | 0 | 0 |
| Circuit/Clerk & Master Collections - Prior Years | 201,170 | 0 | 0 | 0 | 0 | 0 |
| Interest and Penalty | 64,321 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - T.V.A. | 36,408 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Local Utilities | 21,032 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Other | 2,365 | 0 | 0 | 0 | 0 | 0 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 0 | 0 | 278,026 | 0 | 0 | 0 |
| Litigation Tax - General | 91,152 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Special Purpose | 1,241 | 7,872 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 16,727 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 246,144 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 4,119 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Interstate Telecommunications Tax | 2,029 | 0 | 0 | 0 | 0 | 0 |
| <u>Total Local Taxes</u> | <u>\$ 7,500,129</u> | <u>\$ 7,872</u> | <u>\$ 278,026</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 4,119</u> |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Cable TV Franchise | \$ 76,866 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Permits</u> | | | | | | |
| Beer Permits | 1,819 | 0 | 0 | 0 | 0 | 0 |
| Building Permits | 101,873 | 0 | 0 | 0 | 0 | 0 |
| <u>Total Licenses and Permits</u> | <u>\$ 180,558</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 8,205 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Officers Costs | 10,369 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 0 | 0 | 0 | 6,085 | 0 | 0 |
| Jail Fees | 452 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 1,045 | 0 | 0 | 0 | 0 | 0 |
| <u>Criminal Court</u> | | | | | | |
| Data Entry Fee - Criminal Court | 1,056 | 0 | 0 | 0 | 0 | 0 |

(Continued)

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------|--------------------------|------------------|--------------------------------|------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | |
| <u>General Sessions Court</u> | | | | | | |
| Fines | \$ 26,300 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Officers Costs | 23,518 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 833 | 0 | 0 | 0 | 0 | 0 |
| Drug Court Fees | 4,980 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 3,996 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 11,143 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - General Sessions Court | 12,715 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | |
| Fines | 999 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | |
| Data Entry Fee - Chancery Court | 1,624 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Courts - In-county</u> | | | | | | |
| Officers Costs | 1,688 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 2,750 | 0 | 0 |
| Other Fines, Forfeitures, and Penalties | 0 | 0 | 0 | 2,287 | 0 | 0 |
| Total Fines, Forfeitures, and Penalties | \$ 108,923 | \$ 0 | \$ 0 | \$ 11,122 | \$ 0 | \$ 0 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Work Release Charges for Board | \$ 4,409 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other General Service Charges | 0 | 0 | 0 | 0 | 0 | 158,331 |
| <u>Fees</u> | | | | | | |
| Airport Fees | 52,273 | 0 | 0 | 0 | 0 | 0 |
| Copy Fees | 792 | 0 | 0 | 0 | 0 | 0 |
| Greenbelt Late Application Fee | 50 | 0 | 0 | 0 | 0 | 0 |
| Telephone Commissions | 31,592 | 0 | 0 | 0 | 0 | 0 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 401,516 | 0 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 0 | 0 | 3,300 | 0 |
| Data Processing Fee - Register | 9,854 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Sheriff | 2,779 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fees - Sheriff | 2,625 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - County Clerk | 150 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Charges for Services</u> | | | | | | |
| Other Charges for Services | 0 | 0 | 16,701 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 104,524 | \$ 0 | \$ 16,701 | \$ 0 | \$ 404,816 | \$ 158,331 |

(Continued)

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--|-------------------------------|-----------------|---|-----------------------------|
| | General | Courtthouse and Jail Maintenance | Solid Waste/ Sanitation | Drug Control | Constitu- tional Officers - Fees | Highway/ Public Works |
| Other Local Revenues | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 113,940 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Lease/Rentals | 143,820 | 0 | 0 | 0 | 0 | 0 |
| Commissary Sales | 15,266 | 0 | 0 | 0 | 0 | 0 |
| Sale of Gasoline | 92,442 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Refunds | 1,495 | 0 | 0 | 0 | 0 | 4,177 |
| Nonrecurring Items | 0 | 0 | 0 | 0 | 0 | 0 |
| Performance Bond Forfeitures | 0 | 0 | 0 | 0 | 0 | 214,771 |
| Total Other Local Revenues | \$ 366,963 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 218,948 |
| Fees Received from County Officials | | | | | | |
| <u>Excess Fees</u> | | | | | | |
| County Clerk | \$ 39,850 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Trustee | 305,629 | 0 | 0 | 0 | 0 | 0 |
| <u>Fees in-Lieu-of-Salary</u> | | | | | | |
| Circuit Court Clerk | 159,384 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 198,492 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 105,516 | 0 | 0 | 0 | 0 | 0 |
| Register | 118,457 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 12,916 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received from County Officials | \$ 940,244 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| State of Tennessee | | | | | | |
| <u>General Government Grants</u> | | | | | | |
| Juvenile Services Program | \$ 11,400 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Airport Maintenance Program | 19,678 | 0 | 0 | 0 | 0 | 0 |
| On-Behalf Contributions for OPEB | 600 | 0 | 0 | 0 | 0 | 0 |
| Other General Government Grants | 0 | 0 | 0 | 1,002 | 0 | 0 |
| <u>Public Safety Grants</u> | | | | | | |
| Law Enforcement Training Programs | 13,200 | 0 | 0 | 0 | 0 | 0 |
| <u>Health and Welfare Grants</u> | | | | | | |
| Health Department Programs | 96,929 | 0 | 0 | 0 | 0 | 0 |
| <u>Public Works Grants</u> | | | | | | |
| Bridge Program | 0 | 0 | 0 | 0 | 0 | 340,562 |
| State Aid Program | 0 | 0 | 0 | 0 | 0 | 82,380 |
| Litter Program | 40,348 | 0 | 0 | 0 | 0 | 0 |

(Continued)

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------------|-------------------------------|-----------------|---|-----------------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste/ Sanitation | Drug Control | Constitu- tional Officers - Fees | Highway/ Public Works |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Other State Revenues</u> | | | | | | |
| Income Tax | \$ 117,841 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Beer Tax | 18,586 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 55,690 | 0 | 0 | 0 | 0 | 0 |
| State Revenue Sharing - T.V.A. | 327,320 | 0 | 163,660 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 343,175 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 1,734,789 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 20,374 |
| Registrar's Salary Supplement | 15,164 | 0 | 0 | 0 | 0 | 0 |
| Other State Grants | 1,500 | 0 | 12,738 | 0 | 0 | 0 |
| Other State Revenues | 17,393 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 1,078,824 | \$ 0 | \$ 176,398 | \$ 1,002 | \$ 0 | \$ 2,178,055 |
| <u>Federal Government</u> | | | | | | |
| Federal Through State | | | | | | |
| Homeland Security Grants | \$ 32,768 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Federal through State | 26,034 | 0 | 0 | 0 | 0 | 0 |
| Direct Federal Revenue | | | | | | |
| Other Direct Federal Revenue | 5,400 | 0 | 0 | 0 | 0 | 0 |
| Total Federal Government | \$ 64,202 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| Other Governments | | | | | | |
| Contributions | \$ 5,616 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Contracted Services | 230,659 | 0 | 0 | 0 | 0 | 0 |
| Citizens Groups | | | | | | |
| Donations | 548 | 0 | 0 | 0 | 0 | 0 |
| Total Other Governments and Citizens Groups | \$ 236,823 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total | \$ 10,581,190 | \$ 7,872 | \$ 471,125 | \$ 12,124 | \$ 404,816 | \$ 2,559,453 |

(Continued)

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

| | Debt Service Funds | | | Capital Projects Fund | | | Total |
|--|----------------------|---------------------|------------------------|------------------------|------------------|-------------|----------------------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Debt Service | Capital Projects | | |
| <u>Local Taxes</u> | | | | | | | |
| <u>County Property Taxes</u> | | | | | | | |
| Current Property Tax | \$ 537,286 | \$ 1,191,193 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 8,203,758 |
| Trustee's Collections - Prior Year | 28,384 | 62,995 | 0 | 0 | 0 | 0 | 433,640 |
| Circuit/Clerk & Master Collections - Prior Years | 21,657 | 48,884 | 0 | 0 | 0 | 0 | 271,711 |
| Interest and Penalty | 5,537 | 12,327 | 0 | 0 | 0 | 0 | 82,185 |
| Payments in-Lieu-of Taxes - T.V.A. | 3,021 | 6,819 | 0 | 0 | 0 | 0 | 46,248 |
| Payments in-Lieu-of Taxes - Local Utilities | 1,745 | 3,939 | 0 | 0 | 0 | 0 | 26,716 |
| Payments in-Lieu-of Taxes - Other | 195 | 443 | 0 | 0 | 0 | 0 | 3,003 |
| <u>County Local Option Taxes</u> | | | | | | | |
| Local Option Sales Tax | 0 | 0 | 1,444,322 | 0 | 0 | 0 | 1,722,348 |
| Litigation Tax - General | 0 | 0 | 0 | 0 | 0 | 0 | 91,152 |
| Litigation Tax - Special Purpose | 0 | 0 | 0 | 0 | 0 | 0 | 9,113 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 0 | 0 | 0 | 0 | 0 | 16,727 |
| Business Tax | 0 | 0 | 0 | 0 | 0 | 0 | 246,144 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 0 | 4,119 |
| <u>Statutory Local Taxes</u> | | | | | | | |
| Interstate Telecommunications Tax | 0 | 0 | 0 | 0 | 0 | 0 | 2,029 |
| <u>Total Local Taxes</u> | <u>\$ 597,825</u> | <u>\$ 1,326,600</u> | <u>\$ 1,444,322</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 11,158,893</u> |
| <u>Licenses and Permits</u> | | | | | | | |
| <u>Licenses</u> | | | | | | | |
| Cable TV Franchise | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 76,866 |
| <u>Permits</u> | | | | | | | |
| Beer Permits | 0 | 0 | 0 | 0 | 0 | 0 | 1,819 |
| Building Permits | 0 | 0 | 0 | 0 | 0 | 0 | 101,873 |
| <u>Total Licenses and Permits</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 180,558</u> |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | | |
| <u>Circuit Court</u> | | | | | | | |
| Fines | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 8,205 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 10,369 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 0 | 6,085 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 0 | 452 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 0 | 1,045 |
| <u>Criminal Court</u> | | | | | | | |
| Data Entry Fee - Criminal Court | 0 | 0 | 0 | 0 | 0 | 0 | 1,056 |

(Continued)

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

| | Debt Service Funds | | | Capital Projects Fund | | | Total |
|--|----------------------|--------------------|------------------------|------------------------|------------------|------------------|------------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Debt Service | Capital Projects | Capital Projects | |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | | |
| <u>General Sessions Court</u> | | | | | | | |
| Fines | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 26,300 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 23,518 |
| Game and Fish Fines | 0 | 0 | 0 | 0 | 0 | 0 | 833 |
| Drug Court Fees | 0 | 0 | 0 | 0 | 0 | 0 | 4,980 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 0 | 3,996 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 0 | 11,143 |
| Data Entry Fee - General Sessions Court | 0 | 0 | 0 | 0 | 0 | 0 | 12,715 |
| <u>Juvenile Court</u> | | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 0 | 999 |
| <u>Chancery Court</u> | | | | | | | |
| Data Entry Fee - Chancery Court | 0 | 0 | 0 | 0 | 0 | 0 | 1,624 |
| <u>Other Courts - In-county</u> | | | | | | | |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 1,688 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 0 | 0 | 2,750 |
| Other Fines, Forfeitures, and Penalties | 0 | 0 | 0 | 0 | 0 | 0 | 2,287 |
| <u>Total Fines, Forfeitures, and Penalties</u> | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 120,045 |
| <u>Charges for Current Services</u> | | | | | | | |
| <u>General Service Charges</u> | | | | | | | |
| Work Release Charges for Board | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 4,409 |
| <u>Other General Service Charges</u> | | | | | | | |
| <u>Fees</u> | | | | | | | |
| Airport Fees | 0 | 0 | 0 | 0 | 0 | 0 | 52,273 |
| Copy Fees | 0 | 0 | 0 | 0 | 0 | 0 | 792 |
| Greenbelt Late Application Fee | 0 | 0 | 0 | 0 | 0 | 0 | 50 |
| Telephone Commissions | 0 | 0 | 0 | 0 | 0 | 0 | 81,592 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 0 | 0 | 401,516 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 0 | 0 | 0 | 0 | 3,300 |
| Data Processing Fee - Register | 0 | 0 | 0 | 0 | 0 | 0 | 9,854 |
| Data Processing Fee - Sheriff | 0 | 0 | 0 | 0 | 0 | 0 | 2,779 |
| Sexual Offender Registration Fees - Sheriff | 0 | 0 | 0 | 0 | 0 | 0 | 2,625 |
| Data Processing Fee - County Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 150 |
| <u>Other Charges for Services</u> | | | | | | | |
| Other Charges for Services | 0 | 0 | 0 | 0 | 0 | 0 | 16,701 |
| <u>Total Charges for Current Services</u> | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 684,372 |

(Continued)

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

| | Debt Service Funds | | | Capital Projects Fund | | | Total |
|--|----------------------|--------------------|------------------------|------------------------|------------------|----------------------------|------------------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Debt Service | Capital Projects | Education Capital Projects | |
| Other Local Revenues | | | | | | | |
| <u>Recurring Items</u> | | | | | | | |
| Investment Income | \$ 0 \$ | 0 \$ | 10,183 \$ | 4,298 \$ | | | 128,421 |
| Lease/Rentals | 0 | 0 | 0 | 1,000,000 | | | 1,143,820 |
| Commissary Sales | 0 | 0 | 0 | 0 | | | 15,266 |
| Sale of Gasoline | 0 | 0 | 0 | 0 | | | 92,442 |
| Miscellaneous Refunds | 0 | 0 | 0 | 0 | | | 5,672 |
| <u>Nonrecurring Items</u> | | | | | | | |
| Performance Bond Forfeitures | 0 | 0 | 0 | 0 | | | 214,771 |
| Total Other Local Revenues | \$ 0 \$ | 0 \$ | 10,183 \$ | 1,004,298 \$ | | | 1,600,392 |
| Fees Received from County Officials | | | | | | | |
| <u>Excess Fees</u> | | | | | | | |
| County Clerk | 0 | 0 | 0 | 0 | | | 39,850 |
| Trustee | 0 | 0 | 0 | 0 | | | 305,629 |
| <u>Fees in-Lieu-of-Salary</u> | | | | | | | |
| Circuit Court Clerk | 0 | 0 | 0 | 0 | | | 159,384 |
| General Sessions Court Clerk | 0 | 0 | 0 | 0 | | | 198,492 |
| Clerk and Master | 0 | 0 | 0 | 0 | | | 105,516 |
| Register | 0 | 0 | 0 | 0 | | | 118,457 |
| Sheriff | 0 | 0 | 0 | 0 | | | 12,916 |
| Total Fees Received from County Officials | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | | | 940,244 |
| State of Tennessee | | | | | | | |
| <u>General Government Grants</u> | | | | | | | |
| Juvenile Services Program | 0 | 0 | 0 | 0 | | | 11,400 |
| Airport Maintenance Program | 0 | 0 | 0 | 0 | | | 19,678 |
| On-Behalf Contributions for OPEB | 0 | 0 | 0 | 0 | | | 600 |
| Other General Government Grants | 0 | 0 | 0 | 0 | | | 1,002 |
| <u>Public Safety Grants</u> | | | | | | | |
| Law Enforcement Training Programs | 0 | 0 | 0 | 0 | | | 13,200 |
| <u>Health and Welfare Grants</u> | | | | | | | |
| Health Department Programs | 0 | 0 | 0 | 0 | | | 96,929 |
| <u>Public Works Grants</u> | | | | | | | |
| Bridge Program | 0 | 0 | 0 | 0 | | | 340,562 |
| State Aid Program | 0 | 0 | 0 | 0 | | | 82,330 |
| Litter Program | 0 | 0 | 0 | 0 | | | 40,348 |

(Continued)

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

| | Debt Service Funds | | | Capital Projects Fund | | | Total |
|--|----------------------|--------------------|------------------------|------------------------|------------------|--------------|------------|
| | General Debt Service | Rural Debt Service | Education Debt Service | Education Debt Service | Capital Projects | Projects | |
| <u>State of Tennessee (Cont.)</u> | | | | | | | |
| <u>Other State Revenues</u> | | | | | | | |
| Income Tax | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 117,841 |
| Beer Tax | 0 | 0 | 0 | 0 | 0 | 0 | 18,586 |
| Alcoholic Beverage Tax | 0 | 0 | 0 | 0 | 0 | 0 | 55,690 |
| State Revenue Sharing - T.V.A. | 0 | 0 | 0 | 0 | 0 | 0 | 490,980 |
| Contracted Prisoner Boarding | 0 | 0 | 0 | 0 | 0 | 0 | 343,175 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 0 | 1,734,789 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 0 | 20,374 |
| Registrar's Salary Supplement | 0 | 0 | 0 | 0 | 0 | 0 | 15,164 |
| Other State Grants | 0 | 0 | 0 | 0 | 0 | 0 | 14,238 |
| Other State Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 17,393 |
| Total State of Tennessee | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 3,434,279 |
| <u>Federal Government</u> | | | | | | | |
| Federal Through State | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 32,768 |
| Homeland Security Grants | 0 | 0 | 0 | 0 | 0 | 0 | 26,034 |
| Other Federal through State | 0 | 0 | 0 | 0 | 0 | 0 | |
| Direct Federal Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 5,400 |
| Other Direct Federal Revenue | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Federal Government | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 64,202 |
| <u>Other Governments and Citizens Groups</u> | | | | | | | |
| Other Governments | \$ 0 \$ | 805,834 \$ | 54,149 \$ | 54,149 \$ | 0 \$ | 0 \$ | 865,599 |
| Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 230,659 |
| Contracted Services | 0 | 0 | 0 | 0 | 0 | 0 | 548 |
| Citizens Groups | 0 | 0 | 0 | 0 | 0 | 0 | |
| Donations | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Other Governments and Citizens Groups | \$ 0 \$ | 805,834 \$ | 54,149 \$ | 54,149 \$ | 0 \$ | 0 \$ | 1,096,806 |
| Total | \$ 597,825 \$ | 2,132,434 \$ | 1,508,654 \$ | 1,004,298 \$ | 1,004,298 \$ | 1,004,298 \$ | 19,279,791 |

Marion County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Marion County School Department
 For the Year Ended June 30, 2013

| | Special Revenue Funds | | | |
|--|------------------------|-------------------------|-------------------|--------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>Local Taxes</u> | | | | |
| <u>County Property Taxes</u> | | | | |
| Current Property Tax | \$ 4,387,111 | \$ 0 | \$ 0 | \$ 4,387,111 |
| Trustee's Collections - Prior Year | 222,038 | 0 | 0 | 222,038 |
| Circuit/Clerk & Master Collections - Prior Years | 234,426 | 0 | 0 | 234,426 |
| Interest and Penalty | 45,495 | 0 | 0 | 45,495 |
| Payments in-Lieu-of Taxes - T.V.A. | 22,721 | 0 | 0 | 22,721 |
| Payments in-Lieu-of Taxes - Local Utilities | 14,220 | 0 | 0 | 14,220 |
| Payments in-Lieu-of Taxes - Other | 1,599 | 0 | 0 | 1,599 |
| <u>County Local Option Taxes</u> | | | | |
| Local Option Sales Tax | 3,053,020 | 0 | 0 | 3,053,020 |
| Hotel/Motel Tax | 4,397 | 0 | 0 | 4,397 |
| <u>Statutory Local Taxes</u> | | | | |
| Bank Excise Tax | 46,835 | 0 | 0 | 46,835 |
| Wholesale Beer Tax | 106,114 | 0 | 0 | 106,114 |
| Interstate Telecommunications Tax | 1,354 | 0 | 0 | 1,354 |
| Total Local Taxes | \$ 8,139,330 | \$ 0 | \$ 0 | \$ 8,139,330 |
| <u>Licenses and Permits</u> | | | | |
| <u>Licenses</u> | | | | |
| Marriage Licenses | \$ 2,436 | \$ 0 | \$ 0 | \$ 2,436 |
| Total Licenses and Permits | \$ 2,436 | \$ 0 | \$ 0 | \$ 2,436 |
| <u>Charges for Current Services</u> | | | | |
| <u>Education Charges</u> | | | | |
| Tuition - Summer School | \$ 2,325 | \$ 0 | \$ 0 | \$ 2,325 |
| Lunch Payments - Children | 0 | 0 | 357,975 | 357,975 |
| Lunch Payments - Adults | 0 | 0 | 63,942 | 63,942 |
| Income from Breakfast | 0 | 0 | 2,593 | 2,593 |
| A la carte Sales | 0 | 0 | 299,702 | 299,702 |
| Receipts from Individual Schools | 3,977 | 0 | 0 | 3,977 |
| Community Service Fees - Children | 153,340 | 0 | 0 | 153,340 |
| TBI Criminal Background Fees | 4,380 | 0 | 0 | 4,380 |
| Total Charges for Current Services | \$ 164,022 | \$ 0 | \$ 724,212 | \$ 888,234 |
| <u>Other Local Revenues</u> | | | | |
| <u>Recurring Items</u> | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 8,109 | \$ 8,109 |
| Miscellaneous Refunds | 111,111 | 0 | 12,878 | 123,989 |
| <u>Nonrecurring Items</u> | | | | |
| Sale of Property | 225 | 0 | 0 | 225 |
| <u>Other Local Revenues</u> | | | | |
| Other Local Revenues | 248 | 0 | 0 | 248 |
| Total Other Local Revenues | \$ 111,584 | \$ 0 | \$ 20,987 | \$ 132,571 |
| <u>State of Tennessee</u> | | | | |
| <u>General Government Grants</u> | | | | |
| On-Behalf Contributions for OPEB | \$ 105,736 | \$ 0 | \$ 0 | \$ 105,736 |
| <u>State Education Funds</u> | | | | |
| Basic Education Program | 19,034,790 | 0 | 0 | 19,034,790 |
| School Food Service | 0 | 0 | 24,394 | 24,394 |
| Driver Education | 2,088 | 0 | 0 | 2,088 |
| Other State Education Funds | 621,442 | 0 | 0 | 621,442 |
| Career Ladder Program | 149,128 | 0 | 0 | 149,128 |
| Career Ladder - Extended Contract | 41,900 | 0 | 0 | 41,900 |
| Other Vocational | 13,500 | 0 | 0 | 13,500 |

(Continued)

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

| | Special Revenue Funds | | | |
|--|------------------------|-------------------------|-------------------|---------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>State of Tennessee (Cont.)</u> | | | | |
| <u>Other State Revenues</u> | | | | |
| State Revenue Sharing - T.V.A. | \$ 678,021 | \$ 0 | \$ 0 | \$ 678,021 |
| Other State Grants | 24,258 | 0 | 0 | 24,258 |
| Total State of Tennessee | \$ 20,670,863 | \$ 0 | \$ 24,394 | \$ 20,695,257 |
| <u>Federal Government</u> | | | | |
| <u>Federal Through State</u> | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 1,219,777 | \$ 1,219,777 |
| USDA - Commodities | 0 | 0 | 125,954 | 125,954 |
| Breakfast | 0 | 0 | 541,644 | 541,644 |
| USDA - Other | 0 | 0 | 11,010 | 11,010 |
| Vocational Education - Basic Grants to States | 0 | 76,717 | 0 | 76,717 |
| Title I Grants to Local Education Agencies | 0 | 1,060,849 | 0 | 1,060,849 |
| Special Education - Grants to States | 2,926 | 898,549 | 0 | 901,475 |
| Special Education Preschool Grants | 0 | 34,804 | 0 | 34,804 |
| Safe and Drug-Free Schools - State Grants | 83,649 | 0 | 0 | 83,649 |
| Eisenhower Professional Development State Grants | 0 | 173,407 | 0 | 173,407 |
| Race-to-the-Top - ARRA | 0 | 338,363 | 0 | 338,363 |
| Other Federal through State | 23,564 | 0 | 0 | 23,564 |
| Total Federal Government | \$ 110,139 | \$ 2,582,689 | \$ 1,898,385 | \$ 4,591,213 |
| Total | \$ 29,198,374 | \$ 2,582,689 | \$ 2,667,978 | \$ 34,449,041 |

Exhibit K-8

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

| | | | |
|---|----|--------|------------|
| Board and Committee Members Fees | \$ | 39,525 | |
| Social Security | | 3,024 | |
| Dues and Memberships | | 5,266 | |
| Legal Services | | 53,885 | |
| Legal Notices, Recording, and Court Costs | | 1,189 | |
| Other Supplies and Materials | | 21,350 | |
| Office Equipment | | 6,721 | |
| Total County Commission | | | \$ 130,960 |

Board of Equalization

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 3,950 | |
| Total Board of Equalization | | | 3,950 |

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 | \$ | 3,750 | |
| Social Security | | 287 | |
| Total Budget and Finance Committee | | | 4,037 |

County Mayor/Executive

| | | | |
|---|----|--------|---------|
| County Official/Administrative Officer | \$ | 81,884 | |
| Accountants/Bookkeepers | | 33,454 | |
| Secretary(ies) | | 28,417 | |
| Bonus Payments | | 2,000 | |
| Other Salaries and Wages | | 2,267 | |
| Social Security | | 12,954 | |
| State Retirement | | 10,847 | |
| Employee and Dependent Insurance | | 14,595 | |
| Unemployment Compensation | | 277 | |
| Communication | | 1,363 | |
| Dues and Memberships | | 1,700 | |
| Legal Notices, Recording, and Court Costs | | 88 | |
| Maintenance and Repair Services - Equipment | | 6,346 | |
| Maintenance and Repair Services - Vehicles | | 867 | |
| Postal Charges | | 1,505 | |
| Travel | | 2,814 | |
| Gasoline | | 1,009 | |
| Office Supplies | | 4,921 | |
| Total County Mayor/Executive | | | 207,308 |

Election Commission

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 56,465 | |
| Part-time Personnel | | 16,656 | |
| Bonus Payments | | 500 | |
| Election Commission | | 6,400 | |
| Election Workers | | 33,446 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

| | | | |
|---|----|--------|------------|
| Social Security | \$ | 5,615 | |
| State Retirement | | 3,680 | |
| Employee and Dependent Insurance | | 4,788 | |
| Unemployment Compensation | | 176 | |
| Contracts with Private Agencies | | 13,518 | |
| Dues and Memberships | | 150 | |
| Legal Notices, Recording, and Court Costs | | 3,148 | |
| Postal Charges | | 8,162 | |
| Travel | | 5,727 | |
| Office Supplies | | 4,056 | |
| Other Supplies and Materials | | 7,284 | |
| Other Charges | | 1,000 | |
| Principal on Notes | | 42,799 | |
| Interest on Notes | | 1,332 | |
| Office Equipment | | 6,920 | |
| Total Election Commission | | | \$ 221,822 |

Register of Deeds

| | | | |
|---|----|--------|---------|
| County Official/Administrative Officer | \$ | 62,739 | |
| Deputy(ies) | | 29,498 | |
| Clerical Personnel | | 28,417 | |
| Bonus Payments | | 3,000 | |
| Other Salaries and Wages | | 28,417 | |
| Social Security | | 11,083 | |
| State Retirement | | 9,715 | |
| Employee and Dependent Insurance | | 6,973 | |
| Unemployment Compensation | | 270 | |
| Data Processing Services | | 7,872 | |
| Dues and Memberships | | 478 | |
| Maintenance and Repair Services - Equipment | | 976 | |
| Postal Charges | | 224 | |
| Office Supplies | | 1,005 | |
| Office Equipment | | 435 | |
| Total Register of Deeds | | | 191,102 |

Development

| | | | |
|------------------------------------|----|--------|--------|
| Contracts with Government Agencies | \$ | 20,000 | |
| Contributions | | 500 | |
| Total Development | | | 20,500 |

Building

| | | | |
|---------------------------|----|--------|--|
| Supervisor/Director | \$ | 52,640 | |
| Clerical Personnel | | 28,417 | |
| Part-time Personnel | | 2,210 | |
| Bonus Payments | | 2,000 | |
| Other Salaries and Wages | | 7,082 | |
| In-Service Training | | 720 | |
| Social Security | | 6,815 | |
| State Retirement | | 5,744 | |
| Unemployment Compensation | | 180 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

| | | | |
|-----------------|----|--------|------------|
| Advertising | \$ | 810 | |
| Communication | | 1,208 | |
| Postal Charges | | 230 | |
| Travel | | 11,698 | |
| Office Supplies | | 2,742 | |
| Total Building | | | \$ 122,496 |

County Buildings

| | | | |
|---|----|---------|---------|
| Custodial Personnel | \$ | 18,471 | |
| Bonus Payments | | 1,000 | |
| Other Salaries and Wages | | 1,534 | |
| Social Security | | 2,860 | |
| State Retirement | | 1,952 | |
| Employee and Dependent Insurance | | 4,787 | |
| Unemployment Compensation | | 90 | |
| Janitorial Services | | 30,000 | |
| Maintenance and Repair Services - Equipment | | 17,542 | |
| Other Contracted Services | | 26,619 | |
| Utilities | | 224,232 | |
| Other Supplies and Materials | | 99,185 | |
| Building Improvements | | 43,543 | |
| Heating and Air Conditioning Equipment | | 3,860 | |
| Office Equipment | | 1,239 | |
| Total County Buildings | | | 476,914 |

Other General Administration

| | | | |
|------------------------------------|----|--------|--------|
| Maintenance Personnel | \$ | 37,940 | |
| Overtime Pay | | 2,334 | |
| Bonus Payments | | 2,000 | |
| Other Salaries and Wages | | 23,289 | |
| Social Security | | 4,684 | |
| State Retirement | | 4,141 | |
| Employee and Dependent Insurance | | 7,975 | |
| Unemployment Compensation | | 256 | |
| On-Behalf Payments to OPEB | | 600 | |
| Communication | | 1,400 | |
| Travel | | 6,404 | |
| Total Other General Administration | | | 91,023 |

Finance

Property Assessor's Office

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 62,739 | |
| Secretary(ies) | | 28,417 | |
| Clerical Personnel | | 28,417 | |
| Bonus Payments | | 3,000 | |
| Other Salaries and Wages | | 28,417 | |
| Social Security | | 11,439 | |
| State Retirement | | 9,644 | |
| Employee and Dependent Insurance | | 8,000 | |
| Unemployment Compensation | | 270 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

| | | | |
|---|----|--------|------------|
| Audit Services | \$ | 12,650 | |
| Legal Notices, Recording, and Court Costs | | 77 | |
| Maintenance and Repair Services - Equipment | | 5,403 | |
| Postal Charges | | 899 | |
| Travel | | 1,282 | |
| Office Supplies | | 1,955 | |
| Office Equipment | | 706 | |
| Total Property Assessor's Office | | | \$ 203,315 |

Reappraisal Program

| | | | |
|----------------------------------|----|--------|--------|
| Clerical Personnel | \$ | 14,138 | |
| Bonus Payments | | 1,500 | |
| Other Salaries and Wages | | 31,477 | |
| Social Security | | 3,546 | |
| State Retirement | | 2,051 | |
| Employee and Dependent Insurance | | 1,200 | |
| Unemployment Compensation | | 283 | |
| Communication | | 751 | |
| Postal Charges | | 657 | |
| Travel | | 2,238 | |
| Other Contracted Services | | 14,916 | |
| Total Reappraisal Program | | | 72,757 |

County Trustee's Office

| | | | |
|---|----|--------|--------|
| State Retirement | \$ | 9,407 | |
| Employee and Dependent Insurance | | 17,200 | |
| Dues and Memberships | | 478 | |
| Legal Notices, Recording, and Court Costs | | 88 | |
| Maintenance and Repair Services - Equipment | | 8,640 | |
| Postal Charges | | 10,517 | |
| Office Supplies | | 2,690 | |
| Office Equipment | | 1,728 | |
| Total County Trustee's Office | | | 50,748 |

County Clerk's Office

| | | | |
|---|----|--------|--------|
| State Retirement | \$ | 12,254 | |
| Employee and Dependent Insurance | | 4,400 | |
| Dues and Memberships | | 478 | |
| Maintenance and Repair Services - Equipment | | 15,000 | |
| Postal Charges | | 9,990 | |
| Office Supplies | | 4,999 | |
| Office Equipment | | 2,000 | |
| Total County Clerk's Office | | | 49,121 |

Administration of Justice

Circuit Court

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 62,739 | |
| Deputy(ies) | | 238,258 | |
| Bonus Payments | | 9,500 | |
| Other Salaries and Wages | | 25,599 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

| | | | |
|---|----|--------|------------|
| Jury and Witness Expense | \$ | 10,212 | |
| Social Security | | 24,037 | |
| State Retirement | | 20,449 | |
| Employee and Dependent Insurance | | 29,605 | |
| Unemployment Compensation | | 907 | |
| Data Processing Services | | 26,400 | |
| Dues and Memberships | | 478 | |
| Maintenance and Repair Services - Equipment | | 3,828 | |
| Postal Charges | | 3,678 | |
| Office Supplies | | 7,486 | |
| Other Charges | | 2,715 | |
| Total Circuit Court | | | \$ 465,891 |

General Sessions Court

| | | | |
|------------------------------|----|---------|---------|
| Judge(s) | \$ | 101,111 | |
| Social Security | | 7,735 | |
| State Retirement | | 6,589 | |
| Travel | | 2,511 | |
| Library Books/Media | | 3,340 | |
| Total General Sessions Court | | | 121,286 |

Drug Court

| | | | |
|------------------|----|--------|--------|
| Drug Treatment | \$ | 60,570 | |
| Total Drug Court | | | 60,570 |

Chancery Court

| | | | |
|---|----|--------|---------|
| County Official/Administrative Officer | \$ | 62,739 | |
| Accountants/Bookkeepers | | 28,253 | |
| Part-time Personnel | | 6,755 | |
| Bonus Payments | | 2,500 | |
| Other Salaries and Wages | | 28,253 | |
| Social Security | | 9,280 | |
| State Retirement | | 7,771 | |
| Employee and Dependent Insurance | | 14,364 | |
| Unemployment Compensation | | 253 | |
| Dues and Memberships | | 478 | |
| Legal Notices, Recording, and Court Costs | | 25 | |
| Maintenance and Repair Services - Equipment | | 8,548 | |
| Postal Charges | | 10,278 | |
| Office Supplies | | 1,606 | |
| Total Chancery Court | | | 181,103 |

Juvenile Court

| | | | |
|--------------------------|----|--------|--|
| Judge(s) | \$ | 60,667 | |
| Assistant(s) | | 30,535 | |
| Probation Officer(s) | | 26,277 | |
| Overtime Pay | | 5,683 | |
| Bonus Payments | | 2,500 | |
| Other Salaries and Wages | | 18,869 | |
| Social Security | | 10,809 | |

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

| | | | |
|----------------------------------|----|-------|------------|
| State Retirement | \$ | 8,117 | |
| Employee and Dependent Insurance | | 4,787 | |
| Unemployment Compensation | | 350 | |
| Postal Charges | | 176 | |
| Travel | | 2,740 | |
| Other Contracted Services | | 5,048 | |
| Office Supplies | | 4,004 | |
| Total Juvenile Court | | | \$ 180,562 |

Public Safety

Sheriff's Department

| | | | |
|---|----|---------|-----------|
| County Official/Administrative Officer | \$ | 69,013 | |
| Deputy(ies) | | 592,346 | |
| Investigator(s) | | 33,102 | |
| Accountants/Bookkeepers | | 7,009 | |
| Salary Supplements | | 13,200 | |
| Dispatchers/Radio Operators | | 288,847 | |
| Attendants | | 62,319 | |
| Part-time Personnel | | 28,549 | |
| Overtime Pay | | 150,447 | |
| Bonus Payments | | 34,500 | |
| Other Salaries and Wages | | 93,393 | |
| In-Service Training | | 1,199 | |
| Social Security | | 100,179 | |
| State Retirement | | 80,346 | |
| Employee and Dependent Insurance | | 135,644 | |
| Unemployment Compensation | | 3,570 | |
| Data Processing Services | | 29,808 | |
| Dues and Memberships | | 2,000 | |
| Maintenance and Repair Services - Equipment | | 5,344 | |
| Postal Charges | | 729 | |
| Rentals | | 2,680 | |
| Travel | | 2,282 | |
| Gasoline | | 129,309 | |
| Office Supplies | | 10,548 | |
| Tires and Tubes | | 2,679 | |
| Uniforms | | 2,803 | |
| Vehicle Parts | | 45,610 | |
| Other Charges | | 5,941 | |
| Principal on Notes | | 33,692 | |
| Interest on Notes | | 101 | |
| Communication Equipment | | 17,662 | |
| Law Enforcement Equipment | | 35,656 | |
| Total Sheriff's Department | | | 2,020,507 |

Drug Enforcement

| | | | |
|------------------------|----|-------|-------|
| Principal on Notes | \$ | 4,994 | |
| Interest on Notes | | 622 | |
| Total Drug Enforcement | | | 5,616 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

| | | | |
|--|----|-------|----------|
| Overtime Pay | \$ | 4,096 | |
| Social Security | | 291 | |
| State Retirement | | 267 | |
| Unemployment Compensation | | 5 | |
| Office Supplies | | 2,405 | |
| Other Charges | | 950 | |
| Total Administration of the Sexual Offender Registry | | | \$ 8,014 |

Jail

| | | | |
|--------------------------------------|----|---------|-----------|
| Guards | \$ | 378,322 | |
| Cafeteria Personnel | | 47,916 | |
| Part-time Personnel | | 6,465 | |
| Overtime Pay | | 49,912 | |
| Bonus Payments | | 15,000 | |
| Other Salaries and Wages | | 13,887 | |
| In-Service Training | | 200 | |
| Social Security | | 37,606 | |
| State Retirement | | 31,565 | |
| Employee and Dependent Insurance | | 45,372 | |
| Unemployment Compensation | | 1,669 | |
| Medical and Dental Services | | 249,640 | |
| Transportation - Other than Students | | 1,102 | |
| Food Supplies | | 143,336 | |
| Office Supplies | | 5,017 | |
| Prisoners Clothing | | 5,293 | |
| Uniforms | | 1,650 | |
| Other Charges | | 40,083 | |
| Total Jail | | | 1,074,035 |

Fire Prevention and Control

| | | | |
|-----------------------------------|----|---------|---------|
| Contributions | \$ | 2,000 | |
| Other Contracted Services | | 138,076 | |
| Total Fire Prevention and Control | | | 140,076 |

Civil Defense

| | | | |
|-------------------------------|----|--------|--------|
| Contributions | \$ | 4,500 | |
| Equipment and Machinery Parts | | 32,623 | |
| Total Civil Defense | | | 37,123 |

Rescue Squad

| | | | |
|--------------------|----|-------|-------|
| Contributions | \$ | 8,000 | |
| Total Rescue Squad | | | 8,000 |

Other Emergency Management

| | | | |
|----------------------------------|----|-------|-------|
| Other Contracted Services | \$ | 3,574 | |
| Total Other Emergency Management | | | 3,574 |

County Coroner/Medical Examiner

| | | | |
|---------------------------------------|----|-------|-------|
| Medical Personnel | \$ | 9,000 | |
| Total County Coroner/Medical Examiner | | | 9,000 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

| | | | |
|---------------------------|----|--------|------------|
| Contributions | \$ | 72,900 | |
| Other Contracted Services | | 95,220 | |
| Total Local Health Center | | | \$ 168,120 |

Ambulance/Emergency Medical Services

| | | | |
|--|----|---------|---------|
| Ambulance Services | \$ | 150,000 | |
| Total Ambulance/Emergency Medical Services | | | 150,000 |

Alcohol and Drug Programs

| | | | |
|---------------------------------|----|-------|-------|
| Accountants/Bookkeepers | \$ | 2,400 | |
| Total Alcohol and Drug Programs | | | 2,400 |

Other Local Health Services

| | | | |
|--------------------------------------|----|--------|--------|
| Contracts with Other Public Agencies | \$ | 15,500 | |
| Pauper Burials | | 900 | |
| Other Contracted Services | | 34,355 | |
| Total Other Local Health Services | | | 50,755 |

Sanitation Education/Information

| | | | |
|--|----|--------|--------|
| Accountants/Bookkeepers | \$ | 11,188 | |
| Guards | | 11,291 | |
| Secretary(ies) | | 800 | |
| Clerical Personnel | | 8,307 | |
| Travel | | 2,819 | |
| Instructional Supplies and Materials | | 10,355 | |
| Library Books/Media | | 2,500 | |
| Other Equipment | | 232 | |
| Total Sanitation Education/Information | | | 47,492 |

Social, Cultural, and Recreational Services

Libraries

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

Parks and Fair Boards

| | | | |
|-----------------------------|----|--------|--------|
| Custodial Personnel | \$ | 18,000 | |
| Social Security | | 1,377 | |
| State Retirement | | 1,173 | |
| Unemployment Compensation | | 109 | |
| Total Parks and Fair Boards | | | 20,659 |

Other Social, Cultural, and Recreational

| | | | |
|--|----|-------|-------|
| Contributions | \$ | 3,000 | |
| Total Other Social, Cultural, and Recreational | | | 3,000 |

Agriculture and Natural Resources

Agriculture Extension Service

| | | | |
|---|----|--------|--------|
| Contributions | \$ | 44,519 | |
| Maintenance and Repair Services - Equipment | | 900 | |
| Office Equipment | | 650 | |
| Total Agriculture Extension Service | | | 46,069 |

(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 | |
| Bonus Payments | | 1,000 | |
| Social Security | | 2,250 | |
| State Retirement | | 1,852 | |
| Unemployment Compensation | | 90 | |
| Office Supplies | | 234 | |
| Total Soil Conservation | | | \$ 33,843 |

Other Operations

Industrial Development

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

Other Economic and Community Development

| | | | |
|--|----|-------|-------|
| Other Contracted Services | \$ | 2,500 | |
| Interest on Notes | | 2,032 | |
| Total Other Economic and Community Development | | | 4,532 |

Airport

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 29,598 | |
| Temporary Personnel | | 9,030 | |
| Bonus Payments | | 1,500 | |
| Social Security | | 2,844 | |
| State Retirement | | 1,929 | |
| Employee and Dependent Insurance | | 4,787 | |
| Unemployment Compensation | | 185 | |
| Dues and Memberships | | 45 | |
| Legal Notices, Recording, and Court Costs | | 26 | |
| Postal Charges | | 263 | |
| Travel | | 776 | |
| Fuel Oil | | 134,682 | |
| Office Supplies | | 1,116 | |
| Utilities | | 11,993 | |
| Liability Insurance | | 2,380 | |
| Other Charges | | 3,839 | |
| Airport Improvement | | 28,599 | |
| Office Equipment | | 688 | |
| Other Construction | | 18,267 | |
| Total Airport | | | 252,547 |

Veterans' Services

| | | | |
|---------------------------|----|-------|--|
| Supervisor/Director | \$ | 7,259 | |
| Bonus Payments | | 500 | |
| Social Security | | 594 | |
| Unemployment Compensation | | 76 | |
| Communication | | 480 | |
| Contributions | | 3,000 | |
| Postal Charges | | 62 | |
| Travel | | 2,848 | |
| Office Supplies | | 669 | |

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

| | | | |
|--------------------------|----|-----|-----------|
| Other Charges | \$ | 399 | |
| Office Equipment | | 500 | |
| Total Veterans' Services | | | \$ 16,387 |

Other Charges

| | | | |
|------------------------------------|----|---------|---------|
| Audit Services | \$ | 8,471 | |
| Building and Contents Insurance | | 29,644 | |
| Liability Insurance | | 49,694 | |
| Premiums on Corporate Surety Bonds | | 1,739 | |
| Trustee's Commission | | 166,274 | |
| Vehicle and Equipment Insurance | | 28,742 | |
| Workers' Compensation Insurance | | 58,656 | |
| Total Other Charges | | | 343,220 |

Total General Fund \$ 7,446,768

Courthouse and Jail Maintenance Fund

General Government

County Buildings

| | | | |
|---|----|--------|-----------|
| Maintenance and Repair Services - Buildings | \$ | 12,490 | |
| Total County Buildings | | | \$ 12,490 |

Other Operations

Other Charges

| | | | |
|----------------------|----|----|----|
| Trustee's Commission | \$ | 79 | |
| Total Other Charges | | | 79 |

Total Courthouse and Jail Maintenance Fund 12,569

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

| | | | |
|---|----|---------|------------|
| Truck Drivers | \$ | 41,776 | |
| Part-time Personnel | | 150,564 | |
| Bonus Payments | | 9,000 | |
| Other Salaries and Wages | | 6,468 | |
| Social Security | | 16,062 | |
| State Retirement | | 2,932 | |
| Employee and Dependent Insurance | | 5,393 | |
| Unemployment Compensation | | 1,716 | |
| Maintenance and Repair Services - Equipment | | 22,991 | |
| Disposal Fees | | 217,674 | |
| Diesel Fuel | | 17,535 | |
| Tires and Tubes | | 6,320 | |
| Utilities | | 17,275 | |
| Gravel and Chert | | 372 | |
| Other Supplies and Materials | | 2,121 | |
| Other Charges | | 443 | |
| Motor Vehicles | | 3,000 | |
| Other Equipment | | 19,813 | |
| Total Convenience Centers | | | \$ 541,455 |

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Collection

| | | |
|------------------------------|-----------|-----------|
| Other Charges | \$ 11,396 | |
| Total Other Waste Collection | | \$ 11,396 |

Other Operations

Other Charges

| | | |
|----------------------|----------|--------------|
| Trustee's Commission | \$ 4,583 | |
| Total Other Charges | | <u>4,583</u> |

| | | |
|-----------------------------------|--|------------|
| Total Solid Waste/Sanitation Fund | | \$ 557,434 |
|-----------------------------------|--|------------|

Drug Control Fund

Public Safety

Drug Enforcement

| | | |
|--|---------------|-----------|
| Accountants/Bookkeepers | \$ 3,000 | |
| Secretary(ies) | 3,000 | |
| Overtime Pay | 9,715 | |
| Social Security | 1,202 | |
| State Retirement | 1,026 | |
| Unemployment Compensation | 26 | |
| Contributions | 7,000 | |
| Confidential Drug Enforcement Payments | 8,000 | |
| Law Enforcement Supplies | 1,580 | |
| Law Enforcement Equipment | 1,100 | |
| Motor Vehicles | <u>14,646</u> | |
| Total Drug Enforcement | | \$ 50,295 |

Other Operations

Other Charges

| | | |
|----------------------|--------|------------|
| Trustee's Commission | \$ 170 | |
| Total Other Charges | | <u>170</u> |

| | | |
|-------------------------|--|--------|
| Total Drug Control Fund | | 50,465 |
|-------------------------|--|--------|

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

| | | |
|---|------------|------------|
| Constitutional Officers' Operating Expenses | \$ 170,517 | |
| Total County Trustee's Office | | \$ 170,517 |

County Clerk's Office

| | | |
|---|------------|---------|
| Constitutional Officers' Operating Expenses | \$ 224,553 | |
| Total County Clerk's Office | | 224,553 |

Administration of Justice

Chancery Court

| | | |
|---|----------|--------------|
| Special Commissioner Fees/Special Master Fees | \$ 3,300 | |
| Total Chancery Court | | <u>3,300</u> |

| | | |
|---|--|---------|
| Total Constitutional Officers - Fees Fund | | 398,370 |
|---|--|---------|

(Continued)

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

Highway/Public Works Fund

Highways

Administration

| | | | |
|---|----|--------|------------|
| County Official/Administrative Officer | \$ | 69,013 | |
| Assistant(s) | | 76,616 | |
| Accountants/Bookkeepers | | 71,948 | |
| Salary Supplements | | 1,800 | |
| Social Security | | 13,622 | |
| State Retirement | | 14,282 | |
| Employer Medicare | | 3,186 | |
| Communication | | 11,652 | |
| Data Processing Services | | 5,523 | |
| Dues and Memberships | | 3,665 | |
| Evaluation and Testing | | 1,735 | |
| Legal Notices, Recording, and Court Costs | | 101 | |
| Postal Charges | | 414 | |
| Travel | | 1,862 | |
| Other Contracted Services | | 2,760 | |
| Office Supplies | | 696 | |
| Other Charges | | 10,298 | |
| Total Administration | | | \$ 289,173 |

Highway and Bridge Maintenance

| | | | |
|--------------------------------------|----|---------|---------|
| Foremen | \$ | 64,665 | |
| Equipment Operators | | 73,606 | |
| Truck Drivers | | 248,256 | |
| Laborers | | 165,281 | |
| Social Security | | 34,125 | |
| State Retirement | | 32,411 | |
| Employer Medicare | | 7,981 | |
| Operating Lease Payments | | 1,000 | |
| Rentals | | 1,368 | |
| Other Contracted Services | | 5,600 | |
| Asphalt - Cold Mix | | 12,351 | |
| Asphalt - Hot Mix | | 102,162 | |
| Asphalt - Liquid | | 23,732 | |
| Crushed Stone | | 70,083 | |
| Pipe - Metal | | 13,957 | |
| Road Signs | | 5,937 | |
| Other Supplies and Materials | | 22,781 | |
| Total Highway and Bridge Maintenance | | | 885,296 |

Operation and Maintenance of Equipment

| | | | |
|-------------------------------|----|--------|--|
| Mechanic(s) | \$ | 72,210 | |
| Nightwatchmen | | 2,661 | |
| Social Security | | 4,540 | |
| State Retirement | | 4,701 | |
| Employer Medicare | | 1,062 | |
| Diesel Fuel | | 77,292 | |
| Equipment and Machinery Parts | | 44,315 | |
| Garage Supplies | | 10,033 | |
| Gasoline | | 59,229 | |
| Lubricants | | 6,672 | |

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

| | | | |
|--|----|--------|------------|
| Propane Gas | \$ | 563 | |
| Tires and Tubes | | 14,106 | |
| Total Operation and Maintenance of Equipment | | | \$ 297,384 |

Other Charges

| | | | |
|---------------------------------|----|--------|--------|
| Electricity | \$ | 8,312 | |
| Water and Sewer | | 147 | |
| Building and Contents Insurance | | 996 | |
| Liability Insurance | | 4,177 | |
| Trustee's Commission | | 17,498 | |
| Vehicle and Equipment Insurance | | 29,100 | |
| Total Other Charges | | | 60,230 |

Employee Benefits

| | | | |
|----------------------------------|----|---------|---------|
| Employee and Dependent Insurance | \$ | 164,537 | |
| Workers' Compensation Insurance | | 60,602 | |
| Total Employee Benefits | | | 225,139 |

Capital Outlay

| | | | |
|-------------------------|----|---------|---------|
| Bridge Construction | \$ | 294,147 | |
| Building Improvements | | 236 | |
| Communication Equipment | | 707 | |
| Highway Construction | | 5,357 | |
| Motor Vehicles | | 36,700 | |
| Office Equipment | | 39 | |
| State Aid Projects | | 263,328 | |
| Other Equipment | | 9,800 | |
| Other Construction | | 3,178 | |
| Total Capital Outlay | | | 613,492 |

Total Highway/Public Works Fund \$ 2,370,714

General Debt Service Fund

Other Operations

Other Charges

| | | | |
|----------------------|----|--------|-----------|
| Trustee's Commission | \$ | 11,922 | |
| Total Other Charges | | | \$ 11,922 |

Principal on Debt

General Government

| | | | |
|--------------------------|----|---------|---------|
| Principal on Bonds | \$ | 345,000 | |
| Total General Government | | | 345,000 |

Interest on Debt

General Government

| | | | |
|--------------------------|----|---------|---------|
| Interest on Bonds | \$ | 267,721 | |
| Total General Government | | | 267,721 |

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Other Charges

\$ 250

Total General Government

\$ 250

Total General Debt Service Fund

\$ 624,893

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds

\$ 1,105,000

Principal on Notes

10,000

Total Education

\$ 1,115,000

Interest on Debt

Education

Interest on Bonds

\$ 587,937

Interest on Notes

7,625

Total Education

595,562

Other Debt Service

Education

Trustee's Commission

\$ 26,469

Other Charges

1,185

Other Debt Issuance Charges

28,387

Total Education

56,041

Total Rural Debt Service Fund

1,766,603

Education Debt Service Fund

Other Operations

Other Charges

Trustee's Commission

\$ 14,575

Total Other Charges

\$ 14,575

Principal on Debt

Education

Principal on Bonds

\$ 555,000

Principal on Notes

44,564

Total Education

599,564

Interest on Debt

Education

Interest on Bonds

\$ 788,950

Interest on Notes

9,585

Total Education

798,535

Total Education Debt Service Fund

1,412,674

(Continued)

Exhibit K-8

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

| | | |
|---|-----------|-----------------------------|
| <u>Education Capital Projects Fund</u> | | |
| <u>Other Operations</u> | | |
| <u>Other Charges</u> | | |
| Trustee's Commission | \$ 10,043 | |
| Total Other Charges | | \$ 10,043 |
| <u>Capital Projects</u> | | |
| <u>Education Capital Projects</u> | | |
| Architects | \$ 35,056 | |
| Legal Notices, Recording, and Court Costs | 321 | |
| Other Contracted Services | 7,500 | |
| Total Education Capital Projects | | <u>42,877</u> |
| Total Education Capital Projects Fund | | <u>\$ 52,920</u> |
| Total Governmental Funds - Primary Government | | <u><u>\$ 14,693,410</u></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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

| | | | |
|--------------------------------------|----|-----------|---------------|
| Teachers | \$ | 8,998,548 | |
| Career Ladder Program | | 79,920 | |
| Career Ladder Extended Contracts | | 45,000 | |
| Homebound Teachers | | 26,274 | |
| Educational Assistants | | 250,346 | |
| Other Salaries and Wages | | 51,650 | |
| Certified Substitute Teachers | | 67,898 | |
| Non-certified Substitute Teachers | | 263,075 | |
| Social Security | | 577,239 | |
| State Retirement | | 828,868 | |
| Medical Insurance | | 1,499,688 | |
| Employer Medicare | | 135,754 | |
| Other Contracted Services | | 3,000 | |
| Instructional Supplies and Materials | | 45,220 | |
| Textbooks | | 83,380 | |
| Other Supplies and Materials | | 134,218 | |
| Other Charges | | 2,550 | |
| Regular Instruction Equipment | | 10,000 | |
| Total Regular Instruction Program | | | \$ 13,102,628 |

Alternative Instruction Program

| | | | |
|---------------------------------------|----|--------|--------|
| Teachers | \$ | 39,805 | |
| Educational Assistants | | 14,100 | |
| Social Security | | 3,308 | |
| State Retirement | | 4,453 | |
| Medical Insurance | | 11,835 | |
| Employer Medicare | | 774 | |
| Other Contracted Services | | 48 | |
| Other Supplies and Materials | | 293 | |
| Total Alternative Instruction Program | | | 74,616 |

Special Education Program

| | | | |
|--------------------------------------|----|-----------|-----------|
| Teachers | \$ | 1,148,620 | |
| Career Ladder Program | | 10,000 | |
| Homebound Teachers | | 10,950 | |
| Educational Assistants | | 224,323 | |
| Speech Pathologist | | 226,040 | |
| Other Salaries and Wages | | 18,910 | |
| Certified Substitute Teachers | | 16,485 | |
| Non-certified Substitute Teachers | | 57,112 | |
| Social Security | | 101,690 | |
| State Retirement | | 139,755 | |
| Medical Insurance | | 340,053 | |
| Employer Medicare | | 23,784 | |
| Other Contracted Services | | 139,313 | |
| Instructional Supplies and Materials | | 6,222 | |
| Special Education Equipment | | 2,926 | |
| Total Special Education Program | | | 2,466,183 |

(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.)

Vocational Education Program

| | | | |
|---|----|---------|--------------|
| Teachers | \$ | 950,825 | |
| Career Ladder Program | | 6,000 | |
| Non-certified Substitute Teachers | | 16,966 | |
| Social Security | | 57,960 | |
| State Retirement | | 84,877 | |
| Medical Insurance | | 163,356 | |
| Employer Medicare | | 13,555 | |
| Maintenance and Repair Services - Equipment | | 187 | |
| Other Contracted Services | | 11,796 | |
| Instructional Supplies and Materials | | 14,557 | |
| Textbooks | | 11,305 | |
| Other Supplies and Materials | | 46,752 | |
| Other Charges | | 50 | |
| Vocational Instruction Equipment | | 75,987 | |
| Total Vocational Education Program | | | \$ 1,454,173 |

Adult Education Program

| | | | |
|-------------------------------|----|--------|---------|
| Teachers | \$ | 93,804 | |
| Career Ladder Program | | 1,000 | |
| Other Salaries and Wages | | 29,400 | |
| Social Security | | 7,695 | |
| State Retirement | | 10,333 | |
| Medical Insurance | | 27,318 | |
| Employer Medicare | | 1,800 | |
| Other Contracted Services | | 283 | |
| Other Supplies and Materials | | 2,327 | |
| Total Adult Education Program | | | 173,960 |

Support Services

Attendance

| | | | |
|------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 61,355 | |
| Career Ladder Program | | 850 | |
| Social Workers | | 28,831 | |
| Social Security | | 5,562 | |
| State Retirement | | 7,401 | |
| Medical Insurance | | 10,973 | |
| Employer Medicare | | 1,301 | |
| Travel | | 3,104 | |
| Other Supplies and Materials | | 1,662 | |
| Total Attendance | | | 121,039 |

Health Services

| | | | |
|---|----|---------|--|
| Medical Personnel | \$ | 122,670 | |
| Other Salaries and Wages | | 120,982 | |
| Social Security | | 14,271 | |
| State Retirement | | 13,590 | |
| Medical Insurance | | 35,810 | |
| Employer Medicare | | 3,338 | |
| Maintenance and Repair Services - Equipment | | 1,490 | |

(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.)

Health Services (Cont.)

| | | | |
|------------------------------|----|-------|------------|
| Travel | \$ | 3,460 | |
| Other Contracted Services | | 7,490 | |
| Drugs and Medical Supplies | | 3,411 | |
| Other Supplies and Materials | | 3,807 | |
| In Service/Staff Development | | 7,341 | |
| Other Charges | | 5,902 | |
| Health Equipment | | 1,450 | |
| Total Health Services | | | \$ 345,012 |

Other Student Support

| | | | |
|------------------------------|----|---------|---------|
| Career Ladder Program | \$ | 2,000 | |
| Guidance Personnel | | 404,375 | |
| Clerical Personnel | | 24,321 | |
| Social Security | | 25,491 | |
| State Retirement | | 37,638 | |
| Medical Insurance | | 69,537 | |
| Employer Medicare | | 5,962 | |
| Evaluation and Testing | | 23,818 | |
| Travel | | 9,157 | |
| Other Contracted Services | | 1,446 | |
| Other Supplies and Materials | | 214 | |
| In Service/Staff Development | | 2,008 | |
| Total Other Student Support | | | 605,967 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 146,106 | |
| Career Ladder Program | | 6,000 | |
| Librarians | | 427,323 | |
| Secretary(ies) | | 14,369 | |
| Social Security | | 34,967 | |
| State Retirement | | 52,344 | |
| Medical Insurance | | 83,193 | |
| Employer Medicare | | 8,176 | |
| Travel | | 8,515 | |
| Other Contracted Services | | 3,832 | |
| Library Books/Media | | 75,906 | |
| Other Supplies and Materials | | 1,000 | |
| In Service/Staff Development | | 55,624 | |
| Other Charges | | 19,261 | |
| Total Regular Instruction Program | | | 936,616 |

Special Education Program

| | | | |
|-----------------------|----|--------|--|
| Supervisor/Director | \$ | 70,488 | |
| Career Ladder Program | | 4,000 | |
| Secretary(ies) | | 25,296 | |
| Social Security | | 6,166 | |
| State Retirement | | 8,261 | |
| Medical Insurance | | 5,897 | |
| Employer Medicare | | 1,442 | |

(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.)

| | | | |
|---|----|--------|------------|
| Maintenance and Repair Services - Equipment | \$ | 304 | |
| Travel | | 13,393 | |
| Other Contracted Services | | 521 | |
| Other Supplies and Materials | | 7,728 | |
| In Service/Staff Development | | 11,436 | |
| Total Special Education Program | | | \$ 154,932 |

Vocational Education Program

| | | | |
|------------------------------------|----|--------|--------|
| Supervisor/Director | \$ | 75,030 | |
| Career Ladder Program | | 1,000 | |
| Social Security | | 4,472 | |
| State Retirement | | 6,751 | |
| Medical Insurance | | 7,921 | |
| Employer Medicare | | 1,046 | |
| Travel | | 1,244 | |
| Other Supplies and Materials | | 849 | |
| In Service/Staff Development | | 889 | |
| Other Charges | | 46 | |
| Total Vocational Education Program | | | 99,248 |

Other Programs

| | | | |
|----------------------------|----|---------|---------|
| On-Behalf Payments to OPEB | \$ | 105,736 | |
| Total Other Programs | | | 105,736 |

Board of Education

| | | | |
|--|----|---------|---------|
| Board and Committee Members Fees | \$ | 16,800 | |
| Social Security | | 1,042 | |
| Unemployment Compensation | | 2,515 | |
| Employer Medicare | | 244 | |
| Other Fringe Benefits | | 652 | |
| Audit Services | | 14,900 | |
| Dues and Memberships | | 13,074 | |
| Legal Services | | 67,708 | |
| Travel | | 13,790 | |
| Trustee's Commission | | 187,672 | |
| Workers' Compensation Insurance | | 117,353 | |
| Criminal Investigation of Applicants - TBI | | 2,580 | |
| Other Charges | | 6,364 | |
| Total Board of Education | | | 444,694 |

Director of Schools

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 85,920 | |
| Career Ladder Program | | 1,000 | |
| Secretary(ies) | | 35,076 | |
| Clerical Personnel | | 27,768 | |
| Social Security | | 9,322 | |
| State Retirement | | 11,810 | |
| Medical Insurance | | 9,338 | |
| Employer Medicare | | 2,180 | |

(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.)

Director of Schools (Cont.)

| | | | |
|---|----|--------|------------|
| Communication | \$ | 54,155 | |
| Dues and Memberships | | 3,006 | |
| Maintenance and Repair Services - Equipment | | 9,510 | |
| Postal Charges | | 4,349 | |
| Travel | | 9,411 | |
| Other Contracted Services | | 16,611 | |
| Office Supplies | | 5,781 | |
| Administration Equipment | | 189 | |
| Total Director of Schools | | | \$ 285,426 |

Office of the Principal

| | | | |
|-------------------------------|----|---------|-----------|
| Principals | \$ | 554,068 | |
| Career Ladder Program | | 13,000 | |
| Assistant Principals | | 406,788 | |
| Secretary(ies) | | 377,782 | |
| Other Salaries and Wages | | 1,270 | |
| Social Security | | 80,246 | |
| State Retirement | | 110,920 | |
| Medical Insurance | | 224,970 | |
| Employer Medicare | | 18,769 | |
| Other Contracted Services | | 43,118 | |
| Other Charges | | 2,758 | |
| Administration Equipment | | 9,067 | |
| Total Office of the Principal | | | 1,842,756 |

Fiscal Services

| | | | |
|--------------------------|----|---------|---------|
| Supervisor/Director | \$ | 76,338 | |
| Accountants/Bookkeepers | | 102,998 | |
| Other Salaries and Wages | | 22,416 | |
| Social Security | | 12,462 | |
| State Retirement | | 13,304 | |
| Medical Insurance | | 24,693 | |
| Employer Medicare | | 2,914 | |
| Data Processing Services | | 16,906 | |
| Dues and Memberships | | 1,064 | |
| Travel | | 4,407 | |
| Data Processing Supplies | | 5,496 | |
| Office Supplies | | 4,953 | |
| Other Charges | | 731 | |
| Administration Equipment | | 4,976 | |
| Total Fiscal Services | | | 293,658 |

Human Services/Personnel

| | | | |
|--------------------------|----|--------|--|
| Other Salaries and Wages | \$ | 67,142 | |
| Social Security | | 4,035 | |
| State Retirement | | 4,362 | |
| Medical Insurance | | 9,172 | |
| Employer Medicare | | 944 | |
| Travel | | 4,085 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

| | | | |
|--------------------------------|----|-------|-----------|
| Office Supplies | \$ | 4,396 | |
| Other Charges | | 1,568 | |
| Other Equipment | | 778 | |
| Total Human Services/Personnel | | | \$ 96,482 |

Operation of Plant

| | | | |
|---------------------------------|----|-----------|-----------|
| Custodial Personnel | \$ | 538,088 | |
| Social Security | | 32,956 | |
| State Retirement | | 32,305 | |
| Medical Insurance | | 146,566 | |
| Employer Medicare | | 7,710 | |
| Disposal Fees | | 23,786 | |
| Other Contracted Services | | 41,773 | |
| Custodial Supplies | | 211,307 | |
| Electricity | | 1,091,677 | |
| Natural Gas | | 166,553 | |
| Water and Sewer | | 92,523 | |
| Other Supplies and Materials | | 23,389 | |
| Building and Contents Insurance | | 196,437 | |
| Other Charges | | 1,645 | |
| Total Operation of Plant | | | 2,606,715 |

Maintenance of Plant

| | | | |
|---|----|---------|---------|
| Maintenance Personnel | \$ | 220,434 | |
| Social Security | | 13,654 | |
| State Retirement | | 13,624 | |
| Medical Insurance | | 40,911 | |
| Employer Medicare | | 3,193 | |
| Maintenance and Repair Services - Buildings | | 13,680 | |
| Maintenance and Repair Services - Equipment | | 69,441 | |
| Maintenance and Repair Services - Vehicles | | 17,273 | |
| Other Contracted Services | | 85,146 | |
| Other Supplies and Materials | | 158,493 | |
| Other Charges | | 1,609 | |
| Administration Equipment | | 32,818 | |
| Maintenance Equipment | | 26,062 | |
| Total Maintenance of Plant | | | 696,338 |

Transportation

| | | | |
|--|----|-----------|--|
| Supervisor/Director | \$ | 10,828 | |
| Bus Drivers | | 12,524 | |
| Other Salaries and Wages | | 10,485 | |
| Social Security | | 2,082 | |
| State Retirement | | 1,095 | |
| Medical Insurance | | 862 | |
| Employer Medicare | | 487 | |
| Contracts with Parents | | 3,965 | |
| Contracts with Vehicle Owners | | 1,030,979 | |
| Maintenance and Repair Services - Vehicles | | 312 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

| | | | |
|------------------------------|----|-------|--------------|
| Travel | \$ | 1,174 | |
| Other Contracted Services | | 1,134 | |
| Other Supplies and Materials | | 929 | |
| Total Transportation | | | \$ 1,076,856 |

Central and Other

| | | | |
|------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 59,712 | |
| Other Salaries and Wages | | 135,661 | |
| Social Security | | 11,519 | |
| State Retirement | | 12,719 | |
| Medical Insurance | | 23,398 | |
| Employer Medicare | | 2,694 | |
| Travel | | 2,169 | |
| Other Contracted Services | | 75,846 | |
| Office Supplies | | 547 | |
| Other Supplies and Materials | | 52,047 | |
| Other Equipment | | 13,948 | |
| Total Central and Other | | | 390,260 |

Operation of Non-Instructional Services

Community Services

| | | | |
|--------------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 21,320 | |
| Teachers | | 75,070 | |
| Part-time Personnel | | 1,656 | |
| Other Salaries and Wages | | 179,950 | |
| Social Security | | 15,538 | |
| State Retirement | | 20,539 | |
| Medical Insurance | | 4,658 | |
| Employer Medicare | | 3,943 | |
| Travel | | 1,466 | |
| Other Contracted Services | | 750 | |
| Instructional Supplies and Materials | | 26,834 | |
| Other Supplies and Materials | | 3,554 | |
| Other Charges | | 1,380 | |
| Total Community Services | | | 356,658 |

Early Childhood Education

| | | | |
|--------------------------------------|----|---------|---------|
| Teachers | \$ | 169,751 | |
| Educational Assistants | | 58,764 | |
| Non-certified Substitute Teachers | | 8,201 | |
| Social Security | | 13,705 | |
| State Retirement | | 18,900 | |
| Medical Insurance | | 53,739 | |
| Employer Medicare | | 3,205 | |
| Other Contracted Services | | 2,101 | |
| Instructional Supplies and Materials | | 9,476 | |
| In Service/Staff Development | | 1,570 | |
| Other Equipment | | 37,811 | |
| Total Early Childhood Education | | | 377,223 |

(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.)

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|---------------|---------|
| Building Construction | \$ | 21,650 | |
| Building Improvements | | <u>99,502</u> | |
| Total Regular Capital Outlay | \$ | | 121,152 |

Principal on Debt

Education

| | | | |
|---|----|---------------|--------|
| Debt Service Contribution to Primary Government | \$ | <u>44,564</u> | |
| Total Education | | | 44,564 |

Interest on Debt

Education

| | | | |
|---|----|--------------|-------|
| Debt Service Contribution to Primary Government | \$ | <u>9,585</u> | |
| Total Education | | | 9,585 |

Other Debt Service

Education

| | | | |
|---|----|----------------|----------------|
| Debt Service Contribution to Primary Government | \$ | <u>805,834</u> | |
| Total Education | | | <u>805,834</u> |

Total General Purpose School Fund \$ 29,088,311

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|--------------------------------------|----|---------------|-----------|
| Teachers | \$ | 384,940 | |
| Educational Assistants | | 358,147 | |
| Social Security | | 43,457 | |
| State Retirement | | 56,379 | |
| Medical Insurance | | 211,193 | |
| Employer Medicare | | 10,335 | |
| Other Fringe Benefits | | 1,724 | |
| Other Contracted Services | | 14,532 | |
| Instructional Supplies and Materials | | 18,596 | |
| Regular Instruction Equipment | | <u>46,637</u> | |
| Total Regular Instruction Program | \$ | | 1,145,940 |

Special Education Program

| | | | |
|--------------------------------------|----|---------------|---------|
| Educational Assistants | \$ | 210,499 | |
| Other Salaries and Wages | | 24,231 | |
| Social Security | | 13,658 | |
| State Retirement | | 14,787 | |
| Medical Insurance | | 71,452 | |
| Employer Medicare | | 3,298 | |
| Instructional Supplies and Materials | | 10,056 | |
| Other Supplies and Materials | | 35,812 | |
| Other Charges | | 1,201 | |
| Special Education Equipment | | <u>31,036</u> | |
| Total Special Education Program | | | 416,030 |

(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.)

Vocational Education Program

| | | | |
|------------------------------------|----|--------|-----------|
| Other Contracted Services | \$ | 5,310 | |
| Other Supplies and Materials | | 1,828 | |
| Vocational Instruction Equipment | | 54,700 | |
| Total Vocational Education Program | | | \$ 61,838 |

Support Services

Other Student Support

| | | | |
|------------------------------|----|---------|---------|
| Other Salaries and Wages | \$ | 109,878 | |
| Social Security | | 6,814 | |
| State Retirement | | 9,757 | |
| Medical Insurance | | 13,295 | |
| Employer Medicare | | 1,593 | |
| Other Fringe Benefits | | 428 | |
| Travel | | 6,715 | |
| Other Contracted Services | | 4,975 | |
| In Service/Staff Development | | 537 | |
| Other Charges | | 4,735 | |
| Total Other Student Support | | | 158,727 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 132,396 | |
| Secretary(ies) | | 24,972 | |
| Social Security | | 9,549 | |
| State Retirement | | 13,382 | |
| Medical Insurance | | 17,132 | |
| Employer Medicare | | 2,233 | |
| Other Fringe Benefits | | 342 | |
| Travel | | 1,865 | |
| Other Contracted Services | | 1,543 | |
| Other Supplies and Materials | | 3,191 | |
| In Service/Staff Development | | 25,640 | |
| Other Equipment | | 6,995 | |
| Total Regular Instruction Program | | | 239,240 |

Special Education Program

| | | | |
|---------------------------------|----|---------|---------|
| Psychological Personnel | \$ | 171,942 | |
| Other Salaries and Wages | | 125,994 | |
| Social Security | | 17,863 | |
| State Retirement | | 25,676 | |
| Medical Insurance | | 34,606 | |
| Employer Medicare | | 4,178 | |
| Other Supplies and Materials | | 1,188 | |
| Total Special Education Program | | | 381,447 |

Vocational Education Program

| | | | |
|------------------------------------|----|-------|-------|
| In Service/Staff Development | \$ | 1,720 | |
| Other Charges | | 130 | |
| Total Vocational Education Program | | | 1,850 |

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

| | | | |
|--------------------------|----|--------|-----------|
| Other Salaries and Wages | \$ | 19,040 | |
| Social Security | | 1,180 | |
| State Retirement | | 1,239 | |
| Medical Insurance | | 14,242 | |
| Employer Medicare | | 276 | |
| Gasoline | | 6,408 | |
| Lubricants | | 101 | |
| Total Transportation | | | \$ 42,486 |

Total School Federal Projects Fund \$ 2,447,558

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | | |
|------------------------------|----|-----------|--------------|
| Supervisor/Director | \$ | 52,340 | |
| Accountants/Bookkeepers | | 34,203 | |
| Cafeteria Personnel | | 816,975 | |
| Other Salaries and Wages | | 28,322 | |
| Social Security | | 56,272 | |
| State Retirement | | 49,792 | |
| Medical Insurance | | 219,762 | |
| Employer Medicare | | 13,237 | |
| Other Fringe Benefits | | 25,202 | |
| Communication | | 10,249 | |
| Travel | | 5,732 | |
| Other Contracted Services | | 68,815 | |
| Food Preparation Supplies | | 92,344 | |
| Food Supplies | | 1,081,283 | |
| USDA - Commodities | | 125,954 | |
| Other Supplies and Materials | | 7,647 | |
| Trustee's Commission | | 81 | |
| In Service/Staff Development | | 16,545 | |
| Other Charges | | 7,371 | |
| Food Service Equipment | | 37,019 | |
| Total Food Service | | | \$ 2,749,145 |

Total Central Cafeteria Fund 2,749,145

Total Governmental Funds - Marion County School Department \$ 34,285,014

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, 2013

| | Cities Sales Tax Fund | Special School District Fund | City School ADA - Richard City Fund | Total |
|--|-----------------------------|---------------------------------------|---|---------------------|
| <u>Cash Receipts</u> | | | | |
| Current Property Taxes | \$ 0 | \$ 20,320 | \$ 314,010 | \$ 334,330 |
| Trustee's Collections - Prior Years | 0 | 1,039 | 17,653 | 18,692 |
| Circuit/Clerk and Master Collections - Prior Years | 0 | 0 | 13,087 | 13,087 |
| Interest and Penalty | 0 | 164 | 3,264 | 3,428 |
| Payments in-Lieu-of Taxes - T.V.A. | 0 | 0 | 1,630 | 1,630 |
| Payments in-Lieu-of Taxes - Local Utilities | 0 | 0 | 1,020 | 1,020 |
| Payments in-Lieu-of Taxes - Other | 0 | 0 | 115 | 115 |
| Local Option Sales Tax | 2,978,572 | 0 | 217,982 | 3,196,554 |
| Hotel/Motel Tax | 0 | 0 | 348 | 348 |
| Bank Excise Tax | 0 | 0 | 3,360 | 3,360 |
| Wholesale Beer Tax | 0 | 0 | 6,709 | 6,709 |
| Interstate Telecommunications Tax | 0 | 0 | 109 | 109 |
| Marriage Licenses | 0 | 0 | 151 | 151 |
| Total Cash Receipts | <u>\$ 2,978,572</u> | <u>\$ 21,523</u> | <u>\$ 579,438</u> | <u>\$ 3,579,533</u> |
| <u>Cash Disbursements</u> | | | | |
| Remittance of Revenues Collected | \$ 2,948,786 | \$ 21,226 | \$ 640,805 | \$ 3,610,817 |
| Trustee's Commission | 29,786 | 429 | 10,286 | 40,501 |
| Total Cash Disbursements | <u>\$ 2,978,572</u> | <u>\$ 21,655</u> | <u>\$ 651,091</u> | <u>\$ 3,651,318</u> |
| <u>Excess of Cash Receipts Over (Under)</u> | | | | |
| Cash Disbursements | \$ 0 | \$ (132) | \$ (71,653) | \$ (71,785) |
| Cash Balance, July 1, 2012 | 0 | 184 | 71,653 | 71,905 |
| Cash Balance, June 30, 2013 | <u>\$ 0</u> | <u>\$ 52</u> | <u>\$ 0</u> | <u>\$ 52</u> |

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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**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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

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 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, 2013, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements, and have issued our report thereon dated September 24, 2013. Our report includes a reference to other auditors who audited the financial statements of the Marion County Conservation Commission, as described in our report on Marion County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marion County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marion County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marion County'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 Questioned Costs that we consider to be significant deficiencies: 2013-001(A,C,D), 2013-002, 2013-006, 2013-007, 2013-008, and 2013-011.

Compliance and Other Matters

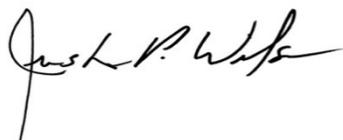
As part of obtaining reasonable assurance about whether Marion County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001(B), 2013-003, 2013-004, 2013-005, 2013-009, and 2013-010.

Marion County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Marion County'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 Marion County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 24, 2013

JPW/kp



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Marion County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Marion County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Marion County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Marion County's compliance.

Opinion on Each Major Federal Program

In our opinion, Marion County's complied, in all material respects, with the types of compliance 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003 and 2013-012. Our opinion on each major federal program is not modified with respect to this matter.

Marion County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Marion County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Marion County's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marion County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

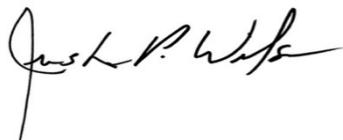
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise Marion County's basic financial statements. We issued our report thereon dated September 24, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 24, 2013

JPW/kp

Marion County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For Year Ended June 30, 2013

| 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 | \$ 125,954 (3) |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | N/A | 541,644 |
| National School Lunch Program | 10.555 | N/A | 1,230,787 (3) |
| Total U.S. Department of Agriculture | | | \$ 1,898,385 |
| 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) | \$ 1,002 |
| Passed-through State Administrative Office of the Courts: | | | |
| Edward Byrne Memorial Justice Assistance Grants Program | 16.738 | (2) | 60,000 |
| Total U.S. Department of Justice | | | \$ 61,002 |
| U.S. Department of Labor: | | | |
| Passed-through Southeast Tennessee Development District: | | | |
| WIA Youth Activities | 17.259 | (2) | \$ 23,564 |
| Total U.S. Department of Labor | | | \$ 23,564 |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| Airport Improvement Program | 20.106 | (2) | \$ 19,627 |
| Alcohol Open Container Requirements | 20.607 | (4) | 2,991 |
| Total U.S. Department of Transportation | | | \$ 22,618 |
| U.S. Department of Education: | | | |
| Passed-through State Department of Education: | | | |
| Title I Grants to Local Education Agencies | 84.010 | N/A | \$ 1,060,849 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 901,475 |
| Special Education - Preschool Grants | 84.173 | N/A | 34,804 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 76,717 |
| Twenty-first Century Community Learning Centers | 84.287 | N/A | 83,649 |
| Improving Teacher Quality State Grants | 84.367 | (2) | 173,411 |
| State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act | 84.395 | (2) | 339,132 |
| Total U.S. Department of Education | | | \$ 2,670,037 |

(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 Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Hazard Mitigation Grant | 97.039 | N/A | \$ 3,416 |
| Homeland Security Grant Program | 97.067 | N/A | 32,768 |
| Total U.S. Department of Homeland Security | | | \$ 36,184 |
| Total Expenditures of Federal Awards | | | \$ 4,711,790 |
| | | Contract Number | |
| <u>State Grants</u> | | | |
| Litter Program - State Department of Transportation | N/A | Z-13-LIT058-00 | \$ 40,348 |
| Juvenile Services Program - State Commission on Children and Youth | N/A | (2) | 11,400 |
| Local Health Services Grant - State Department of Health | N/A | (2) | 96,929 |
| Certified Voting Equipment - State Division of Elections | N/A | (2) | 1,000 |
| Airport Maintenance Program - State Department of Transportation | N/A | (2) | 19,678 |
| Arts Build Communities - Southeast Tennessee Development District | N/A | (2) | 500 |
| Jobs for Tennessee Graduates - State Department of Education | N/A | (2) | 13,500 |
| Lottery for Education After School Programs - State Department of Education | N/A | (2) | 119,292 |
| Voluntary Pre-K for Tennessee - State Department of Education | N/A | (2) | 377,223 |
| Coordinated School Health - State Department of Education | N/A | (2) | 95,000 |
| Student Ticket Subsidy - Tennessee Arts Commission | N/A | (2) | 2,758 |
| Waste Tire Grant - State Department of Environment and Conservation | N/A | (2) | 5,738 |
| Used Oil Equipment Grant - State Department of Environment and Conservation | N/A | (2) | 7,000 |
| Safe Schools Act - State Department of Education | N/A | (2) | 21,500 |
| Total State Grants | | | \$ 811,866 |

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 \$1,356,741.
- (4) Z-12-GHS182-00: \$1,419; Z-13-GHS192-00: \$1,572.

Marion County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|--|
| 12.02(A,B,D,E) | 164 | The airport had operating deficiencies |

OFFICE OF DIRECTOR OF SCHOOLS

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|---|
| 12.05 | 166 | The office did not document some charges for credit card transactions |

OFFICE OF TRUSTEE

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|--|
| 12.08 | 168 | The trustee did not require a depository to adequately collateralize funds |

OFFICE OF COUNTY CLERK

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|--|
| 12.09 | 168 | Usernames and passwords were shared by employees |

OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|---|
| 12.10 | 169 | Multiple employees operated from the same cash drawer |

OFFICE OF SHERIFF

| Finding Number | Page Number | Subject |
|---------------------------|------------------------|---|
| 12.13 | 170 | The office did not deposit some funds within three days of collection |
| 12.14 | 171 | 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 OF DEEDS, AND SHERIFF

| Finding Number | Page Number | Subject |
|---------------------------|------------------------|---------------------------------------|
| 12.15 | 171 | Duties were not segregated adequately |

MARION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Marion County is unmodified.
2. The audit of the financial statements of Marion County disclosed significant deficiencies in internal control. None of these deficiencies were considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that was material to the financial statements.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Improving Teacher Quality State Grants (CFDA No. 84.367), and the State Fiscal Stabilization Fund (SFSF) - Race-to-the Top Incentive Grant, Recovery Act (CFDA No. 34.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Marion County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of schools and trustee provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2013-001

THE AIRPORT HAD OPERATING DEFICIENCIES

(A., C., D. – 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. As part of our audit procedures for determining whether the receipting process was operating as designed, we selected a sample of 226 receipts totaling \$55,167. Our examination revealed several accounting deficiencies. These deficiencies can be attributed to the lack of management oversight and management's failure to correct the finding 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 was not on five of the receipts tested, and the name of the employee issuing the receipt was not on 18 of the receipts tested.
- B. As part of our audit procedures for obtaining reasonable assurance that funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of October, November, December, January, and February to examine receipts and deposits. The office did not deposit some funds with the county trustee within three days of collection in 18 of 25 deposits made during these months.
- C. 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.
- D. 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 with the county trustee within three days of collection as required by state statute. 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.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-002

THE OFFICE DID NOT DOCUMENT SOME CHARGES FOR CREDIT CARD TRANSACTIONS

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

When we reviewed credit card transactions, officials could not provide documentation to support 18 charges totaling \$2,441. 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 2013-003

THE SCHOOL DEPARTMENT DID NOT COMPLY WITH MANAGEMENT DIRECTIVES FROM THE OFFICE OF TENNESSEE RECOVERY ACT MANAGEMENT

(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

During the year examined, the School Department received an American Recovery and Reinvestment Act (ARRA) – Race-to-the-Top Grant (CFDA No. 84.395). The Office of Tennessee Recovery Act Management (TRAM) established directives for county governments that receive ARRA grants. These directives are intended to promote transparency and accountability for ARRA grants. The School Department did not adopt a risk assessment process or prepare an action plan for the ARRA – Race-to-the-Top Grant, which details how the department is going to accomplish the goals and objectives of the grant. TRAM Directive No. 8 requires school departments to adopt a risk assessment

process for each ARRA grant it receives, and TRAM Directive No. 9 requires school departments to prepare an action plan for each ARRA grant it receives. The failure to adopt a risk assessment process and to prepare an action plan for the Race-to-the-Top Grant increases the risks that the school department will not meet the goals and objectives of the grant. When ARRA grant requirements are not followed, the Office of Management and Budget can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, may apply civil or criminal penalties.

RECOMMENDATION

The School Department's designated official for the Race-to-the-Top Grant should ensure compliance with the TRAM directives to ensure transparency and accountability.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We were not made aware in state Department of Education (DOE) training sessions nor were we adequately advised by DOE fiscal representatives of the TRAM requirements when they made on-site visits to review risk assessment and action plans for all other ARRA grants. But we agree that as an ARRA grant recipient, a risk assessment process and action plan should have been adopted for the Race-to-the-Top Grant. In the future, School Department management will adopt a risk assessment and action plan for each ARRA grant awarded, which details how the department is going to accomplish the goals and objectives of the grant.

OFFICE OF TRUSTEE

FINDING 2013-004

THE TRUSTEE DID NOT REQUIRE TWO DEPOSITORIES TO ADEQUATELY COLLATERALIZE FUNDS

(Material Noncompliance Under *Government Auditing Standards*)

The trustee did not require two depositories holding county funds in interest bearing accounts to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2013, deposits at two depositories exceeded FDIC coverage by \$15,173,349. 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – TRUSTEE

We are now in compliance with the requirement for these two depositories, and they will ensure sufficient securities are pledged to protect county funds that exceed FDIC coverage.

FINDING2013-005

THE TRUSTEE PAID CERTAIN EXPENSES FROM THE COMMISSION ACCOUNT RATHER THAN THROUGH THE COUNTY'S BUDGETARY PROCESS

(Noncompliance Under *Government Auditing Standards*)

The trustee paid \$1,000 for a safe from the commission account rather than purchase the safe through the county's budgetary process. Section 5-9-401, *Tennessee Code Annotated (TCA)*, states, "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 expenditure was not appropriated by the County Commission and resulted in an unauthorized expenditure.

Also, during the year, the trustee "wrote off" \$5,440 of property tax relief applications that were rejected by the State of Tennessee by charging this amount to the commission account. The trustee should have set the \$5,440 up as an accounts receivable and should collect the appropriate amount from each tax payer. Auditors presented adjustments to the trustee to post this accounts receivable, and the trustee agreed and posted the adjustments to the financial statements of this report.

RECOMMENDATION

All non-salary operating expenses should be paid from the General Fund through the county's budgetary process. The trustee should take steps to collect the appropriate amount from each tax payer for the \$5,440 tax relief denied by the State of Tennessee.

MANAGEMENT'S RESPONSE – TRUSTEE

A petition and subsequent order dated September 12, 2012, was filed in the Chancery Court of Marion County, Tennessee. In the petition, it specifically requests that the trustee be allowed "...to purchase equipment..." necessary to efficiently operate her office. However, this sentence was inadvertently omitted from the subsequent order. Therefore, we are not in compliance, although we had asked for this in the petition.

These amounts for the rejected property tax relief have been posted as adjustments to accounts receivable. Also, a letter will be submitted to relevant taxpayers in an attempt to collect the appropriate amount of taxes.

AUDITOR'S COMMENT

Section 8-20-101, *TCA*, provides for the trustee to petition the court for deputies and assistants. Non-salary operating expenses should be paid by the county through the budgetary process.

FINDING 2013-006

SUPPLEMENTAL PAYMENTS TO EMPLOYEES WERE NOT MADE THROUGH THE PAYROLL SYSTEM

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

Three trustee employees received supplemental payments of \$500 each as a bonus. These amounts were not paid through the trustee's payroll system and were in addition to the employees' regular salaries. Since these supplemental payments were not paid through the trustee's payroll system, the payments were not subjected to income tax, social security, and Medicare deductions nor were they reported on the employees Form W-2. Also, the trustee did not report and pay its required matching social security and Medicare associated with these supplemental payments.

RECOMMENDATION

All payroll related payments to trustee employees should be paid through the trustee's payroll system to properly reflect the employee's total salary. Also, all wages should be subjected to the proper employee payroll taxes and the county's matching portions and properly reported to the Internal Revenue Service.

MANAGEMENT'S RESPONSE – TRUSTEE

We have determined to file the required forms with the IRS to properly reflect the employee's total salary thereby correcting the employees payroll taxes.

OFFICE OF COUNTY CLERK

FINDING 2013-007

USERS PROCESSED TRANSACTIONS UTILIZING THE SAME USERNAME

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

Although each employee had been assigned a unique username for accessing the office's accounting software, all employees processed transactions using the official's login at the counter workstation. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees shared this user account. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report.

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.

OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

FINDING 2013-008

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 and Register of Deeds. 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 SHERIFF

FINDING 2013-009

THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of November, December, and January, for the sheriff's checking account, and the months of September and October, for the commissary checking account, to examine receipts and deposits. The office did not deposit some funds to the bank account within three days of collection in six of 33 deposits made during these months. 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 2013-010

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

We noted 56 instances in our sample of 63 items where 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

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 OF DEEDS, AND SHERIFF

FINDING 2013-011

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 of Deeds, 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**

| Federal Agency | Finding Number | Federal CFDA Number | Criteria | Explanation | Amount Questioned |
|--|----------------|---------------------|--|---|-------------------|
| U.S. Department of Education Passed-through State Department of Education: State Fiscal Stabilization Fund (SFSF) - Race-to-the Top Incentive Grant, Recovery Act | 2013-012 | 84.395 | <i>Circular A-133</i> , Section 500(d)(1) | Noncompliance - See Finding 2013-003 - The School Department did not comply with management directives from the Office of Tennessee Recovery Act Management | \$ 0 |

**MARION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

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

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

FINDINGS 2013-003 and 2013-012

Contact person: Mark Griffith, Director of Schools

Corrective action planned: In the future, School Department management will adopt a risk assessment and action plan for each ARRA grant awarded, which details how the department is going to accomplish the goals and objectives of the grant.

Anticipated completion date: 2013-14