MARION COUNTY

GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

AND

INDEPENDENT AUDITOR'S REPORT

HERBERT E. ALLEN
CERTIFIED PUBLIC ACCOUNTANT
AMERICUS, GEORGIA

MARION COUNTY

GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

AND

INDEPENDENT AUDITOR'S REPORT

MARION COUNTY OFFICIALS

GEORGE NEAL JR.
CHAIRMAN

LARRY OGAN
VICE-CHAIRMAN

KEVIN BROWN
COMMISSIONER

MARY JO PAGE
COMMISSIONER

CECIL MCMICKLE
COMMISSIONER

JUDY SUMMERS
CLERK OF COUNTY COMMISSIONERS

TABLE OF CONTENTS

	PAGE
List of Elected and Appointed Officials	
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet - Governmental Funds	5
Reconciliation of the Government Funds Balance	
To the Government-Wide Statement of Net Assets	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	9
Statement of Net Assets - Fiduciary Funds	10
Statement of Net Assets - Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Net Fund Assets - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14

TABLE OF CONTENTS

	PAGE
Notes to Financial Statements	15 - 39
Report on Internal Control and Compliance	40 - 41
Schedule of Findings and Responses	41A

SUPPLEMENTAL INFORMATION

Financial Statements of Individual Funds	
Combining Balance Sheet - Other Governmental Fund	42
Other Governmental Funds - Combining Schedule of Revenue and Expenditures and Changes to Fund Balance	43
Balance Sheet - Capital Projects Fund	44
Capital Projects Fund - Combining Schedule of Revenue and Expenditures and Changes to Fund Balance	45
Agency Funds - Combining Balance Sheet	46
Agency Funds - Combining Statement of Changes in Assets and Liabilities	47
Agency Funds - Statements of Changes in Assets and Liabilities	48 - 49
Independent Auditor's Report - Special 1% Sales Tax	50
Schedule of Expenditures of Special Purpose Local Options Sales Tax Proceeds	51

HERBERT E. ALLEN

CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 6936
131 THOMAS DRIVE
AMERICUS, GEORGIA 31709
OFFICE: 229-928-4008
FAX: 229-924-1532
heallencpa@bellsouth.net

Member of the American Institute of Certified Public Accountants

Member of the Georgia Society of Certified Public Accountants

June 25, 2012

INDEPENDENT AUDITOR'S REPORT

Marion County Board of Commissioners
Marion County, Georgia
Buena Vista, Georgia

We have audited the governmental-type activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Georgia, as of and for the year ended December 31, 2011, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on the financial statements based on our audit. We did not audit the financial statements of the Marion County Department of Public Health which statements reflect total assets of $46,269, as of June 30, 2011, and total revenues of $204,873. These funds were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amount included for the Marion County Department of Health is based solely on the reports 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 general purpose financial statements are free of material misstatement. The financial statements of Marion County Hospital Authority were not audited in accordance with *Government Auditing Standards.* An audit includes examining on test basis evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis to our opinions.

In our opinions, 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, Georgia, as of December 31, 2011, and the respective changes in financial position, and where applicable, cash flows, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The County of Marion has not presented the management's discussion and analysis which is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board.

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The combining non major fund financial statements and individual fund schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements of Marion County, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the financial statements for the year ended December 31, 2011 and, in our opinion, is fairly stated in all material respects in relation to the respective financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have issued a report dated June 25, 2012 on our consideration of the County's internal control over financial reporting and on testing its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of this report is to describe the scope of testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the internal control or on compliance. The report on compliance with laws and regulations and internal control over financial reporting is an integral part of an audit performed in accordance with *Government Auditing Standards*, and in considering the results of the audit, the report(s) should be read in conjunction with the auditor's report on the financial statements.

HERBERT E. ALLEN, CPA

HERBERT E. ALLEN, CPA

MARION COUNTY, GEORGIA
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
December 31, 2011

	Component Units		
	Health Department	Hospital Authority	Total
ASSETS			
Cash	$ 46,269	$ 889,058	$ 935,327
Restricted Cash	-	5,025	5,025
Receivable (Net Where Applicable of Allowance for Uncollectibles):	-	151,644	151,644
Taxes, Interest and Penalties	-	-	-
Capital Assets:			
Land	-	7,655	7,655
Infrastructure	-	-	-
Buildings	-	1,329,121	1,329,121
Vehicles	-	-	-
Heavy Equipment	-	360,723	360,723
Plant	-	-	-
Accumulated Depreciation	-	(1,393,416)	(1,393,416)
TOTAL ASSETS	$ 46,269	$ 1,349,810	$ 1,396,079
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable	$ 6,497	$ -	$ 6,497
Customer Deposits	-	-	-
Revenue Bond Payable	-	-	-
Note Payable	-	-	-
Total Current Liabilities	$ 6,497	$ -	$ 6,497
Long Term Liabilities			
Accounts Payable	$ 19,351	$ -	$ 19,351
Revenue Bond Payable	-	-	-
Note Payable			
Total Long Term Liabilities	$ 19,351	$ -	$ 19,351
TOTAL LIABILITIES	$ 25,848	$ -	$ 25,848
NET ASSETS			
Invested in Capital assets Net of Related Debt	$ -	$ -	$ -
Restricted for Bond Debt Ser.	-	-	-
Restricted - SPLOST 2004	-	-	-
Restricted - SPLOST 2009	-	-	-
Restricted - Other Governmental Funds	-	5,025	5,025
Unrestricted	20,421	1,344,785	1,365,206
TOTAL NET ASSETS	$ 20,421	$ 1,349,810	$ 1,370,231

The accompanying notes to financial statements are an integral part of these statements.

MARION COUNTY, GEORGIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

	Component Units		
	Health Deparment	Hospital Authority	Total
General Government	$ -	$ -	$ -
Judicial	-	-	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Public Works	-	-	-
Cultural and Recreation	-	-	-
Total Government Activities	-	-	-
	$ -	$ -	$ -
Business-type Activities			
Water			
Total Government			
Component Units	$ 5,481	$ 28,051	$ 33,532
General Revenues:			
Taxes:			
Property Tax	$ -	$ -	$ -
Splost Taxes	-	-	-
Local Option Taxes	-	-	-
Alcohol Beverage Taxes	-	-	-
Insurance Premium Taxes	-	-	-
Interest Earned	-	-	-
Miscellaneous & Other	-	-	-
Total General Revenues	$ -	$ -	$ -
Transfers	0	0	0
Change in Net Assets	$ 5,481	$ 28,051	$ 33,532
Net Assets at Beginning of Year as Adjusted	40,788	1,321,759	1,362,547
Prior Period Adjustment			
Net Assets at End of Year	$ 46,269	$ 1,349,810	$ 1,396,079

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011

	General Fund	Special 1% Sales Tax for Roads & Bridges 4/21/2004	Special 1% Sales Tax For Road, Water & Emergency Medical 4/1/2009	Other Governmental Funds	Total Government Funds
ASSETS AND OTHER DEBIT ASSETS					
Cash	$ 1,571,954	$ 0	$ 0	$ 0	$ 1,571,954
Restricted Cash	0	0	661,267	16,822	678,089
Receivable					
(Net Where Applicable of Allowance for Uncollectibles):	103,630	0	0	0	103,630
Taxes, including Interest & Penalties	1,322,831	0	0	0	1,322,831
TOTAL ASSETS	$ 2,998,415	$ 0	$ 661,267	$ 16,822	$ 3,676,504
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 13,776	$ -	$ -	$ -	$ 13,776
Accrued Expenses	63,388				63,388
Deferred Revenue	1,050,709	-	-	-	1,050,709
TOTAL LIABILITIES	$ 1,127,873	$ -	$ -	$ -	$ 1,127,873
FUND BALANCE					
- Reserved-Road & Bridge Maintenance	$ -	$ -	$ 661,267	$ -	$ 661,267
- Unreserved	1,870,542	-	-	-	1,870,542
- Reserved-Drug Education		-	-	16,822	16,822
- Reserved-County Jail Construction		-	-	-	-
TOTAL FUND BALANCE	$ 1,870,542	$ -	$ 661,267	$ 16,822	$ 2,548,631
TOTAL LIABILITIES AND FUND BALAN	$ 2,998,415	$ -	$ 661,267	$ 16,822	$ 3,676,504

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET TO THE GOVERNMENT WIDE STATEMENT OF NET ASSETS
For Fiscal Year Ended December 31, 2011

Total fund balances - total governmental funds		$ 2,548,631
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current in the Governmental Funds Balance Sheet		1,229,703
Deferred revenues for Garbage Fees	66,357	
Deferred revenues for Taxes	984,352	1,050,709
Net assets of governmental activities		$ 4,829,043

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Special 1% Sales Tax For Water & Sewer 5th Year 4/1/2004	Special 1% Sales Tax For Road, Water & Emergency Medical 4/1/2009	Other Governmental Funds	Total Government Funds
REVENUES					
Taxes & Special Assessments	$ 2,453,614	$ -	$ 546,094	$ 0	$ 2,999,708
License and Permits	33,504	-	-	-	33,504
Intergovernmental	28,516	-	81,914	11,813	122,243
Charges for Service	391,329	-	-	-	391,329
Fines and Forfeitures	201,295	-	-	-	201,295
Public Safety	309,258				309,258
Interest Earned	1,115	-	-	-	1,115
Miscellaneous and Other	47,507	-	-	-	47,507
TOTAL REVENUES	$ 3,466,138	$ -	$ 628,008	$ 11,813	$ 4,105,959
EXPENDITURES					
Current:					
General Government	$ 779,157	$ -	$ -	$ -	$ 779,157
Judicial	280,223	-	-	8,210	288,433
Public Safety	1,140,997	-	-	-	1,140,997
Health and Welfare	544,597	-	-	-	544,597
Public Works	324,643	-	334,173	-	658,816
Cultural and Recreation	52,631	-	-	-	52,631
Intergovernmental:					
City of Buena Vista	-	-	190,829	-	190,829
Capital Outlay:					
Capital Outlay	29,658	-	-	-	29,658
TOTAL EXPENDITURES	$ 3,151,906	$0	$525,002	$8,210	$ 3,685,118
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 314,232	$ -	$ 103,006	$ 3,603	$ 420,841
OTHER FINANCING SOURCES					
Transfers	-	-	-	-	-
EXCESS OF EXPENDITURES OVER REVENUES AND OTHER SOURCES	314,232	0	103,006	3,603	420,841
FUND BALANCE AT JANUARY 1	1,556,310	0	558,261	13,219	2,127,790
FUND BALANCE AT DECEMBER 31	$ 1,870,542	$ -	$ 661,267	$ 16,822	$ 2,548,631

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
Reconciliation of the Government Funds
Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities and
Changes in Net Assets
For Fiscal Year Ended December 31, 2011

Net change in fund balances - total government funds	$	420,841
Uncollected property taxes and garbage fees in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenue in the governmental funds:		-
Property Taxes		830,556
Garbage Fees		60,036
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assest is allocated over their estimated useful lives as depreciation expense. This is the amount:		29,658
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense on capital is not reported as expense:		(66,666)
Changes in net assets of governmental activites	$	1,274,425

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
GENERAL FUND TYPE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011

	BUDGET			Variance Favorable Unfavorable
	Original	Final	Actual	
REVENUES				
Taxes	$ 2,212,502	$ 2,212,502	$ 2,453,614	$ 241,112
License and Permits	47,100	47,100	33,504	(13,596)
Intergovernmental	18,000	18,000	28,516	10,516
Charges for Service	360,000	360,000	391,329	31,329
Fines and Forfeitures	221,400	221,400	201,295	(20,105)
Public Safety	322,000	322,000	309,258	(12,742)
Interest Earned	4,500	4,500	1,115	(3,385)
Miscellaneous and Other	48,255	48,255	47,507	(748)
TOTAL REVENUES	$ 3,233,757	$ 3,233,757	$ 3,466,138	$ 232,381
EXPENDITURES				
General Government	$ 789,555	$ 789,555	$ 779,157	$ 10,398
Judicial	295,757	295,757	280,223	15,534
Public Safety	1,203,619	1,203,619	1,140,997	62,622
Health & Welfare	557,421	557,421	544,597	12,824
Public Works	320,917	320,917	324,643	(3,726)
Cultural and Recreation	66,488	66,488	52,631	13,857
Capital Outlay	-	-	29,658	(29,658)
TOTAL EXPENDITURES	$ 3,233,757	$ 3,233,757	$ 3,151,906	$ 81,851
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$0	$ 314,232	$ 314,232	
OTHER FINANCING SOURCES (USES)	0	0	0	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$0	$ 314,232	$ 314,232	
FUND BALANCE BEGINNING		$ 1,556,310		
FUND BALANCE ENDING		$ 1,870,542		

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2011

ASSETS	
Cash	$ 57,088
Total Assets	$ 57,088
LIABILITIES	
Accounts Payable	$ 57,088
Total Liabilities and Fund Equity	$ 57,088

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Water Fund
ASSETS	
Current Assets:	
Cash on Hand & In Banks	$ 48,736
Restricted Cash	119,008
Accounts Receivable (Net of Allowances)	52,043
Total Current Assets	$ 219,787
Noncurrent Assets:	
Capital Assets:	
Fixed Assets (Net of Accumulated Depreciation where Applicable)	$ 9,924,161
Total Noncurrent Assets	$ 9,924,161
TOTAL ASSETS	$ 10,143,948
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 13,847
Customer Deposits	2,659
Revenue Bonds Payable - Current	60,591
Note Payable - Jones Contracting, Inc.	35,908
Total Current Liabilities	$ 113,005
Noncurrent Liabilities:	
Revenue Bonds Payable	$ 3,549,873
Note Payable - Jones Contracting, Inc.	385,221
Total Noncurrent Liabilities	$ 3,935,094
TOTAL LIABILITIES	$ 4,048,099
Net Assets	
Invested in capital assets net of related debt	$ 5,892,568
Restricted for Bond Debt Service	119,008
Unrestricted	84,273
Total Net Assets	$ 6,095,849

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Water Revenue Fund
OPERATING REVENUE	
Sales and Charges	$ 721,896
TOTAL OPERATING REVENUE	$ 721,896
OPERATING EXPENSES	
Salaries and Benefits	$ 170,079
Supplies	36,018
Repairs and Maintenance	20,192
Depreciation	304,429
Office Administrative	21,927
Utilities & Telephone	105,752
Insurance	48,383
Vehicle Expense	15,448
TOTAL OPERATING EXPENSES	$ 722,228
OPERATING INCOME (LOSS)	$ (332)
NON-OPERATING REVENUE (EXPENSES)	
Interest Income	$ -
Interest Expenditures	(172,486)
Grant-CDBG	-
SPLOST	25,000
Gain on Retired Note	3,424
TOTAL NON-OPERATING REVENUE (EXPENSE)	$ (144,062)
NET INCOME (LOSS) BEFORE TRANSFERS	(144,394)
TRANSFERS (NET)	0
CHANGE IN NET ASSETS	$ (144,394)
NET ASSETS AT BEGINNING OF YEAR	$ 6,240,243
PRIOR PERIOD ADJUSTMENT	$ -
NET ASSETS AT END OF YEAR	$ 6,095,849

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Water Fund
Cash Flow From Operating Activity	
Cash Received from Customers	$ 720,396
Cash Payment to Suppliers for Materials & Supplies	20,192
Cash Payments to Employees for Services	(170,079)
Maintenance, Operating & Contract Services	(267,694)
Net Cash Provided (Used) by Operating Activities	$ 302,815
Cash Flows from Non-Capital Financing Activities	
Operating Grants Received (CDBG)	$ 0
Special Option Sales Tax	25,000
Net Cash Provided by Non-Capital	$ 25,000
Cash Flows From Capital & Related Financing Activities	
Additions to Plant	$ (195,744)
Principal Paid on Bonds, Notes	(361,072)
Interest Paid on Bonds, Notes	(172,486)
Proceeds from Sale of Assets	-
Gain on Retired Note	3,424
Loan Proceeds	435,620
Net Cash Provided (Used) by Capital & Related Financing Activities	$ (290,258)
Cash Flows from Investing Activities:	
Investment Income	$ -
Net Cash Provided (Used) by Investing Activities	$ -
	$ 37,557
Net Increase (Decrease in Cash & Cash Equivalents)	$ 130,187
Cash & Cash Equivalents at December 31, 2009	$ 167,744
Cash & Cash Equivalents at December 31, 2010	

For purposes of the statement of cash flows, cash and cash investments with an original maturity of three months or less.

The accompanying notes to financial statements are an integral part of these statements

MARION COUNTY, GEORGIA
STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
December 31, 2011

	Water Fund
Reconciliation of Operating Income to Net Cash Provided (Used) for operating Activities:	$ (332)
Operating Income (Loss)	$ 304,429
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:	
Depreciation	(1,500)
Changes in Assets and Liabilities	
Increase in Accouts Receivable	(10,411)
(Increase) Decrease in other Assets	0
Increase (Decrease) in Accounts Payable & Accrued Expenses	218
Increase in Liabilities Payable from Restricted Assets	
Total Adjustments	$ 303,147
Net Cash Provided (Used) by Operating Activities	$ 302,815

For purposes of the statement of cash flows, cash and cash investments with an original maturity of three months or less.

The accompanying notes to financial statements are an integral part of these statements

Summary of Significant Accounting Policies

A. Reporting Entity

Marion County, Georgia (hereinafter the County) a political subdivision of the state of Georgia, is governed by a five-member elected board of commissioners.

The accompanying financial statements report on the financial activity for Marion County, Georgia for the year ended December 31, 2011. The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

The reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting of Marion County's financial statements to be misleading and incomplete.

For financial reporting purposes, in accordance with the criteria set forth in GASB 14, the County includes all funds over which the County exercises financial accountability. The Criteria used to determine financial accountability is evidenced by the following:

1. Ability to impose will on an organization by being able to significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.

2. Financial benefit to or burden on primary government including responsibility for financing debts, entitlements to surpluses and guarantees or moral responsibility for debt.

3. Fiscal dependency for matters including authority over funds and budgetary appropriations.

4. Ability of primary government to appoint a voting majority of an organization's governing body.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past.

The GASB's intent is to make annual reports more comprehensive and easier to understand.

GASB 34 takes effect for entities the size of Marion County, Georgia during the fiscal year ending December 31, 2004. Some of the more significant changes in GASB Statement 34 incurred:

Summary of Significant Accounting Policies

A. Reporting Entity (Continued)

1. The presentation of a government-wide statement of net assets that includes infrastructure (roads, bridges, etc.) and all debt.

2. The presentation of current and accumulated depreciation by activity.

3. The presentation of a government-wide statement of activities using full accrual accounting.

4. The presentation of the original adopted budget as well as the final amended budget in the budgetary comparison statements.

Legally separate entities, over which the County exercises financial accountability, whose operations are, in substance, part of the County's operations are blended or combined with data from the County.

Entities, over which the County exercises financial accountability, whose operations are distinct from those of the County are discretely presented in a separate column in the government-wide financial statements.

Included for financial reporting purposes using these criteria are:

COMPONENT UNITS
In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The criteria set forth in GAAP and GASB number 14 are used to determine any potential component units. The basic, but not the only, criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise financial accountability is the appointment of a voting majority of the component unit's board (simple accountability). Other criteria used to evaluate potential component units for including or exclusion from the reporting entity is ability to impose its will, the existence of financial benefit or burden, the fiscal dependency and designation of management.

In accordance with the above criteria the County has determined that the Marion County Board of Health and the Marion County Hospital Authority should be included as a discretely presented component unit. It is presented in a separate column to emphasize that it is legally separate from the County and has a fiscal year end of June 30, 2011. Separately audited basic financial statements may be obtained from the County Commissioners office or the Health Department and the Marion County Hospital Authority.

Excluded from financial reporting using this criteria are:

1. River Valley Regional Commission

2. There are various other related organizations for which the County appoints board members but has no further accountability.

Summary of Significant Accounting Policies

B. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus. However, in the fund financial statements, the measurement focus differs by fund types as follows:

All governmental funds are accounted for using a current financial resource measurement focus. Within this measurement focus, only current assets and liabilities generally are included on the balance sheet. Operating statements of these funds present sources/increases (i.e., revenues and other financing sources) and uses/decreases (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. These funds used fund balances as their measurement of available spendable financial resources at the end of the period.

Agency funds are not involved in the measurement of results of operations; therefore no measurement focus is applied to agency funds.

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized as soon as they are earned, and expenses are recognized when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange occurs.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they become "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end and available to pay obligations of the current period. Expenditures, including capital outlay, are recognized in the accounting period in which the related fund liability is incurred.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary and fiduciary funds are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Summary of Significant Accounting Policies

B. Measurement Focus and Basis of Accounting (Continued)

Differences exist between the governmental activities columns reported in the government-wide statements and the corresponding total columns reported in the fund financial statement. The differences are the result of the use of the two different measurement focuses between these statements. As stated above, the government-wide statements present governmental activities on the economic resources measurement focus while the fund financial statements present governmental funds on the current financial resources measurement focus. Additional detailed information about the reconciling items can be found on pages 6 and 8.

C. Basis of Presentation

The government-wide financial statements (i.e., the statement of net assets and statement of activities) display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The fund financial statements reflect the activities of the County's individual funds. Funds are organized into three categories: governmental, special revenue and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County (i.e., the general fund) or meets the following criteria:

a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County has elected to apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 in the government-wide financial statements unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

As a general rule, the effects of internal activity have been eliminated from the government-wide statements. Exceptions to this general rule are administrative charges between the County's general fund and special revenue funds. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Summary of Significant Accounting Policies

C. Basis of Presentation (Continued)

Program revenues are derived directly from a particular program or from parties outside the County's taxpayers or citizenry. 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. All taxes are included in general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses include costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses and typically include interest revenue and expense.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted first, then unrestricted resources as they are needed.

Columnar Headings and Description of Funds

The County uses funds to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The County reports the following major governmental funds:

General Fund- The general fund is the County's primary operating fund and is always classified as a major fund. It accounts for all financial resources of the general governmental, except those required to be accounted for in another fund.

Special Sales Tax 2010- On November 4, 2008 voters in Marion County approved an additional special 1% sales tax provision for a special sales tax to be imposed for the purpose of being used for roads, streets and bridges, water and sewer projects and emergency medical services. It is to be imposed for six years. The total is not to exceed $8,000,000. The tax was imposed in April 2009. During 2011, $628,008 was collected; $190,829 was transferred to the City of Buena Vista.

Summary of Significant Accounting Policies

C. Basis of Presentation (Continued)

The County reports non-major governmental funds:

Other Governmental Funds- Proceeds received from additional fines for certain activities regarding marijuana, controlled substances, and non-controlled substances are restricted for expenditures for drug treatment and education. During 2011, $3,980 was collected and deposited in an interest-bearing account from such fines. These funds are being expended as required by law.

The County reports the following major proprietary fund:

The *Public System Fund* accounts for the water and sewage services provided by the County. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, and 2) operating grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The proprietary fund distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprises fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are report as non-operating revenues and expenses.

Additional funds were received from a 10% penalty imposed under the Jail Construction and Staffing Act which authorizes counties to impose a penalty for all fines and forfeited bail or bond for any offense against a state criminal or traffic law. These funds are required to be placed in a jail fund for use in staffing and jail repair as required. During 2011, $7,833 was collected from these funds and placed in an interest bearing account. These funds could be accounted for in the general fund, but the County has elected to account for these funds separately to assure that they are properly expended.

Summary of Significant Accounting Policies

C. Basis of Presentation (Continued)

Proprietary Fund Type- Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheets. Proprietary fund equity is segregated into contributed capital and retained earnings.

Additionally, the County reports the following fund types:

Fiduciary Funds - Account for assets held, as an agent, for individuals, private organizations, other governments and other funds.

D. Budget and Law Practice

The County Clerk submits an annual budget to the Commissioners prior to the beginning of each fiscal year. The Commissioners adopt annual fiscal year appropriated budgets for County operating funds. These include the General and Special Revenue Funds. Once approved, the Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The level of budgetary control is the department level.

The budgets for the operating funds are prepared on the modified accrual basis.

Revenues are budgeted in the year receipt is expected; and expenditures, which include accounts payable are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on this basis.

Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues and expenditures are budgeted by source. All budget revisions are subject to final review by the Commissioners.

The budget is not incorporated into the accounting system; however, it is used and compared to actual receipts and disbursements to insure fiscal responsibility.

There were several areas where expenditures were in excess of appropriated budgeted amounts. There are various reasons for this, all of which the County is aware of. The general fund expenditures exceeded budgeted amounts by $33,884. See Financial Statements (page 9).

Public Works	(3,726)
Capital Outlay	(29,658)

Summary of Significant Accounting Policies

C. Basis of Presentation (Continued)

The nature of these funds lends itself to budget variances. The excess expenditures were funded with prior year's cash.

County Commissioners are aware and have approved the variances; however, the budget was not formally amended.

E. Encumbrances

Encumbrance accounting is not used by Marion County. As December 31, 2011 there were no material encumbrance type items outstanding.

F. Inventory

Expendable supplies are recorded as expenditures at the time items are purchased. The County does not record inventories of supplies on the books due to immateriality.

G. Accounts Receivable

These are amounts paid by Marion County which are to be reimbursed during the next fiscal year. The amount is considered fully collectible.

H. Property Taxes Receivable and Property Tax Calendar

Property taxes receivable are uncollected property taxes as of December 31, 2011, but were collected by February 28, 2012. Total amount collected from January 1, 2012 to February 28, 2012 is $338,480.

Property taxes attach as an enforceable lien on property. The tax lien date is January 1, taxes are levied on October 1, and payable on December 20. The County bills and collects its own property taxes as well as taxes for the State and County School District. Collections of the county taxes and remittance of them to the County are accounted for in the Tax Commissioners Agency Fund.

I. Accumulated Unpaid Vacation, Sick Pay, and other Employee Benefit Amounts

Accumulated unpaid sick pay and other employee benefit amounts are not accrued in governmental funds (using the modified accrual basis for accounting.) At December 31, 2011 unrecorded liabilities included approximately $582 in vacation pay.

J. Accounts Payable and Accrued Expense

These are amounts due or accrued as of December 31, 2011

Summary of Significant Accounting Policies

K. Cash and Investments

At December 31, 2011, the bank account balances totaled $2,417,787. Cash and time deposits include amounts in demand deposits, passbook savings as well as certificates of deposits. All cash is separately held and reflected in its respective fund. Cash equivalents are short term, highly liquid investments with a maturity date of three months or less that can be converted to known amounts of cash.

County's deposits policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. All deposits are to be secured as required by state statutes. The state statutes requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance, and then multiplied by 110 percent.

The County's investment policy limits investment choices to investments complying with state statutes. These investments are limited to obligations of states, obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government, or by a government, the local government investment pool established by state law and obligations of other political subdivisions of the State of Georgia.

The Georgia Fund one state investment pool is managed under the policies included in Georgia Law (O.C.G.A 36-83-4). The entire portfolio, including the Government's pro-rata portion, consists of collateralized certificates of deposit and government or governmental agency securities owned outright and under agreement to resell. The title to all investments, including collateral pledged to secure certificates of deposit, is held in the custody of the Directors Fiscal Division, Office of Treasury and Financial Services, State of Georgia in accordance with Georgia law. This is not a SEC-registered investment pool; the fair value, 28 day weighted average method, of the position in the pool is the same as the value of pool shares. At December 31, 2011, the County had $569,045 invested in Georgia Fund One. Standard & Poor's assigns its 'AAAm' money market rating to Georgia Fund 1.

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County has a deposit policy for custodial risk.

L. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business type activities column in government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of $5,000 or more and an estimated life of more than one year. All capital assets (governmental and proprietary) are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their fair market value when donated. Interest costs on debt incurred for the construction of capital assets are capitalized net of interest earned on the invested proceeds of construction debt over the same period. Major improvements that extend the life of an asset are capitalized.

L. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance Jan. 1	Additions Completions	Retirements Adjustments	Balance December
Governmental Activities;				
Capital assets not being deprec.				
Land	$ 126,006	$ 0	$ 0	$ 126,006
Total Capital assets not being Depreciated	$ 126,006	$ 0	$ 0	$ 126,006
Capital assets being depreciated				
Infrastructure	$ 253,282	$ 0	$ 0	$ 253,282
Building	1,035,585	0	0	1,035,585
Vehicles	342,344	29,658	0	372,002
Equipment	218,277	-	-	218,277
Total Capital Assets being Depreciated	$ 1,849,488	$ 29,658	$ 0	$ 1,879,146
Less accumulated depreciation for:				
Infrastructure	$ 0	$ 0	$ 0	$ 0
Buildings	352,949	8,820	0	361,769
Vehicles	290,965	46,876	0	337,841
Equipment	64,869	10,970	0	75,839
Total Accumulated Deprec.	$ 708,783	$ 66,666	$ 0	$ 775,449
Total Cap. Assets being depreciated, net	$ 1,140,705	$ (37,008)	$ -	$ 1,103,697
Governmental activities capital assets, net	$ 1,266,711	$ (37,008)	$ 0	$ 1,229,703
Business-type Activities:				
Captial assets not being deprec.				
Land	$ 12,264	$ 0	$ 0	$ 12,264
Total Capital Assets not being depreciated	$ 12,264	$ 0	$ 0	$ 12,264
Capital assets being depreciated				
Utility Plant in Service	$ 12,781,351	$ 195,743	$ 0	$ 12,977,094
Equipment & Vehicles	102,369	0	0	102,369
Total capital assets being dep.	$ 12,883,720	$ 195,743	$ 0	$ 13,079,463
Less accumulated deprec. for:				
Utility Plant in Service	$ 2,776,495	$ 298,701	$ 0	$ 3,075,196
Equipment and Vehicles	86,643	5,728	0	92,371
Total Accumulated Depreciation	$ 2,863,138	$ 304,429	$ 0	$ 3,167,567
Total capital assets being deprec. net	$ 10,020,582	$ (108,686)	$ 0	$ 9,911,896
Business-type activities assets, net	$ 10,032,846	$ (108,686)	$ 0	$ 9,924,160

Summary of Significant Accounting Policies

L. Capital Assets (Continued)

Capital asset activity for the year ended December 31, 2011 was as follows:

Depreciation by Class:		Propriety Fund:	
General Government			
General Government	$ 3,690	Equipment & Vehicles	$ 5,728
Public Safety	15,055	Plant	298,701
Health & Welfare	30,636		
Public Works	16,242		
Cultural and Recreation	1,043		
Total:	$ 66,666		$ 304,429

Normal maintenance and repairs are charged to expense as incurred. Preliminary and interim costs incurred by governmental and proprietary funds for capital projects are reported as "construction in progress." Costs related to abandoned projects are expensed when the project is abandoned.

The County has recorded all infrastructure assets acquired subsequent to October 1, 2003 and is currently reviewing its infrastructure to ensure that all such assets are recorded before the phase-in date for retroactive general infrastructure reporting under Governmental Accounting Standards Board Statement.

Capital assets are depreciated over their estimated lives for both General Government and Proprietary fund using the straight-line method as follows:

Asset Class	Estimated Useful Lives
Furniture and Fixtures	5 to 7 Years
Machinery and Equipment	5 to 15 Years
Buildings	20 to 50 Years
Plant	15 to 40 Years
Infrastructure	50 Years

The county made an inventory of its governmental activities capital assets at September 30, 2003. Capital assets were adjusted for this inventory and for a change in its capital asset policy. Because of the above, governmental activities capital assets at December 31, 2003 will not agree with the previously released financial statements for December 31, 2003.

Long Term Debt

Phase 1 - Water Fund Construction - Proprietary Fund

The first phase of Marion County Water Fund Project was completed in 1994, in which Marion County received a $400,000.00 grant from the Department of Community Affairs.

Summary of Significant Accounting Policies

Long Term Debt (Continued)

The United States Department of Agriculture, Farmers' Home Administration, made grants of $1,453,400 during 1994 and 1995 toward Phase 1 of this project. A loan of $558,100 was made by Farmers' Home Administration to finance the construction of the first phase of the water works facility at 5% interest. This loan was financed by the issuance of Marion County Water System Revenue Bonds, Series 1994A, in the principle amount of $505,100 for the acquisition, construction, and installation of the County's water system and the issuance of $53,000 Series 1994B Marion County Water System Revenue Bonds for the purpose of financing the cost of acquisition, construction, and installation of additions to the water system. Balance as of December 31, 2011 is $387,267 and $40,550.

	1	2
Balance 1-1-10	$ 397,127	$ 41,592
Payments	(9,860)	(1,042)
Balance 12-31-10	$ 387,267	$ 40,550

Total annual payments are being made to the Farmers' Home Administration as follows:

	1994A-Bonds	Principal	Interest	Total
(1)	2012	10,312	17,216	27,528
	2013	10,785	16,743	27,528
	2014	11,281	16,247	27,528
	2015	11,799	15,729	27,528
	2016	12,341	15,187	27,528
		56,518	81,122	137,640

Principal and interest on remaining years of debt:

1994A-Bonds	Principal	Interest	Total
2017	12,908	14,620	27,528
2018	13,501	14,027	27,528
2019	14,121	13,407	27,528
2020	14,770	12,758	27,528
2021	15,449	12,079	27,528
2022	16,158	11,370	27,528
2023	16,901	10,627	27,528
2024	17,677	9,851	27,528
2025	18,489	9,039	27,528
2026	19,339	8,189	27,528
2027	20,227	7,301	27,528

Summary of Significant Accounting Policies

Long Term Debt (Continued)
Principal and interest on remaining years of debt:

1994A-Bonds	Principal	Interest	Total
2028	21,156	6,372	27,528
2029	22,128	5,400	27,528
2030	23,145	4,383	27,528
2031	24,208	3,320	27,528
2032	25,320	2,208	27,528
2033	26,483	1,045	27,528
2034	8,769	80	8,849
	330,749	146,076	476,826

(2)

1994B-Bonds	Principal	Interest	Total
2012	1,090	1,802	2,892
2013	1,140	1,752	2,892
2014	1,192	1,700	2,892
2015	1,247	1,645	2,892
2016	1,304	1,588	2,892
	5,973	8,487	14,460

Principal and interest on remaining years of debt:

1194B-Bonds	Principal	Interest	Total
2017	1,364	1,528	2,892
2018	1,426	1,466	2,892
2019	1,492	1,400	2,892
2020	1,561	1,331	2,892
2021	1,632	1,260	2,892
2022	1,707	1,185	2,892
2023	1,786	1,106	2,892
2024	1,868	1,024	2,892
2025	1,954	938	2,892
2026	2,043	849	2,892
2027	2,137	755	2,892
2028	2,235	657	2,892
2029	2,338	554	2,892

Summary of Significant Accounting Policies

Long Term Debt (Continued)

1994A-Bonds	Principal	Interest	Total
2030	2,445	447	2,892
2031	2,558	334	2,892
2032	2,675	217	2,892
2033	2,798	94	2,892
2034	558	2	560
	34,577	15,147	49,724

Marion County Water System Sinking Fund

A special trust fund to be known as the "Marion County Water System Sinking Fund" is to be created within the water fund. Two accounts will be created in the sinking fund.

(1) A Debt Service Account to which deposits of $2,719.00 are to be made monthly to fund the principal and interest on the bonds coming due in the current sinking fund year on the Series 1994A and B bonds. As parity bonds are issued, this monthly payment will be increased to meet the principal and interest payments on the parity bonds.

(2) A Debt Service Reserve Account of funds of a minimum of ten (10%) percent of monthly installment of principal and interest on the bond must be deposited to the bond reserve fund. This reserve fund monthly deposits are to be made until the fund has accumulated an amount equal to that needed to pay the principal and interest on the bonds for the next succeeding year. This debt service reserve requirement means $32,620 (which consists of $29,520 (the maximum annual principal and interest payments) of the Series 1994A Bonds] and $3,108.00 (the maximum annual principal and interest payments of the Series 1994B Bonds) or from and after the date of issuance of any Parity Bonds, $32,628 plus the maximum annual principal and interest payment on each parity bond issued and outstanding. As of December 31, 2011, the Water Fund has cash funds of $32,620 deposited in the account.

Phase II -Water Fund Construction

On August 17, 1998, Marion County approved the issuance of Marion County Water System Revenue Bond, Series 1998, in the principal amount of up to $1,236,490 for the purpose of financing the cost of Phase II Construction cost of the County Water System. The bond issued will be payable from a first lien on the net revenue of the County's water system. The bonds were issued in January, 1999, with payments to begin in January of 2000. The first payment was interest only. These bonds were purchased through the United States Department of Agriculture and bear interest at the rate of 4.5%.

Summary of Significant Accounting Policies

Long Term Debt (Continued)

Phase II - Water Construction

These funds, with federal grants made available through the United States of America, acting through the Rural Development, United States Department of Agriculture for assistance provided through the Consolidated Farm and Rural Development Act (7 U.S.C. 192 et.seq.), as amended, will provide the needed funds for financing of the improvements. A grant of $3,574,470 was received during the construction of this phase of the water fund project from the United States Department of Agriculture, along with a grant from the Department of Community Affairs of $500,000. Phase II of the water fund project was completed in December of 1999.

A Debt Service Fund was created which requires funds to be credited to the sinking fund until $67,368.00- has been credited to the account to cover the principal and interest on the Parity Bonds for one year.

The first payment on the Bonds was made in January 2000, and was for interest only of $55,642.05. All payments thereafter will be made monthly of both principal and interest of $5,614.00.

A payment of $561.40 per month is being made to the Debt Service Reserve Account until the Debt Service Fund is fully funded. As of December 31, 2011, $15,010 has been deposited in the account.

The date of closing on the Bonds was January 14, 1999.

The balance as of December 31, 2011 is $1,051,851.

Balance 1-1-10	$ 1,071,403
Payments	(19,552)
Balance 12-31-11	$ 1,051,851

Total annual payment to be made to Farmer's Home Administration are as follows:

1998 Bond	Principal	Interest	Total
2012	20,453	46,915	67,368
2013	21,392	45,976	67,368
2014	22,375	44,993	67,368
2015	23,403	43,965	67,368
2016	24,478	42,890	67,368
	$ 112,101	$ 224,739	$ 336,840

Summary of Significant Accounting Policies

Long Term Debt (Continued)

Phase II - Water Construction
Principal and interest on remaining years of debt:

1998 Bond	Principal	Interest	Total
2017	25,604	41,764	67,368
2018	26,779	40,589	67,368
2019	28,009	39,359	67,368
2020	29,296	38,072	67,368
2021	30,641	36,727	67,368
2022	32,049	35,319	67,368
2023	33,521	33,847	67,368
2024	35,061	32,307	67,368
2025	36,672	30,696	67,368
2026	38,357	29,011	67,368
2027	40,119	27,249	67,368
2028	41,962	25,406	67,368
2029	43,890	23,478	67,368
2030	45,906	21,462	67,368
2031	48,015	19,353	67,368
2032	50,221	17,147	67,368
2033	52,528	14,840	67,368
2034	54,941	12,427	67,368
2035	57,465	9,903	67,368
2036	60,105	7,263	67,368
2037	62,866	4,502	67,368
2038	65,744	1,618	67,362
	939,751	542,339	1,482,090

Phase III - Water Fund Construction

On June 12, 2005, Marion County approved the issuance of Marion County Water System Revenue Bond, Series 2005, in the principal amount of up to $2,279,830 for the purpose of financing the cost of Phase III Construction cost of the County Water System. The bond issued will be payable from a first lien on the net revenue of the County's water system. These bonds were purchased through the United States Department of Agriculture and they bear interest at the rate of 4.25%.

These funds were made available through the United States of America, acting through the Rural Development, United States Department of Agriculture for assistance provided through the Consolidated Farm and Rural Development Act (7 U.S.C. 192 et.seq.), as amended, will provide the needed funds for financing of the improvements, a grant from the Department of Community Affairs of $500,000.00. As of December 31, 2006, $500,000 has been received.

Summary of Significant Accounting Policies
Long Term Debt (continued)

Phase III - Water Fund Construction

A Debt Service Fund was created as required which requires funds to be credited to the sinking fund until $118,740 has been credited to the account to cover the principal and interest on the Parity Bonds for one year. As of December 31, 2011, $71,318 has been deposited in the account. This is a shortage of $47,034.

A payment of $990 per month is being made to the Debt Service Reserve Account until the Debt Service Fund is fully funded.

The first payment on the Bonds was made in January 2006, and was for interest. All payments thereafter will be made monthly of both principal and interest of $9,895.

Interim financing in the amount of $2,051,847 for the Bonds was provided by Columbus Bank and Trust at 70% of prime rate. Interest was charged only on the amount drawn down to finance construction as it progresses. Interest of $29,324.69 was paid on this interim financing. The loan was closed on 12-22-05.

The balance as of December 31, 2011 is $2,130,796.

Balance 1-1-11	$ 2,158,346
Payments	(27,550)
Balance 12-31-11	$2,130,796

Phase III - Water Construction
Total annual payments to be made to Farmer's Home Administration are as follows:
Payments will be as follows:

Year	Principal	Interest	Total
2012	28,736	90,004	118,740
2013	29,981	88,759	118,740
2014	31,280	87,460	118,740
2015	32,636	86,104	118,740
2016	34,050	84,690	118,740
	156,683	437,017	593,700

Summary of Signigicant Accounting Policies
Long Term Debt (continued)

Phase III - Water Fund Construction

Principal and interest on remaining debt:

2005 Bond	Principal	Interest	Total
2017	35,526	83,214	118,740
2018	37,066	81,674	118,740
2019	38,672	80,068	118,740
2020	40,348	78,392	118,740
2021	42,097	76,643	118,740
2022	43,921	74,819	118,740
2023	45,824	72,916	118,740
2024	47,810	70,930	118,740
2025	49,882	68,858	118,740
2026	52,004	66,696	118,700
2027	54,300	64,440	118,740
2028	56,653	62,087	118,740
2029	59,108	59,632	118,740
2030	61,670	57,070	118,740
2031	64,342	54,398	118,740
2032	67,131	51,609	118,740
2033	70,040	48,700	118,740
2034	73,075	45,665	118,740
2035	76,242	42,498	118,740
2036	79,546	39,194	118,740
2037	82,994	35,746	118,740
2038	86,591	32,149	118,740
2039	90,343	28,397	118,740
2040	94,258	24,482	118,740
2041	98,343	20,397	118,740
2042	102,605	16,135	118,740
2043	107,052	11,688	118,740
2044	111,691	7,049	118,740

Phase III - Water Construction
On May 17, 2005 (effective date 12-01-05), Marion County Commissioners signed a note with Jones General Contracting, Inc. in the amount of $579,091.77, 4.5% interest per year. Monthly payments of $4,430.01 beginning 1-1-06 for a total of 180 payments. Purpose of the loan is to expand water works.

In the month of July 2009, with a balance of $194,133.30 on the note, an additional principal of $149,481.75 was added to the note to finance a water works project called Buffalo Road Extension. The new balance of $343,615.05, 4.5% interest per annum with monthly payments of $4,430.01 principal and interest for a period of 91 months.

Summary of Significant Accounting Policies
Long-Term Debt (Continued)
Phase III - Water Construction

Balance 1-1-11	$288,577
Payments	(288,577)
New Loan	0
bBalance 12-31-11	$0

This note was paid in full on 7-15-11 by Central Bank of Georgia.

Debt service on County's debt:

2012	96,500
2013	100,813
2014	105,268
2015	109,922
2016	339,902
	752,405

Pension Plan

The County sponsors the Association County Commissioner's of Georgia Restated Pension Plan for Marion County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple- employer pension plan, administered by GEB Corp. The ACCG Plan, as provided in Section 19.03 of the ACCG Plan document.

The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document and is available upon request to 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Summary of Significant Accounting Policies
Pension Plan (continued)

Funding Policy: The County is required to contribute an actuarially determined amount annually to the Plan's trust. The current rate is 8.1% of the annual covered payroll. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. Active members are not required to make contributions.

Annual Pension Cost: The County's annual pension cost and net pension obligation for the pension plan for the current year were determined as follows:

Derivation of Net Pension Obligation	2011	2010
Net Pension Obligation as of Beginning of Prior Year	$ (41,878)	$ (37,390)
Annual Pension Cost for Prior Year	43,054	40,293
Actual Contributions to Plan for Prior Year	46,423	44,781
Increase in Net Pension Obligation	$ (3,369)	$ (4,488)
Net Pension Obligation as of the Beginning of the Year	$ (45,247)	$ (41,878)
Derivation of Annual Pension Cost:		
Annual Required Contribution	$ 44,484	$ 42,827
Intererest on Net Pension Obligation	(3,507)	(3,246)
Amortization of Net Pension Obligation	3,752	3,473
Annual Pension Cost	$ 44,729	$ 43,054
Basis of Valuation		
Current Valuation Date	January 1, 2011	
Annual Return on Invested Plan Assets	7.75%	
Projected Annual Salary Increases	4.0-6.5% based on age	
Expected Annual Inflation	3.00%	
Actuarial Value of Assets	Market Value	
Actuarial Funding Method	Projected Unit Credit	
Amortization Method	Level Percent of Pay (Closed)	

Summary of Significant Accounting Policies

Pension Plan (continued)

Fiscal Year Beginning	Annual Pension Cost (APC	Actual Pension of APC Contribution	Percentage Contributed	Net Pension Obligation
January 1, 2011	44,729	N/A	N/A	$ (47,026)
January 1, 2010	43,054	N/A	N/A	(41,878)
January 1, 2009	40,293	44,781	111%	(37,390)
January1, 2008	35,763	39,426	110%	(33,727)
January 1, 2007	36,988	42,557	115%	(28,158)
January 1, 2006	31,631	38,227	121%	(21,562)
January 1, 2005	29,796	37,599	126%	(13,759)

Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percent of Covered Payroll (b-a)/c
12/31/2011	$ 521,893	$ 772,834	$ 250,851	67.5%	$ 522,913	48%
12/31/2010	$ 495,052	$ 753,543	$ 258,491	65.7%	$ 472,592	54.7%
12/31/2009	$ 440,869	$ 707,478	$ 266,609	62.3%	$ 449,032	59.4%
12/31/2008	$ 394,076	$ 631,717	$ 237,641	62.4%	$ 439,115	54.1%
12/31/2007	$ 372,450	$ 612,144	$ 239,694	60.8%	$ 498,495	48.1%
12/31/2006	$ 322,413	$ 554,835	$ 232,422	58.1%	$ 333,503	69.7%
12/31/2005	$ 272,091	$ 525,579	$ 253,488	51.8%	$ 302,142	83.9%
12/31/2004	$ 232,388	$ 502,649	$ 270,261	46.2%	$ 393,868	68.6%
12/31/2003	$ 204,300	$ 472,072	$ 267,772	43.3%	$ 389,934	68.7%
12/31/2002	$ 155,347	$ 410,837	$ 255,490	37.8%	$ 394,646	64.7%

The assets and liabilities shown above reflect expected amounts as of the last day of the plan year. These amounts may vary from those used in determining the required contribution, since those calculations use actual amounts as of the first day of the next plan year.

1. Actuarial Present Value of Accumulated Plan Benefits

	2011
a. Vested	
i. Retirees (and others in pay status)	$ 219,385
ii. Deferred Vested (former employees)	124,716
iii. Vested Active Participants	387,720
Total	$ 731,821
b. Non Vested	$ 26,028
Total	$ 757,849

Summary of Significant Accounting Policies

Pension Plan (continued)

2. Effect of Future Salary Increases	14,985
3. Total Actuarial Accrued Liability	772,834
4. Net Assets Available for Benefits (including receivables)	508,384
5. Net Assets in Excess of Actuarial Present Value of	(249,465)
6. Principal Actuarial Assumptions	
a. Investment Return	7.75%
b. Rate of Future Salary Increases (not applicable to Accumulated Plan Benefits calculations)	4.00-6.5% based on age

Intergovernmental Government

The Secretary of State's grant of $4,000 for voter education was given to the county for education of voters to the new voting machines. Marion County was one of the first counties to use the new computers in elections. The final balance of $32 were disbursed in 2011.

Litigation

Marion County is a defendant in some lawsuits and the outcome of those suits, in the opinion of the county's attorney, will not have an adverse effect on the financial condition of the county.

Contingent Liabilities

(A) Risk Management

The County is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage insuring each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the County. Marion County carries its liability insurance with the Baldwin Agency with policy issued by National Union Fire Insurance Company of Pittsburgh, Pennsylvania.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, Marion County became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The effective date of membership was December 1, 1982.

The County of Marion carries its workman Compensation Insurance with the Workman Comprehensive Self Insurance Fund.

Summary of Significant Accounting Policies

The County of Marion has the following responsibilities:

To pay all contributions, assessments or other sums due to WCSIS at such times and in such amounts as shall be established by WCSIS.

To select a person to serve as a Member representative.

To allow WCSIS and its agent's reasonable access to all facilities of the County and all records, including but not limited to financial records, which relate to the purposes of WCSIS.

To allow attorneys appointed by WCSIS to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the Fund or Funds established by WCSIS.

To assist and cooperate in the defense and settlement of claims against the County.

To furnish full cooperation to WCSIS's attorneys claims adjusters, Service Company, and any agent, employee, officer or independent contractor of WCSIS relating to the purposes of WCSIS.

To furnish to WCSIS such budget, operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any coverage description issued, all incidents which could result in WCSIS or any Fund established by WCSIS being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope to the protection of a Fund or Funds in which the County participates.

The Fund is to defend, in the name of and on half of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent.

The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. Marion County must pay all contributions, assessments, and other sums due and in such amounts as shall be established by the Georgia Municipal Association Worker's Compensation Self Insurance Fund.

Summary of Significant Accounting Policies

Contingent Liabilities (continued)

Settled claims in the past three years have not exceeded the coverage.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

(B) Marion County Landfill

The use of the Marion County Landfill was discontinued June 28, 1991, and is no longer in operation. The Marion County Board of Commissioners determined at that time the future cost of monitoring, maintaining and closing the landfill to meet the new regulations imposed by the State and Federal agencies would not be cost-efficient to the citizens of Marion County.

Marion County now contracts with Southern States Environmental Service to dispose of solid wastes.

Marion County is in the Post Closure Care Phase. Since Marion County ceased to accept waste before October 8, 1993, a five-year post closure care was authorized by the Georgia Department of Natural Resources. The Director of the Division has the authority to extend the post-closure period when necessary. On March 12, 2008, the Director extended the post-closure period. During 2011, $11,417 was expended to monitor the groundwater. Additional expense of $859 was incurred.

(C) Component Unit - Marion County Hospital Authority

In prior years, the Authority received Hill-Burton funds to be applied toward the construction and additions to the Hospital. These agreements state that, if at any time within twenty years after completion of the construction of the facilities, the facilities are sold or transferred to any person, agency, or organization, which is not qualified to file an application under the Hospital Survey and Construction Act, or is not approved as a transferor by the Georgia Board of Health, or has ceased to be a nonprofit Hospital, the United States shall be entitled to recover from either the transferor (or, in case the Authority ceases to be a nonprofit organization, from the Owner thereof) the contributed percentage of the then value the Authority as determined by agreement of the parties or by action brought in the District Court of the United States for the District in which the Authority is located.

However, under the lease agreement with the Marion Community Hospital, Inc., expenses incurred by the Authority because of the lease contract are to be paid by the Marion Community Hospital, Inc.

Summary of Significant Accounting Policies

Contingent Liabilities (continued)

(D) Jointly Venture

The Georgia Department of Audits has determined that the River Valley Regional Commission is a joint venture under Georgia Law, O.C.G.A. 20-5-40.

Marion County participates in the support of the River Valley Regional Commission. Marion County contributed to the River Valley Regional Commission operating budget in 2011. Membership in an RVRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RVRC in Georgia. Marion County has one commissioner and an appointed citizen of the County to represent Marion County on the board of River Valley Regional Commission who assist the counties and governments in grants and loan applications to support government capital improvements and operating projects within the counties and cities. The RVRC membership included the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RVRC.

The major source of the Development Corporation operational costs is financed through administration charges for grants and loan applications.

Complete financial statements for the River Valley Regional Commission may be obtained from the River Valley Regional Commission, 228 W. Lamar St. Americus, Georgia, 31709.

HERBERT E. ALLEN

CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 6936
131 THOMAS DRIVE
AMERICUS, GEORGIA 31709
OFFICE: 229-928-4008
FAX: 229-924-1532
heallencpa@bellsouth.net

Member of the American Institute of Certified Public Accountants

Member of the Georgia Society of Certified Public Accountants

June 25, 2012

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

Marion County Board of Commissioners
Marion County, Georgia
Buena Vista, Georgia

We have audited the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012. We did not audit the financial statements of the Marion County Department of Public Health which was audited by other auditors whose report has been furnished to us and our opinion as it relates to those amounts is based solely on the reports of other auditors. Except as discussed in the preceding sentences, 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.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Marion County, Georgia has not made adequate deposits to bond sinking funds as required in the Farmers Home Administration bond agreements. As of December 31, 2011, the shortfall totaled approximately $47,034. Marion County, Georgia is making monthly deposits into the bond sinking fund.

This report is intended solely for the information and use of management, the audit committee, County Commissioner, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HERBERT E. ALLEN, CPA

MARION COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011

I. Executive Summary

a. Compliance

The City will begin to make monthly deposits into the bond sinking fund.

SUPPLEMENTAL INFORMATION

MARION COUNTY, GEORGIA
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
December 31, 2011

	County Drug Education	County Jail Const. & Staffing	Total Funds
Assets			
Cash - Restricted	$ 11,328	$ 5,494	$ 16,822
Loans & Notes Rec.	-	-	-
Investments -			-
Land at Cost	-	-	-
Total Assets	$ 11,328	$ 5,494	$ 16,822
Liabilities & Fund Equity			
Liabilities			
Loan Payable	$ -	$ -	$ -
Total Liabilities	$ -	$ -	$ -
Fund Equity			
Reserve for Co. Drug & Educ.	$ 11,328	$ 5,494	$ 16,822
Reserve for Jail Const.& Staffing	-	-	-
Total Fund Equity	$ 11,328	$ 5,494	$ 16,822
Total Liabilities and Fund Equity	$ 11,328	$ 5,494	$ 16,822

MARION COUNTY, GEORGIA
OTHER GOVERNMENTAL FUNDS - COMBINING SCHEDULE OF
REVENUE AND EXPENDITURES AND CHANGES TO FUND BALANCE
December 31, 2011

	County Drug Education	County Jail Const.	Total Funds
Revenue:			
Intergovernmental	$ 3,980	$ 7,833	$ 11,813
Fines & Forfeitures	-	-	-
Interest	-	-	-
Total Revenue	$ 3,980	$ 7,833	$ 11,813
Expenditures:			
Judicial	$ 1,537	$ 6,673	$ 8,210
Total Expenditures	$ 1,537	$ 6,673	$ 8,210
Excess (Deficit) of Revenue Over Expenditures	$ 2,443	$ 1,160	$ 3,603
Fund Balance Beginning of Year	8,885	4,334	13,219
Fund Balance End of Year	$ 11,328	$ 5,494	$ 16,822

MARION COUNTY, GEORGIA
BALANCE SHEET - CAPITAL PROJECTS FUND
December 31, 2011

	Special 1% Sales Tax for Road, Water & Emergency Medical 4/1/2009
Assets	
Cash - Restricted	$ 661,267
Receviable- General Fund	
Total Assets	$ 661,267
Liabilities & Fund Equity	
Loan Payable	$ -
Total Liabilities	$ -
Fund Equity	
Reserve for Road & Bridge Maintenance	$ 661,267
Total Fund Equity	$ 661,267
Total Liabilities and Fund Equity	$ 661,267

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

MARION COUNTY, GEORGIA
CAPITAL PROJECTS FUND - COMBINING SCHEDULE OF
REVENUE AND EXPENDITURES AND CHANGES TO FUND BALANCE
December 31, 2011

	Special 1% Sales Tax for Road, Water & Emergency Medical 4/1/2009
Revenue:	
Taxes	$ 546,094
Intergovernmental	
Interest	
DOT Funds	81,914
Total Revenue	$ 628,008
Expenditures	
Public Works	$ 259,696
Capital Outlay	6,369
Marion County Water Department	25,000
To the City of Buena Vista, GA	190,829
Airport	43,108
Total Expenditures	$ 525,002
Excess (Deficit) of Revenues Over Expenditures	$ 103,006
Fund Balance Beginning of Year	$ 558,261
Fund Balance End of Year	$ 661,267

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

MARION COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
December 31, 2011

	Tax Commissioner	Clerk of Superior Court	Sheriff	Probate Court	Magistrate Court	Total
ASSETS						
Cash	$ 36,900	$ 4,942	$ 11,137	$ 4,087	$ 22	$ 57,088
Total Assets	$ 36,900	$ 4,942	$ 11,137	$ 4,087	$ 22	$ 57,088
LIABILITIES						
Accounts Payable	$ 36,900	$ 4,942	$ 11,137	$ 4,087	$ 22	$ 57,088
Accounts Payable & Fund Equity	$ 36,900	$ 4,942	$ 11,137	$ 4,087	$ 22	$ 57,088

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

MARION COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
December 31, 2011

	Balance 01/01/11	Additions	Deductions	Eliminations	Balance 12/31/11
Assets:					
Cash	$ 502,213	$ 6,550,874	$ 6,978,238	$ 17,761	$ 57,088
Liabilities:					
Due to General Fund	$ 502,213	$ 2,273,977	$ 2,256,216	$ -	$ 519,974
Due to Others	-	3,992,838	4,439,921	17,761	(464,844)
	$ 502,213	$ 6,266,815	$ 6,696,137	$ 17,761	$ 55,130

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

MARION COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
December 31, 2011

	Balance 01/01/11	Additions	Deductions	Eliminations	Balance 12/31/11
Sheriff					
Assets:					
Cash - Courthouse Account	$ 9,080	$ 70,499	$ 71,873	$0	$ 7,706
Special Account	3,965	11,146	11,260	420	3,431
Total Assets	$ 13,045	$ 81,645	$ 83,133	$ 420	$ 11,137
Liabilities:					
Accounts Payable	$ 13,045	$ 52,019	$ 53,927	$ -	$ 11,137
Due to General Fund	-	29,626	29,206	420	
Total Liabilities	$ 13,045	$ 81,645	$ 83,133	$ 420	$ 11,137
Probate Judge					
Assets:					
Cash	$ (40)	$ 121,172	$ 110,909	$ 6,136	$ 4,087
Total Assets	$ (40)	$ 121,172	$ 110,909	$ 6,136	$ 4,087
Liabilities:					
Accounts Payable	$ (40)	$ 40,915	$36,788	$ -	$ 4,087
Due to general fund	-	80,257	74,121	6,136	-
Total Liabilities	$ (40)	$ 121,172	$ 110,909	$ 6,136	$ 4,087
Magistrate Court					
Assets:					
Cash	$ (1,386)	$ 72,554	$ 68,754	$ 2,392	$ 22
Total Assets	$ (1,386)	$ 72,554	$ 68,754	$ 2,392	$ 22
Liabilities:					
Accounts Payable	$ (1,386)	$ 65,020	$ 63,612	$ -	$ 22
Due to general fund	-	7,534	5,142	2,392	-
Total Liabilities:	$ (1,386)	$ 72,554	$ 68,754	$ 2,392	$ 22

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

MARION COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
December 31, 2011

	Balance 01/01/11	Additions	Deductions	Eliminations	Balance 12/31/11
Tax Commissioner					
Assets:					
Cash	$ 483,983	$ 6,076,076	$ 6,521,934	$ 1,225	36,900
Total Assets	$ 483,983	$ 6,076,076	$ 6,521,934	$ 1,225	$ 36,900
Liabilities:					
Due to others	$ 483,983	$ 3,992,838	$ 4,439,921	$ -	$ 36,900
Due to General Fund	-	2,083,238	2,082,013	1,225	-
Total Liabilities	$ 483,983	$ 6,076,076	$ 6,521,934	$ 1,225	$ 36,900
Clerk of Superior Court					
Assets:					
Trust Funds	$ 5,381	$ 16,309	$ 15,507	$ -	$ 6,183
Cash - Superior Court	(1,244)	183,118	178,001	7,588	$ (3,715)
Total Assets	$ 6,611	$ 199,427	$ 193,508	$ 7,588	$ 4,942
Liabilities:					
Accounts Payable	$ 6,611	$ 126,105	$ 127,774	$ -	$ 4,942
Due to General Fund	-	73,322	65,734	7,588	-
Total Liabilities	$ 6,611	$ 199,427	$ 193,508	$ 7,588	$ 4,942

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

HERBERT E. ALLEN
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 6936
131 THOMAS DRIVE
AMERICUS, GEORGIA 31709
OFFICE: 229-928-4008
FAX: 229-924-1532
heallencpa@bellsouth.net

Member of the American Institute of Certified Public Accountants

Member of the Georgia Society of Certified Public Accountants

June 25, 2012

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for Marion County, Georgia for the year ended December 31, 2011. This schedule is the responsibility of Marion County, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated 48-8-121 on the modified accrual basis of accounting and is not intended to be a complete presentation of Marion County, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Marion County, Georgia's resolution or ordinance calling for the tax for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

HERBERT E. ALLEN, CPA

MARION COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	ESTIMATED COST		EXPENDITURES			ESTIMATED
PROJECT	ORIGINAL	CURRENT	PRIOR YEARS	CURRENT YEAR	TOTAL	% OF COMPLETION
4/1/2004						
Roads, Streets & Bridges	1,950,000	1,950,000	1,655,009	-	1,655,009	84.87%
Water & Sewer	650,000	650,000	303,455	-	303,455	46.69%
City-Buena Vista	1,400,000	1,400,000	865,908	-	865,908	61.85%
TOTAL	4,000,000	4,000,000	2,824,372	-	2,824,372	70.61%

	ESTIMATED COST		EXPENDITURES			ESTIMATED
PROJECT	ORIGINAL	CURRENT	PRIOR YEARS	CURRENT YEAR	TOTAL	% OF COMPLETION
4/1/2009						
Roads, Streets & Bridges						
Water & Sewer &						
Emergency Medical Services	5,200,000	5,200,000	49,991	334,173	384,164	7.39%
City-Buena Vista	2,800,000	2,800,000	301,844	190,829	492,673	17.74%
TOTAL	8,000,000	8,000,000	351,835	525,002	876,837	10.96%