

**ANNUAL FINANCIAL REPORT
MARSHALL COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
MARSHALL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010

DEPARTMENT OF AUDIT
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This financial report is available at www.tn.gov/comptroller

MARSHALL COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Marshall County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	25
Notes to the Financial Statements		26-65
REQUIRED SUPPLEMENTARY INFORMATION:		66
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	67-69
Highway/Public Works Fund	E-2	70
Schedule of Funding Progress – Pension Plan – Primary Government, Discretely Presented Marshall County School Department, and Discretely Presented Marshall County Board of Public Utilities	E-3	71
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Marshall County School Department	E-4	72
Notes to the Required Supplementary Information		73

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		74
Nonmajor Governmental Funds:		75-76
Combining Balance Sheet	F-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	78-79
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	80
Juvenile Services Fund	F-4	81
Public Library Fund	F-5	82
Solid Waste/Sanitation Fund	F-6	83
Industrial/Economic Development Fund	F-7	84
Special Purpose Fund	F-8	85
Drug Control Fund	F-9	86
Other Special Revenue Fund	F-10	87
Major Governmental Fund:		88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	89
Fiduciary Funds:		90
Combining Statement of Fiduciary Assets and Liabilities	H-1	91
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	92
Component Units:		
Discretely Presented Marshall County School Department:		93
Statement of Activities	I-1	94
Balance Sheet – Governmental Funds	I-2	95
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	96
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	97
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	98
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	101-102
School Federal Projects Fund	I-9	103
Central Cafeteria Fund	I-10	104
Discretely Presented Marshall County Board of Public Utilities:		105
Statement of Net Assets	J-1	106
Statement of Revenues, Expenses, and Changes in Net Assets	J-2	107
Statement of Cash Flows	J-3	108-109

	Exhibit	Page(s)
Miscellaneous Schedules:		110
Schedule of Changes in Long-term Notes, Other Loans, and Bonds – Primary Government and Discretely Presented Marshall County Board of Public Utilities	K-1	111-112
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Marshall County Board of Public Utilities	K-2	113-115
Schedule of Transfers – Primary Government and Discretely Presented Marshall County School Department	K-3	116
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government, Discretely Presented Marshall County School Department, and Discretely Presented Marshall County Board of Public Utilities	K-4	117
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	118-129
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Marshall County School Department	K-6	130-131
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	132-157
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Marshall County School Department	K-8	158-171
Schedule of Detailed Revenues and Expenses – Discretely Presented Marshall County Board of Public Utilities	K-9	172-173
Schedule of Utility Rates – Discretely Presented Marshall County Board of Public Utilities	K-10	174
Schedule of Unaccounted for Water – Discretely Presented Marshall County Board of Public Utilities	K-11	175
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-12	176
 <u>SINGLE AUDIT SECTION</u>		 177
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		178-180
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		181-183
Schedule of Expenditures of Federal Awards and State Grants		184-185
Schedule of Audit Findings Not Corrected		186
Schedule of Findings and Questioned Costs		187-192
Auditee Reporting Responsibilities		193

Audit Highlights
Annual Financial Report
Marshall County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Marshall County as of and for the year ended June 30, 2010.

Results

Our report on Marshall County's financial statements is unqualified.

Our audit resulted in four findings and recommendations, which we have reviewed with Marshall County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ The Ambulance Service had deficiencies in computer system backup procedures.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in the use of federal Title I cluster funds.
 - ◆ The office had deficiencies in the use of federal Special Education cluster funds.
-

OTHER FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
-

BEST PRACTICES

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

- Marshall County should adopt a central system of purchasing.
- Marshall County should establish an Audit Committee.

INTRODUCTORY SECTION

Marshall County Officials
June 30, 2010

Officials

Joe Liggett, County Mayor
Jerry Williams, Highway Superintendent
Roy Dukes, Director of Schools
Marilyn Ervin, Trustee
Linda Haislip, Assessor of Property
Daphne Fagan, County Clerk
Elinor Foster, Circuit, General Sessions, and Juvenile Courts Clerk
Tommy Higdon, Clerk and Master
Dorris Wayne Weaver, Register
Leslie Helton, Sheriff
Freda Terry, Director of Accounts and Budgets
Jessie Whaley, Jr., Board of Public Utilities Manager

Board of County Commissioners

Billy Spivey, Chairman	Mary Ann Neill
Dean Delk	Jimmy Stitt
Scotty Poarch	Anthony White
Rocky Bowden, Jr.	Seth Warf
Jimmy Wolaver	Wilford Wentzel
Ernest Hill, Jr.	Phil Willis
Tony Williams	Larry McKnight
Mickey King	Richard Medley
Don Ledford	Reynelle Smith

Board of Education

Mike Keny, Chairman	Delinda Owens
Randy Perryman	Harvey Jones, Jr.
Kristen Gold	Curt Denton
Craig Michael	Barbara Kennedy
Ann Tears	

Board of Public Utilities

Rocky Bowden, Jr., Chairman	Mary Ann Neill
Mickey King	Matthew Collins
William Blalock	

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

February 16, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marshall County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Marshall County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Marshall County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marshall County Emergency Communications District, which represent two percent and one percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as they relate to the amounts included for the Marshall County Emergency Communications District, is based solely on the report of other auditors.

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

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marshall County, Tennessee, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2011, on our consideration of Marshall County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.C., Marshall County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

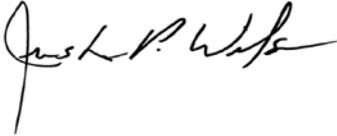
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 67 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marshall 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 Fund, combining and individual fund financial statements of the Marshall County School Department and the Marshall County Board of Public Utilities (discretely presented component units), 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 Fund, combining and individual fund financial statements of the Marshall County School Department and the Marshall County Board of Public Utilities (discretely presented component units), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Marshall County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government Governmental Activities	Component Units		
		Marshall County School Department	Marshall County Board of Public Utilities	Emergency Communi- cations District
<u>ASSETS</u>				
Cash	\$ 150	\$ 2,162	\$ 2,058	\$ 336,295
Equity in Pooled Cash and Investments	8,278,217	3,389,957	5,218,604	0
Investments	0	0	0	681,589
Inventories	0	0	53,093	0
Accrued Interest Receivable	0	0	0	1,621
Accounts Receivable	2,165,345	5,343	173,883	15,123
Due from State Emergency Communications Board	0	0	0	11,638
Allowance for Uncollectibles	(760,971)	0	0	0
Due from Other Governments	785,652	652,761	0	0
Property Taxes Receivable	7,356,008	8,651,079	0	0
Allowance for Uncollectible Property Taxes	(296,991)	(349,279)	0	0
Prepaid Items	0	270,401	0	21,865
Restricted Assets:				
Customer Deposits	0	0	57,199	0
Deferred Charges - Debt Issuance Costs	145,846	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	13,372,010	2,350,424	105,997	0
Construction in Progress	0	0	1,182,226	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	13,582,792	39,583,187	483,324	0
Infrastructure	11,600,928	0	11,618,894	0
Other Capital Assets	3,077,316	3,304,489	1,077,568	327,003
Total Assets	\$ 59,306,302	\$ 57,860,524	\$ 19,972,846	\$ 1,395,134
<u>LIABILITIES</u>				
Accounts Payable	\$ 283,046	\$ 0	\$ 16,631	\$ 0
Accrued Payroll	352,130	29,962	32,901	0
Accrued Interest Payable	714,247	0	1,931	0
Payroll Deductions Payable	8,208	786,831	1,370	0
Matured Bonds Payable	8,108	0	0	0
Deferred Revenue - Current Property Taxes	6,663,402	7,836,536	0	0
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	0	0	22,199	0
Other Payables from Restricted Assets	35,783	0	35,000	0
Noncurrent Liabilities:				
Due Within One Year	3,757,826	77,222	44,712	0
Due in More Than One Year (net of deferred amount on refunding)	40,556,294	2,846,341	1,450,244	0
Total Liabilities	\$ 52,379,044	\$ 11,576,892	\$ 1,604,988	\$ 0

(Continued)

Exhibit A

Marshall County, Tennessee
Statement of Net Assets (Cont.)

	Primary Governmental Activities	Component Units		
		Marshall County School Department	Marshall County Board of Public Utilities	Emergency Communi- cations District
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 29,536,171	\$ 0	\$ 12,991,830	\$ 0
Invested in Capital Assets	0	45,238,100	0	327,003
Restricted for:				
Debt Service	4,138,165	0	0	0
Highway/Public Works	663,034	0	0	0
Capital Projects	457,441	189,204	3,041,436	0
Solid Waste/Sanitation	125,467	0	0	0
Central Cafeteria	0	237,946	0	0
Courthouse and Jail Maintenance Projects	119,162	0	0	0
Alcohol and Drug Treatment	76,609	0	0	0
Health Department	65,400	0	0	0
Industrial/Economic Development	61,992	0	0	0
Juvenile Services	58,437	0	0	0
Automation Purposes	40,960	0	0	0
Drug Control	38,887	0	0	0
Other Purposes	13,654	37,041	0	0
Unrestricted	<u>(28,468,121)</u>	<u>581,341</u>	<u>2,334,592</u>	<u>1,068,131</u>
Total Net Assets	<u>\$ 6,927,258</u>	<u>\$ 46,283,632</u>	<u>\$ 18,367,858</u>	<u>\$ 1,395,134</u>

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

Exhibit B

Marshall County, Tennessee
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units		
						Marshall County School Department	Marshall County Board of Public Utilities	Emergency Communications District
Primary Government:								
General Government	\$ 686,244	\$ 295,483	\$ 27,020	\$ 0	\$ (363,741)	\$ 0	\$ 0	\$ 0
Finance	1,172,030	829,351	41,718	0	(300,961)	0	0	0
Administration of Justice	1,453,110	575,384	10,400	0	(867,326)	0	0	0
Public Safety	3,932,193	553,618	27,907	122,384	(3,228,284)	0	0	0
Public Health and Welfare	2,802,070	1,753,196	190,428	137,909	(720,537)	0	0	0
Social, Cultural, and Recreational Services	306,306	5,844	150	0	(300,312)	0	0	0
Agriculture and Natural Resources	108,294	0	0	0	(108,294)	0	0	0
Other Operations	4,238,266	0	42,656	0	(4,195,610)	0	0	0
Highways	3,288,317	35,947	1,808,426	0	(1,443,944)	0	0	0
Education	164,517	0	0	0	(164,517)	0	0	0
Interest on Long-term Debt	1,659,741	0	0	0	(1,659,741)	0	0	0
Other Debt Service	104,869	0	0	0	(104,869)	0	0	0
Total Governmental Activities	\$ 19,915,957	\$ 4,048,823	\$ 2,148,705	\$ 260,293	\$ (13,458,136)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 19,915,957	\$ 4,048,823	\$ 2,148,705	\$ 260,293	\$ (13,458,136)	\$ 0	\$ 0	\$ 0
Component Units:								
Marshall County School Department	\$ 42,093,811	\$ 1,223,965	\$ 4,490,736	\$ 159,926	\$ 0	\$ (36,219,184)	\$ 0	\$ 0
Marshall County Board of Public Utilities	2,059,988	1,563,779	9,787	4,839,565	0	0	4,353,143	0
Marshall County Emergency Communications District	320,061	245,794	199,899	0	0	0	0	125,632
Total Component Units	\$ 44,473,860	\$ 3,033,538	\$ 4,700,422	\$ 4,999,491	\$ 0	\$ (36,219,184)	\$ 4,353,143	\$ 125,632

(Continued)

Exhibit B

Marshall County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		Emergency Communications District	
				Marshall County School Department	Marshall County Board of Public Utilities		
Expenses				Primary Governmental Activities			
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 5,502,325	\$ 8,971,506	\$ 0	
Property Taxes Levied for Debt Service				2,155,019	0	0	
Local Option Sales Tax				1,794,120	1,824,087	0	
Other Local Taxes:							
Wheel Tax				1,265,488	0	0	
Mineral Severance Tax				170,787	0	0	
Business Tax				132,501	0	0	
Hotel/Motel Tax				122,608	0	0	
Litigation Tax - General				103,370	0	0	
Wholesale Beer Tax				82,192	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse				73,512	0	0	
Litigation Tax - Special Purpose				71,156	0	0	
Other Local Taxes				23,120	1,936	0	
Grants and Contributions Not Restricted for Specific Programs				529,040	23,118,728	0	
Unrestricted Investment Income				200,291	28	16,000	
Refund of Telecommunication and Internet Fees (E-Rate)				0	56,001	0	
Miscellaneous				249,358	29,297	501	
Gain on Disposal of Capital Assets				9,877	0	0	
Insurance Recovery				108,463	3,916	0	
Total General Revenues				\$ 12,593,227	\$ 34,005,499	\$ 32,569	
Change in Net Assets				\$ (864,909)	\$ (2,213,685)	\$ 158,201	
Prior-period Adjustment				0	0	0	
Net Assets, July 1, 2009				7,792,167	48,497,317	1,236,933	
Net Assets, June 30, 2010				\$ 6,927,258	\$ 46,283,632	\$ 1,395,134	

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

Marshall County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other			
					Governmental Funds	Governmental Funds		
\$ 150 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	150	
2,746,362	471,004	4,323,910	42,122	694,819	8,278,217			
2,098,669	4,640	14,821	0	47,215	2,165,345			
(760,971)	0	0	0	0	(760,971)			
221,249	328,741	235,662	0	0	785,652			
4,817,667	414,423	2,072,115	0	51,803	7,356,008			
(194,508)	(16,732)	(83,659)	0	(2,092)	(296,991)			
\$ 8,928,618	\$ 1,202,076	\$ 6,562,849	\$ 42,122	\$ 791,745	\$ 17,527,410			

ASSETS

Cash	\$ 150
Equity in Pooled Cash and Investments	2,746,362
Accounts Receivable	2,098,669
Allowance for Uncollectibles	(760,971)
Due from Other Governments	221,249
Property Taxes Receivable	4,817,667
Allowance for Uncollectible Property Taxes	(194,508)
Total Assets	\$ 8,928,618

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts Payable	\$ 205,959
Accrued Payroll	274,873
Payroll Deductions Payable	8,109
Matured Bonds Payable	0
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	200
Other Payables from Restricted Assets	0
Deferred Revenue - Current Property Taxes	4,364,059
Deferred Revenue - Delinquent Property Taxes	229,998
Other Deferred Revenues	867,906
Total Liabilities	\$ 5,951,104
Fund Balances	
Reserved for Alcohol and Drug Treatment	\$ 76,609
Reserved for Sexual Offender Registration	3,691
Reserved for Courtroom Security	7,673
Reserved for Courthouse and Jail Maintenance	119,162
Reserved for Automation Purposes - General Sessions Court	21,351

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds			
					General	Debt Service		
\$	4,675	0	0	0	0	0	4,675	
	11,760	0	0	0	0	0	11,760	
	1,510	0	0	0	0	0	1,510	
	1,664	0	0	0	0	0	1,664	
	67,690	0	0	0	0	0	67,690	
	2,661,729	0	0	0	0	0	2,661,729	
	0	502,105	0	0	284,783	0	786,888	
	0	0	4,503,810	0	0	0	4,503,810	
	0	0	0	42,122	440,531	0	482,653	
	<u>\$ 2,977,514</u>	<u>\$ 502,105</u>	<u>\$ 4,503,810</u>	<u>\$ 42,122</u>	<u>\$ 725,314</u>	<u>\$ 0</u>	<u>\$ 8,750,865</u>	
	<u>\$ 8,928,618</u>	<u>\$ 1,202,076</u>	<u>\$ 6,562,849</u>	<u>\$ 42,122</u>	<u>\$ 791,745</u>	<u>\$ 0</u>	<u>\$ 17,527,410</u>	

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
Reserved for Automation Purposes - Juvenile Court
Reserved for Automation Purposes - Chancery Court
Reserved for Automation Purposes - Other Courts
Reserved for Automation Purposes - County Clerk
Reserved for Other General Purposes
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Funds
Capital Projects Funds
Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Marshall County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 8,750,865
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 13,372,010	
Add: buildings and improvements net of accumulated depreciation	13,582,792	
Add: infrastructure net of accumulated depreciation	11,600,928	
Add: other capital assets net of accumulated depreciation	3,077,316	41,633,046
(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	\$ (8,382,000)	
Less: other loans payable	(2,068,000)	
Less: bonds payable	(33,879,693)	
Add: deferred amount on refunding	174,686	
Add: deferred charges - debt issuance costs	145,846	
Less: compensated absences payable	(159,113)	
Less: accrued interest on notes and bonds	(714,247)	(44,882,521)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,425,868
Net assets of governmental activities (Exhibit A)		\$ 6,927,258

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

Exhibit C-3

Marshall County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Governmental	Funds	
		Public Works	Debt Service	Capital Projects			
Revenues							
Local Taxes	\$ 5,670,142	\$ 797,120	\$ 5,016,580	\$ 0	\$ 395,668	\$ 11,879,510	
Licenses and Permits	114,644	0	0	0	0	114,644	
Fines, Forfeitures, and Penalties	97,927	0	0	0	82,836	180,763	
Charges for Current Services	1,365,882	0	0	0	120,094	1,485,976	
Other Local Revenues	272,448	68,350	56,029	0	435,197	832,024	
Fees Received from County Officials	1,357,926	0	0	0	0	1,357,926	
State of Tennessee	932,879	1,614,532	68,431	0	47,238	2,663,080	
Federal Government	164,410	197,746	0	0	0	362,156	
Other Governments and Citizens Groups	56,639	0	137,909	0	26,158	220,706	
Total Revenues	\$ 10,032,897	\$ 2,677,748	\$ 5,278,949	\$ 0	\$ 1,107,191	\$ 19,096,785	
Expenditures							
Current:							
General Government	\$ 988,730	\$ 0	\$ 0	\$ 0	\$ 43,820	\$ 1,032,550	
Finance	1,166,838	0	0	0	0	1,166,838	
Administration of Justice	831,807	0	0	0	76,081	907,888	
Public Safety	3,575,882	0	0	0	5,858	3,581,740	
Public Health and Welfare	2,483,616	0	0	0	306,075	2,789,691	
Social, Cultural, and Recreational Services	87,253	0	0	0	212,018	299,271	
Agriculture and Natural Resources	108,930	0	0	0	0	108,930	
Other Operations	254,456	0	0	3,857,000	127,148	4,238,604	
Highways	0	2,712,350	0	0	0	2,712,350	
Support Services	0	0	0	0	4,591	4,591	
Debt Service:							
Principal on Debt	0	0	3,479,797	0	0	3,479,797	
Interest on Debt	0	0	1,577,586	0	0	1,577,586	
Other Debt Service	0	0	78,471	0	0	78,471	
Capital Projects	0	0	0	541,178	561,466	1,102,644	
Total Expenditures	\$ 9,497,512	\$ 2,712,350	\$ 5,135,854	\$ 4,398,178	\$ 1,337,057	\$ 23,080,951	
Excess (Deficiency) of Revenues Over Expenditures	\$ 535,385	\$ (34,602)	\$ 1,43,095	\$ (4,398,178)	\$ (229,866)	\$ (3,984,166)	

(Continued)

Exhibit C-3

Marshall 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	General Capital Projects	Other Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	0	\$ 3,857,000	\$ 0	\$ 0	\$ 3,857,000
Insurance Recovery	53,843	1,104	0	52,500	1,016	1,016	108,463
Transfers In	300,055	0	52,319	0	569,842	569,842	922,216
Transfers Out	(244,000)	0	0	(270,000)	(408,216)	(408,216)	(922,216)
Total Other Financing Sources (Uses)	\$ 109,898	\$ 1,104	\$ 52,319	\$ 3,639,500	\$ 162,642	\$ 162,642	\$ 3,965,463
Net Change in Fund Balances	\$ 645,283	\$ (33,498)	\$ 195,414	\$ (758,678)	\$ (67,224)	\$ (67,224)	\$ (18,703)
Fund Balance, July 1, 2009	2,332,231	535,603	4,308,396	800,800	792,538	792,538	8,769,568
Fund Balance, June 30, 2010	\$ 2,977,514	\$ 502,105	\$ 4,503,810	\$ 42,122	\$ 725,314	\$ 725,314	\$ 8,750,865

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

Exhibit C-4

Marshall 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, 2010

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)		\$	(18,703)
(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	\$	1,376,064	
Less: current year depreciation expense		<u>(1,586,579)</u>	(210,515)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			(16,848)
(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, 2010	\$	1,425,868	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(1,563,220)</u>	(137,352)
(4) The issuance of long-term debt (e.g., notes, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Less: note proceeds	\$	(3,857,000)	
Add: principal payments on notes		805,000	
Add: principal payments on other loans		353,000	
Add: principal payments on bonds		2,321,797	
Less: change in deferred debt issuance costs		(8,638)	
Less: change in deferred amount on refunding debt		<u>(17,760)</u>	(403,601)
(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 accrued interest payable	\$	(82,155)	
Change in compensated absences payable		<u>4,265</u>	<u>(77,890)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (864,909)</u>

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

Exhibit D

Marshall County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,326,334
Accounts Receivable	270
Due from Other Governments	<u>282,904</u>
Total Assets	<u>\$ 1,609,508</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 282,904
Due to Litigants, Heirs, and Others	<u>1,326,604</u>
Total Liabilities	<u>\$ 1,609,508</u>

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

MARSHALL COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marshall 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 Marshall County:

A. Reporting Entity

Marshall County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Marshall 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 relationship 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 Marshall County School Department operates the public school system in the county, and the voters of Marshall County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Marshall County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Marshall County, and the Marshall 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 Marshall County Board of Public Utilities provides water services for the citizens of Marshall County, and the Marshall County Commission appoints its governing body. The public utility may not issue debt without county approval, and its budget is subject to the County Commission's approval. Water sales are the major source of funding, with the county being contingently liable for any debt.

The Marshall County School Department and the Marshall County Board of Public Utilities do not issue separate financial statements from those of the county. Therefore, basic financial statements of the Marshall County School Department and the Marshall County Board of Public Utilities are included in this report as listed in the table of contents. Complete financial statements of the Marshall County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Marshall County Emergency Communications District
1350 L & L Lane
Lewisburg, TN 37091

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Marshall County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Marshall County School Department component unit only reports governmental activities in the government-wide financial statements while the Marshall County Board of Public Utilities component unit reports an enterprise fund.

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.

Marshall County issues all debt for the discretely presented Marshall County School Department and the discretely presented Marshall County Board of Public Utilities. Net debt issues totaling \$3,857,000 were contributed by the county to the Public Utility during the year ended June 30, 2010.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. 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 Marshall County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

Separate financial statements are provided for governmental funds, the proprietary fund, 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. Marshall 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 General Debt Service Fund 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.

Proprietary fund and fiduciary funds 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.

Marshall 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 fund accounts for transactions of the county’s Highway Department.

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.

General Capital Projects Fund – This fund is used to account for the acquisition or construction of major capital facilities for the general government.

Additionally, Marshall County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Marshall County. 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 Marshall County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Additionally, the Marshall County School Department reports the following fund types:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Fund – The Education Capital Projects Fund accounts for School Department construction and renovations.

The discretely presented Marshall County Board of Public Utilities reports the following major proprietary fund:

Board of Public Utilities Fund – This fund accounts for water distribution services to areas of the county not served by existing municipal systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitations. The Marshall County Board of Public Utilities 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; (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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The discretely presented Marshall County Board of Public Utilities has one proprietary fund, an enterprise fund, used to account for water distribution services to areas of the county not served by existing municipal systems. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's enterprise fund are charges for services. Operating expenses for the enterprise fund include payments to vendors, administrative expenses, and employee benefits.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows for the discretely presented Board of Public Utilities Fund, cash includes cash on hand, demand deposits, and cash on deposit with the county trustee.

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, the discretely presented Marshall County School Department, and the discretely presented Marshall County Board of Public Utilities. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General Debt Service and Highway Capital Projects funds. Marshall County, the School Department, and the Board of Public Utilities have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

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 ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

Accounts receivable for water sales are shown without an allowance for uncollectibles. The Marshall County Board of Public Utilities does not provide an allowance for uncollectible accounts because of its ability to stop service for nonpaying customers.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. Current liabilities payable from restricted assets reflected in the General and Highway/Public Works funds represent deposits held for property damage on rented property (\$200) and road damage and repairs (\$35,583), respectively. Current liabilities payable from

restricted assets reflected in the Board of Public Utilities Fund represent funds on deposit with the county trustee for sewer system construction (\$35,000) and customer deposits (\$22,199).

3. Inventories and Prepaid Items

Inventories of the Marshall County Board of Public Utilities are recorded at cost, determined on the first-in, first-out method. Inventories are recorded as expenditures when consumed rather than when purchased.

Insurance prepayments reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements of the discretely presented School Department.

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 primary government and the discretely presented School Department and Board of Public Utilities 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 (\$25,000 infrastructure) and an estimated useful life of 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. Interest incurred during the construction phase of capital assets of the Marshall County Board of Public Utilities Fund is included as part of the capitalized value of the assets constructed.

Property, plant, equipment, and infrastructure of the primary government, the discretely presented School Department, and the discretely presented Board of Public Utilities are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	7-40
Other Capital Assets	5-20
Infrastructure:	
Roads	50
Bridges	50
Water Systems	50

5. Compensated Absences

It is the policy of the county, the discretely presented Marshall County School Department, and the discretely presented Marshall County Board of Public Utilities to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the county, the School Department, and the Board of Public Utilities do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and its discretely presented component units. A liability for vacation benefits is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2010, Marshall County had \$26,424,230 in outstanding debt for capital purposes for the discretely presented Marshall County School Department and \$5,771,693 in outstanding debt for capital purposes for the discretely presented Marshall County Board of Public Utilities. These debts are a liability of Marshall County, but the capital assets acquired are reported in the financial statements of the School Department and the Board of Public Utilities. Therefore, Marshall County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2010:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Tourism	\$ 161,883
Public Library	64,450
Courthouse and Jail Maintenance	54,664
Emergency Management	20,851
Education Capital Projects:	
Technology	25,045

8. Prior-period Adjustment

Capital assets of the Marshall County Board of Public Utilities were restated \$1,035,007 from the prior year because construction in progress was misstated.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Marshall County School Department

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

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

Primary Government

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

Discretely Presented Marshall County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt 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, Other Boards and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

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

The General Purpose School Fund's actual fund balance at July 1, 2009, was \$2,378,250; however, the estimated fund balance reflected in the county's budget was \$2,110,909. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$267,341.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Marshall County, the Marshall County School Department, and the Marshall County Board of Public Utilities participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents 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; deposit accounts 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, 2010, Marshall County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Marshall County, the Marshall County School Department, and the Marshall County Board of Public Utilities since all pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 2,287

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. Marshall 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. Marshall County has no investment policy that would further limit its investment choices. As of June 30, 2010, Marshall County’s investment in the State Treasurer’s Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 13,372,010	\$ 0	\$ 0	\$ 13,372,010
Construction in Progress	70,185	0	(70,185)	0
Total Capital Assets Not Depreciated	<u>\$ 13,442,195</u>	<u>\$ 0</u>	<u>\$ (70,185)</u>	<u>\$ 13,372,010</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 16,860,474	\$ 550,363	\$ 0	\$ 17,410,837
Infrastructure	25,092,032	624,939	0	25,716,971
Other Capital Assets	6,915,133	270,947	(32,919)	7,153,161
Total Capital Assets Depreciated	<u>\$ 48,867,639</u>	<u>\$ 1,446,249</u>	<u>\$ (32,919)</u>	<u>\$ 50,280,969</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,397,605	\$ 430,440	\$ 0	\$ 3,828,045
Infrastructure	13,625,998	490,045	0	14,116,043
Other Capital Assets	3,425,822	666,094	(16,071)	4,075,845
Total Accumulated Depreciation	<u>\$ 20,449,425</u>	<u>\$ 1,586,579</u>	<u>\$ (16,071)</u>	<u>\$ 22,019,933</u>
Total Capital Assets Depreciated, Net	<u>\$ 28,418,214</u>	<u>\$ (140,330)</u>	<u>\$ (16,848)</u>	<u>\$ 28,261,036</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,860,409</u>	<u>\$ (140,330)</u>	<u>\$ (87,033)</u>	<u>\$ 41,633,046</u>

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

Governmental Activities:

General Government	\$	133,919
Finance		4,899
Administration of Justice		7,297
Public Safety		449,256
Public Health and Welfare		181,939
Social, Cultural, and Recreational Services		8,043
Highway/Public Works		<u>801,226</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$</u>	 <u>1,586,579</u>

Discretely Presented Marshall County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 2,350,424	\$ 0	\$ 0	\$ 2,350,424
Construction in Progress	1,158,648	40,307	(1,198,955)	0
Total Capital Assets Not Depreciated	<u>\$ 3,509,072</u>	<u>\$ 40,307</u>	<u>\$ (1,198,955)</u>	<u>\$ 2,350,424</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 69,435,139	\$ 180,936	\$ 0	\$ 69,616,075
Other Capital Assets	4,028,623	1,394,185	0	5,422,808
Total Capital Assets Depreciated	<u>\$ 73,463,762</u>	<u>\$ 1,575,121</u>	<u>\$ 0</u>	<u>\$ 75,038,883</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 28,406,492	\$ 1,626,396	\$ 0	\$ 30,032,888
Other Capital Assets	1,833,809	284,510	0	2,118,319
Total Accumulated Depreciation	<u>\$ 30,240,301</u>	<u>\$ 1,910,906</u>	<u>\$ 0</u>	<u>\$ 32,151,207</u>
Total Capital Assets Depreciated, Net	<u>\$ 43,223,461</u>	<u>\$ (335,785)</u>	<u>\$ 0</u>	<u>\$ 42,887,676</u>
Governmental Activities Capital Assets, Net	<u>\$ 46,732,533</u>	<u>\$ (295,478)</u>	<u>\$ (1,198,955)</u>	<u>\$ 45,238,100</u>

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

Governmental Activities:

Support Services	\$	1,904,989
Operation of Non-Instructional Services		<u>5,917</u>
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>1,910,906</u>

Discretely Presented Marshall County Board of Public Utilities

Business-type Activities:

	Restated Balance 7-1-09*	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 105,997	\$ 0	\$ 0	\$ 105,997
Construction in Progress	<u>2,763,364</u>	<u>939,165</u>	<u>(2,520,303)</u>	<u>1,182,226</u>
Total Capital Assets Not Depreciated	<u>\$ 2,869,361</u>	<u>\$ 939,165</u>	<u>\$ (2,520,303)</u>	<u>\$ 1,288,223</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 537,470	\$ 0	\$ (6,750)	\$ 530,720
Infrastructure	13,984,843	2,520,304	0	16,505,147
Other Capital Assets	<u>1,857,203</u>	<u>118,244</u>	<u>0</u>	<u>1,975,447</u>
Total Capital Assets Depreciated	<u>\$ 16,379,516</u>	<u>\$ 2,638,548</u>	<u>\$ (6,750)</u>	<u>\$ 19,011,314</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 39,929	\$ 14,217	\$ (6,750)	\$ 47,396
Infrastructure	4,602,355	283,898	0	4,886,253
Other Capital Assets	<u>719,799</u>	<u>178,080</u>	<u>0</u>	<u>897,879</u>
Total Accumulated Depreciation	<u>\$ 5,362,083</u>	<u>\$ 476,195</u>	<u>\$ (6,750)</u>	<u>\$ 5,831,528</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,017,433</u>	<u>\$ 2,162,353</u>	<u>\$ 0</u>	<u>\$ 13,179,786</u>
Business-type Activities Capital Assets, Net	<u>\$ 13,886,794</u>	<u>\$ 3,101,518</u>	<u>\$ (2,520,303)</u>	<u>\$ 14,468,009</u>

*Restated for prior-period adjustment. See note I.D.8.

Depreciation expense totaled \$476,195 for the year ended June 30, 2010.

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	\$ 211,926
Nonmajor governmental	General Purpose School	4,550

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, 2010, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>		
	General Fund	Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 0	\$ 244,000
General Capital Projects Fund	0	0	270,000
Nonmajor governmental funds	300,055	52,319	55,842
Total	\$ 300,055	\$ 52,319	\$ 569,842

Discretely Presented Marshall County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental funds	\$ 31,393

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.

D. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds and capital outlay notes have been issued to refund other general obligation bonds and notes. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 38 years for bonds, up to 12 years for notes, and up to 28 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	2 to 4.5 %	\$ 22,480,000	\$ 18,280,000
General Obligation Bonds - Refunding	2.1 to 4.25	18,085,000	13,685,000
Water Revenue and Tax Bond	4.13	1,940,000	1,914,693
Capital Outlay Notes	1.9 to 4.26	10,682,000	8,157,000
Capital Outlay Notes - Refunding	4.15	1,050,000	225,000
Other Loans	Variable	5,480,000	2,068,000

In prior years, Marshall County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$1,980,000, \$1,500,000, and \$2,000,000 to Marshall County for various renovation and construction projects. The loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of

credit, and debt remarketing) in connection with these loans. At June 30, 2010, the variable interest rates were .44 to .62 percent and other fees totaled approximately .25 to .3 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and \$85 per month trustee fee per loan.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 830,000	\$ 190,696	\$ 1,020,696
2012	4,722,000	161,887	4,883,887
2013	780,000	131,920	911,920
2014	530,000	69,092	599,092
2015	555,000	50,107	605,107
2016-2019	965,000	72,939	1,037,939
Total	<u>\$ 8,382,000</u>	<u>\$ 676,641</u>	<u>\$ 9,058,641</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 371,000	\$ 9,771	\$ 10,536	\$ 391,307
2012	183,000	7,686	8,352	199,038
2013	191,000	6,774	7,638	205,412
2014	52,000	5,821	6,047	63,868
2015	54,000	5,592	5,850	65,442
2016-2020	288,000	24,297	26,084	338,381
2021-2025	324,000	17,654	20,345	361,999
2026-2030	365,000	10,168	13,882	389,050
2031-2033	240,000	2,128	4,815	246,943
Total	<u>\$ 2,068,000</u>	<u>\$ 89,891</u>	<u>\$ 103,549</u>	<u>\$ 2,261,440</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 2,397,713	\$ 1,259,117	\$ 3,656,830
2012	2,493,668	1,172,686	3,666,354
2013	2,129,663	1,080,823	3,210,486
2014	2,045,700	1,001,111	3,046,811
2015	1,756,780	931,530	2,688,310
2016-2020	9,851,765	3,631,469	13,483,234
2021-2025	6,206,461	2,032,819	8,239,280
2026-2030	5,014,092	945,846	5,959,938
2031-2035	1,041,468	253,922	1,295,390
2036-2040	345,819	160,521	506,340
2041-2045	424,883	81,457	506,340
2046-2047	171,681	6,607	178,288
Total	<u>\$ 33,879,693</u>	<u>\$ 12,557,908</u>	<u>\$ 46,437,601</u>

There is \$4,503,810 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,258, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans, totaled \$1,656, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2009	\$ 36,201,490	\$ 5,330,000
Additions	0	3,857,000
Deductions	(2,321,797)	(805,000)
Balance, June 30, 2010	<u>\$ 33,879,693</u>	<u>\$ 8,382,000</u>
Balance Due Within One Year	<u>\$ 2,397,713</u>	<u>\$ 830,000</u>

Governmental Activities:

	Other Loans	Compensated Absences
Balance, July 1, 2009	\$ 2,421,000	\$ 163,378
Additions	0	353,712
Deductions	(353,000)	(357,977)
Balance, June 30, 2010	<u>\$ 2,068,000</u>	<u>\$ 159,113</u>
Balance Due Within One Year	<u>\$ 371,000</u>	<u>\$ 159,113</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 44,488,806
Less: Due Within One Year	(3,757,826)
Less: Deferred Amount on Refunding	<u>(174,686)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 40,556,294</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Marshall County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Marshall County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 122,367	\$ 1,914,129
Additions	112,179	1,368,548
Deductions	(80,103)	(513,557)
Balance, June 30, 2010	<u>\$ 154,443</u>	<u>\$ 2,769,120</u>
Balance Due Within One Year	<u>\$ 77,222</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 2,923,563
Less: Due Within One Year	<u>(77,222)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,846,341</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

Discretely Presented Marshall County Board of Public Utilities

Revenue bonds were issued to provide funds for the acquisition and construction of major capital assets with original terms up to 38 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All revenue bonds notes will be retired by the utility.

Revenue bonds of the utility outstanding as of June 30, 2010, for business-type activities were as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
FHA Bonds	4.38 to 4.63 %	\$ 1,704,000	\$ 1,476,179

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2010, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 25,935	\$ 67,293	\$ 93,228
2012	27,120	66,108	93,228
2013	28,357	64,871	93,228
2014	29,653	63,575	93,228
2015	31,007	62,221	93,228
2016-2020	155,739	288,534	444,273
2021-2025	170,191	245,339	415,530
2026-2030	212,279	201,181	413,460
2031-2035	264,774	148,686	413,460
2036-2040	330,254	83,206	413,460
2041-2044	200,870	13,511	214,381
Total	<u>\$ 1,476,179</u>	<u>\$ 1,304,525</u>	<u>\$ 2,780,704</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Bonds	Compensated Absences
Balance, July 1, 2009	\$ 1,550,982	\$ 16,695
Additions	0	29,481
Deductions	(74,803)	(27,399)
Balance, June 30, 2010	<u>\$ 1,476,179</u>	<u>\$ 18,777</u>
Balance Due Within One Year	<u>\$ 25,935</u>	<u>\$ 18,777</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 1,494,956
Less: Due Within One Year	<u>(44,712)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,450,244</u>

E. On-Behalf Payments – Discretely Presented Marshall County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Marshall 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, 2010, were \$24,022 and \$22,282, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government and the Discretely Presented Marshall County Board of Public Utilities

Marshall County and the Marshall County Board of Public Utilities are exposed to various risks related to general liability, property, and casualty losses. In prior years, the county and the Board of Public Utilities decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The county and the Board of Public Utilities joined 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 and the Board of Public Utilities pay annual premiums to the LGPCF for their 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.

In prior years, Marshall County and the Marshall County Board of Public Utilities decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers' compensation coverage. Marshall County and the Board of Public Utilities joined the Local Government Workers' Compensation Fund (LWCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. Marshall County and the Board of Public Utilities pay annual premiums to the LWCF for their workers' compensation coverage. The creation of the LWCF provides for it to be self-sustaining through member premiums.

Marshall County and the Marshall County Board of Public Utilities purchase commercial health insurance for employees of the general government and the utility. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Effective November 23, 2009, pre-65 age retirees are not allowed to participate in the health insurance program.

Discretely Presented Marshall County School Department

The discretely presented Marshall County 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, casualty, and worker's compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The discretely presented Marshall County 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, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Risk Financing Activities

Marshall County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Marshall County's share of this second assessment totaled \$24,573.

C. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be

recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Marshall County, the Marshall County School Department, and the Marshall County Board of Public Utilities had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that the county, the School Department, and the Board of Public Utilities may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Marshall County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Marshall County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Marshall County may enter into derivative transactions in subsequent years.

D. Subsequent Event

On August 31, 2010, Leslie Helton left the Office of Sheriff and was succeeded by Norman Dalton.

E. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney has not responded to requests to provide estimates of the potential claims not covered by insurance. However, management believes that any claims resulting from such litigation would not materially affect the county's financial statements.

Marshall County is contingently liable for certain water revenue and tax bonds totaling \$1,476,179 issued or assumed by the discretely presented

Marshall County Board of Public Utilities. In the event that revenues of the utility are insufficient to meet the debt service requirements, the payments will be made by Marshall County from ad valorem taxes levied upon all property in the county.

F. Change in Administration

On October 5, 2009, Stan Curtis left the Office of Director of Schools and was succeeded by Roy Dukes.

G. Joint Ventures

Primary Government

The Marshall County Joint Economic Development Board is a joint venture between Marshall County, the City of Lewisburg, the Town of Chapel Hill, the Town of Petersburg, and the Town of Cornersville. The board comprises the county mayor, city mayor, town administrators, and 16 additional members. The purpose of the board is to foster communication and facilitate economic and community development between and among governmental entities, industry, and private citizens. The city, towns, and county provide the majority of funding for the board based on the percentage of its population compared to the total census of the county. Marshall County has been designated as the fiscal agent for the board and accounts for its activities through the Industrial/Economic Development Fund (special revenue fund), which is included in the financial statements of this report. Marshall County contributed \$55,842 to the operations of the board during the year ended June 30, 2010.

The Seventeenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Seventeenth Judicial District, Bedford, Lincoln, Moore, and Marshall 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 the judicial district. Marshall County did not contribute to the DTF for the year ended June 30, 2010.

Marshall County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Seventeenth Judicial District Drug Task Force
P.O. Box 878
Fayetteville, TN 37334

Discretely Presented Marshall County School Department

The discretely presented School Department participates in the Volunteer State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Humphreys County, Manchester City, Marshall County, Maury County, Robertson County, and Stewart County. The cooperative was authorized through Chapter 49 of Tennessee Code Annotated to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Stewart County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts; and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee.

Complete financial statements for the Volunteer State Cooperative can be obtained from its administrative office at the following address:

Administrative Office:

Volunteer State Cooperative
P.O. Box 433
110 Natcor Drive
Dover, TN 37058

H. Retirement Commitments

Employees

Plan Description

Employees of Marshall County, the Marshall County School Department, and the Marshall County Board of Public Utilities 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 Marshall County, the School Department, and the Board of Public Utilities 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 www.tn.gov/treasury/tcrs/PS.

Funding Policy

Marshall County, the School Department, and the Board of Public Utilities require employees to contribute five percent of earnable compensation. Marshall County, the School Department, and the Board of Public Utilities are required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 8.86 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Marshall County, the School Department, and the Board of Public Utilities is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, Marshall County, the School Department, and the Board of Public Utilities annual pension cost of \$988,190 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three

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 five-year period. Marshall County, the School Department, and the Board of Public Utilities unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$ 988,190	100%	\$0
6-30-09	1,012,014	100	0
6-30-08	940,845	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 81.12 percent funded. The actuarial accrued liability for benefits was \$27.29 million, and the actuarial value of assets was \$22.13 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.15 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.21 million, and the ratio of the UAAL to the covered payroll was 45.98 percent.

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

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

School Teachers

Plan Description

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Marshall County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the Marshall County 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, 2010, 2009, and 2008, were \$1,183,280, \$1,173,126, and \$1,060,940, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Primary Government and the Discretely Presented Marshall County Board of Public Utilities

Marshall County and the discretely presented Marshall County Board of Public Utilities provide postemployment healthcare benefits through a commercial carrier that allows pre-65 age retirees to remain in the plan at the active employees' rate. However, on November 23, 2009, the County Commission adopted a resolution effectively terminating future postemployment benefits for all employees who did not meet eligibility

requirements by June 30, 2010. Currently, 18 employees meet those requirements. Marshall County and the Board of Public Utilities did not obtain an actuarial valuation to determine the data necessary for the measurement, recognition, and display of other postemployment benefits necessary to prepare government-wide financial statements and note disclosures as required by Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. However, we believe the omission of this data is not material to the government-wide financial statements for the year ended June 30, 2010.

Discretely Presented Marshall County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated, for employees of local education agencies. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) 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://tn.gov/finance/act/cafr.html>.

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is 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 the plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 members and a full subsidy based on years of service for post-65 members in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select, ranging from \$75 to \$598 per month. The School Department recognized expenditures of \$513,557 for postemployment health care during the year ended June 30, 2010.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 1,364,000
Interest on the NPO	86,136
Adjustment to the ARC	(81,588)
Annual OPEB cost	<hr/> \$ 1,368,548
Amount of contribution	(513,557)
Increase/decrease in NPO	<hr/> \$ 854,991
Net OPEB obligation, 7-1-09	<hr/> 1,914,129
Net OPEB obligation, 6-30-10	<hr/> <hr/> \$ 2,769,120

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 1,250,000	24 %	\$ 946,904
6-30-09	"	1,264,138	23	1,914,129
6-30-10	"	1,368,548	38	2,769,120

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

(dollars in thousands)

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 10,540
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 10,540
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 23,119
UAAL as a % of covered payroll	46%

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, 2009, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Office of Central Accounting and Budgeting

Marshall County operates under provisions of Chapter 17, Private Acts of 2005, which provides for a central system of accounting and budgeting covering funds administered by the county mayor and highway superintendent. These funds are maintained in the Office of Director of Accounts and Budgets.

K. Purchasing Laws

Office of County Mayor

Purchasing procedures for this office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for competitive bids on all purchases exceeding \$10,000. Chapter 17, Private Acts of 2005, requires that purchases exceeding \$500 be approved in advance by the director of accounts and budgets.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by Chapter 17, Private Acts of 2005, and the Uniform Road Law, Section 54-7-113, TCA. Competitive bids are required to be solicited through newspaper advertisement for all purchases exceeding \$10,000, and purchases exceeding \$500 are required to have prior approval by the director of accounts and budgets.

Office of Director of Schools

Purchasing procedures for the Marshall County School Department are governed by purchasing laws applicable to 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 chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

Office of Board of Public Utilities

The utility has a general policy of requiring all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

VI. OTHER NOTES – DISCRETELY PRESENTED MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Organization and Reporting Entity

The Marshall County Emergency Communications District was organized under the Tennessee Emergency Communications District Law for the purpose of providing an emergency number to shorten the time required for residents of Marshall County, Tennessee, to request emergency services. The district is governed by a board of directors appointed by the Marshall County Board of Commissioners. The district is a component unit of Marshall County, but operates as a stand-alone operation. The district has to present its budget to the county clerk for the county commissioners, but the commissioners do not approve the budget. The district must obtain County Commission approval before the issuance of most debt, and the County Commission has the ability to adjust the district's service charges.

B. Summary of Significant Accounting Policies

Accounting Policies – The district has adopted the policy of following Governmental Accounting Standards Board (GASB) Statement No. 20 option number one in accordance with Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts. The district only follows GASB standards issued subsequent to November 30, 1989. These

financial statements have been presented in accordance with GASB Statement No. 34 and the format outlined in Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts.

Method of Accounting – The district keeps records and prepares its financial statements and budgets on the cash basis method of accounting. The accompanying financial statements are prepared on the accrual basis, whereby revenues are recognized when earned and measurable and expenses when incurred, if measurable. Revenues from telephone charges are recognized in the period they are earned by the phone service supplier. This is in accordance with policies set forth by the Governmental Accounting Standards Board, which the district is required to follow by the Tennessee Office of the Comptroller.

Equipment – The district's equipment is stated at cost and is depreciated on the straight-line method using an estimated useful life of five to ten years. Assets with a cost of \$2,500 or more are capitalized. Maintenance and repairs are charged to expenses as incurred.

Cash and Cash Equivalents – For the purpose of the Statement of Cash Flows, the district considers all highly liquid investments with original maturities of three months or less to be cash or cash equivalents.

Operating and Non-operating Revenues – Operating revenues are emergency telephone charges. Non-operating revenues include interest income and grant income.

C. Cash and Certificates of Deposit

All deposits with financial institutions must be secured by either FDIC deposit insurance or the depository bank must collateralize the deposits in excess of FDIC coverage. 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 funds accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts 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 the purposes of credit risk disclosure.

The district's carrying amount of cash and certificates of deposit was \$1,017,884 at June 30, 2010, while the bank's reported balance was \$1,017,884 at June 30, 2010. Accounts are covered by either FDIC or NSUA

up to \$250,000 at each institution. The uninsured balance as of June 30, 2010 was \$0.

D. Investments

The district is 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. Longer investments may be made if various restrictions set out in state law are followed.

Investments at June 30, 2010, consist of certificates of deposit with maturities ranging from three months to two years. These investments are reported at fair value.

E. 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. The district has no investment policy that would further limit its investment choices. The district chooses to limit its investments to certificates of deposits in banks covered by FDIC insurance, NCUA insurance, or which participate in the bank collateral pool.

F. Prepaid Lease

The district entered into an agreement with the City of Lewisburg, Tennessee, on October 10, 1996. The agreement is for 20 years, and the consideration was \$2,000 per year, which could be paid in advance. The district paid the full \$40,000 in advance. The yearly cost is expensed to occupancy cost. The city will house E911 equipment and supply dispatchers trained to receive emergency phone calls and transfer those calls to the appropriate agency.

G. Equipment and Leasehold Improvements

The following summarizes changes in equipment and leasehold improvements for the year ended June 30, 2010:

	Beginning Balance	Increase	Ending Balance
<u>Capital Assets</u>			
Communication Equipment	\$ 582,141	\$ 31,686	\$ 613,827
Furniture and Fixtures	64,118	0	64,118
Tower Property	107,530	0	107,530
Improvements	0	4,200	4,200
Stored Equipment	246,418	0	246,418
	<u>\$ 1,000,207</u>	<u>\$ 35,886</u>	<u>\$ 1,036,093</u>
<u>Accumulated Depreciation</u>			
Communication Equipment	\$ 271,247	\$ 71,816	\$ 343,063
Furniture and Fixtures	23,909	6,685	30,594
Tower Property	81,948	10,024	91,972
Improvements	0	350	350
Stored Equipment	237,810	5,301	243,111
	<u>\$ 614,914</u>	<u>\$ 94,176</u>	<u>\$ 709,090</u>
Capital Assets (Net)	<u>\$ 385,293</u>		<u>\$ 327,003</u>

H. Accounts Receivable

Accounts receivable consists of amounts due from the various telephone companies for emergency telephone surcharges collected prior to year-end and not remitted until after June 30, 2010.

I. Risk Financing and Related Insurance Issues

The district's liability is limited. The board/management is covered by a management liability policy. The district also holds three statutory bonds on the chairman, secretary/treasurer, and the addressing coordinator/bookkeeper. The district carries a business auto liability policy and a commercial package policy to cover property, etc. The district only furnishes equipment to the city or county agencies. Neither the city nor the district assumes any liability for any agency's failure to equip, staff, or train their agency or personnel. The district operates as a support unit for these agencies. The district has not experienced any claims or losses in the prior seven years.

J. Budgets and Budgetary Accounting

An operating budget is legally required to be adopted each year for the purpose of controlling the expenditures on a line-item level of control. The budgets are prepared and maintained on a cash basis. Amendments are made when considered necessary. The district adopted a budget at the beginning of the year and made appropriate amendments as needed during

the year so that the final budget equaled the actual revenues and expenditures at year end.

K. Subsequent Events

There have been no events occurring subsequent to the financial statement date that require disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,670,142	\$ 0	\$ 5,670,142	\$ 5,489,150	\$ 5,378,971	\$ 291,171
Licenses and Permits	114,644	0	114,644	102,700	104,560	10,084
Fines, Forfeitures, and Penalties	97,927	0	97,927	72,150	72,150	25,777
Charges for Current Services	1,365,882	0	1,365,882	1,252,007	1,252,007	113,875
Other Local Revenues	272,448	0	272,448	158,123	189,698	82,750
Fees Received from County Officials	1,357,926	0	1,357,926	1,320,550	1,320,670	37,256
State of Tennessee	932,879	0	932,879	883,636	943,836	(10,957)
Federal Government	164,410	0	164,410	185,452	297,813	(133,403)
Other Governments and Citizens Groups	56,639	0	56,639	57,743	64,243	(7,604)
<u>Total Revenues</u>	<u>\$ 10,032,897</u>	<u>\$ 0</u>	<u>\$ 10,032,897</u>	<u>\$ 9,521,511</u>	<u>\$ 9,623,948</u>	<u>\$ 408,949</u>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 147,335	\$ 0	\$ 147,335	\$ 178,204	\$ 179,586	\$ 32,251
Board of Equalization	2,030	0	2,030	3,048	3,048	1,018
Other Boards and Committees	3,266	0	3,266	9,025	9,025	5,759
County Mayor/Executive	131,887	0	131,887	131,931	133,231	1,344
County Attorney	36,293	0	36,293	40,450	40,450	4,157
Election Commission	132,278	0	132,278	148,745	156,745	24,467
Register of Deeds	182,415	0	182,415	190,498	190,498	8,083
Planning	9,250	0	9,250	9,250	9,250	0
Building	127,965	0	127,965	157,945	157,945	29,980
County Buildings	216,011	0	216,011	192,936	300,488	84,477
<u>Finance</u>						
Accounting and Budgeting	338,715	0	338,715	321,401	352,201	13,486

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Property Assessor's Office	\$ 243,620	\$ 0	\$ 243,620	\$ 252,469	\$ 252,469	\$ 8,849
Reappraisal Program	90,054	0	90,054	99,151	99,151	9,097
County Trustee's Office	168,406	0	168,406	170,981	170,981	2,575
County Clerk's Office	326,043	0	326,043	333,045	333,045	7,002
<u>Administration of Justice</u>						
Circuit Court	328,421	0	328,421	342,079	342,079	13,658
General Sessions Court	143,899	0	143,899	143,945	144,265	366
Chancery Court	208,345	0	208,345	208,859	208,859	514
Juvenile Court	151,142	0	151,142	169,823	169,823	18,681
<u>Public Safety</u>						
Sheriff's Department	1,708,270	0	1,708,270	1,788,192	1,811,747	103,477
Jail	1,448,787	0	1,448,787	1,443,328	1,458,328	9,541
Civil Defense	368,485	0	368,485	481,607	563,968	195,483
County Coroner/Medical Examiner	49,770	0	49,770	63,046	63,046	13,276
Other Public Safety	570	0	570	600	600	30
<u>Public Health and Welfare</u>						
Local Health Center	35,398	0	35,398	57,100	57,100	21,702
Rabies and Animal Control	51,212	0	51,212	62,652	62,652	11,440
Ambulance/Emergency Medical Services	2,111,716	(65,000)	2,046,716	2,085,256	2,091,756	45,040
Maternal and Child Health Services	7,309	0	7,309	8,100	8,100	791
Other Local Health Services	171,181	0	171,181	210,854	299,254	128,073
Regional Mental Health Center	25,100	0	25,100	25,100	25,100	0
Appropriation to State	20,100	0	20,100	20,100	20,100	0
Other Public Health and Welfare	61,600	0	61,600	61,600	61,600	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	\$ 76,500	\$ 0	\$ 76,500	\$ 76,500	\$ 76,500	\$ 0
Libraries	8,953	0	8,953	0	8,953	0
Other Social, Cultural, and Recreational Agriculture and Natural Resources	1,800	0	1,800	1,800	1,800	0
Agriculture Extension Service	66,910	0	66,910	70,755	70,755	3,845
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	40,020	0	40,020	40,488	40,488	468
<u>Other Operations</u>						
Housing and Urban Development	41,479	(30,273)	11,206	49,792	49,792	38,586
Veterans' Services	29,901	0	29,901	33,534	33,534	3,633
Employee Benefits	0	0	0	41,500	33,500	33,500
Miscellaneous	183,076	0	183,076	221,250	236,975	53,899
Total Expenditures	\$ 9,497,512	\$ (95,273)	\$ 9,402,239	\$ 9,948,939	\$ 10,330,787	\$ 928,548
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 535,385	\$ 95,273	\$ 630,658	\$ (427,428)	\$ (706,839)	\$ 1,337,497
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 53,843	\$ 0	\$ 53,843	\$ 0	\$ 39,325	\$ 14,518
Transfers In	300,055	0	300,055	0	300,055	0
Transfers Out	(244,000)	0	(244,000)	(711,723)	(515,817)	271,817
Total Other Financing Sources (Uses)	\$ 109,898	\$ 0	\$ 109,898	\$ (711,723)	\$ (176,437)	\$ 286,335
Net Change in Fund Balance	\$ 645,283	\$ 95,273	\$ 740,556	\$ (1,139,151)	\$ (883,276)	\$ 1,623,832
Fund Balance, July 1, 2009	2,332,231	(95,273)	2,236,958	1,948,824	1,948,824	288,134
Fund Balance, June 30, 2010	\$ 2,977,514	\$ 0	\$ 2,977,514	\$ 809,673	\$ 1,065,548	\$ 1,911,966

Exhibit E-2

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 797,120	\$ 794,200	\$ 794,200	\$ 2,920
Other Local Revenues	68,350	45,000	86,987	(18,637)
State of Tennessee	1,614,532	2,350,469	2,350,469	(735,937)
Federal Government	197,746	0	197,746	0
Total Revenues	<u>\$ 2,677,748</u>	<u>\$ 3,189,669</u>	<u>\$ 3,429,402</u>	<u>\$ (751,654)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 225,828	\$ 193,341	\$ 243,328	\$ 17,500
Highway and Bridge Maintenance	1,463,485	1,406,850	1,496,050	32,565
Operation and Maintenance of Equipment	651,014	704,803	718,103	67,089
Other Charges	80,122	74,527	83,294	3,172
Employee Benefits	97,852	244,500	134,000	36,148
Capital Outlay	194,049	1,189,763	1,189,763	995,714
Total Expenditures	<u>\$ 2,712,350</u>	<u>\$ 3,813,784</u>	<u>\$ 3,864,538</u>	<u>\$ 1,152,188</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (34,602)</u>	<u>\$ (624,115)</u>	<u>\$ (435,136)</u>	<u>\$ 400,534</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,104	\$ 0	\$ 0	\$ 1,104
Total Other Financing Sources (Uses)	<u>\$ 1,104</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,104</u>
Net Change in Fund Balance	\$ (33,498)	\$ (624,115)	\$ (435,136)	\$ 401,638
Fund Balance, July 1, 2009	<u>535,603</u>	<u>655,996</u>	<u>655,996</u>	<u>(120,393)</u>
Fund Balance, June 30, 2010	<u>\$ 502,105</u>	<u>\$ 31,881</u>	<u>\$ 220,860</u>	<u>\$ 281,245</u>

Exhibit E-3

Marshall County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government, Discretely Presented Marshall County School Department,
and Discretely Presented Marshall County Board of Public Utilities
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 22,133	\$ 27,286	\$ 5,153	81.12 %	\$ 11,206	45.98 %
7-1-07	20,062	23,613	3,551	84.86	10,116	35.1

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Marshall County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Marshall County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-07	\$ 0	\$ 9,787	\$ 9,787	0 %	\$ 23,740	41 %
"	7-1-09	0	10,540	10,540	0	23,119	46

* An additional actuarial valuation will be reported as the data becomes available.

MARSHALL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Marshall 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, Other Boards and Committees, and County Mayor/Executive, etc.). Management may make revisions within major categories, but only the Marshall County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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 and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse or jail.

Juvenile Services Fund – The Juvenile Services Fund is used to account for the costs of the delinquency prevention officer's grant, programs, and services.

Public Library Fund – The Public Library Fund is used to account for the transactions of the Marshall County Memorial Library.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the Marshall/Maury Municipal Planning Region.

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for the Joint Economic and Community Development Board.

Special Purpose Fund – The Special Purpose Fund is used to account for revenues received from hotel/motel taxes.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Other Special Revenue Fund – The Other Special Revenue Fund is used for hazardous materials education programs and the containment of spills.

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.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used in the acquisition or construction of major capital projects.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for highway-related expenditures of the county.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for debt issued by the county that is subsequently contributed to the discretely presented Marshall County School Department for general capital expenditures.

Exhibit F-1

Marshall County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Total	Highway Capital Projects	Other Capital Projects	
\$ 53,373	\$ 100,145	\$ 64,924	\$ 45,219	\$ 263,661	\$ 27,685	\$ 403,473	\$ 431,158	\$ 694,819
5,064	31,978	0	1,113	38,155	0	9,060	9,060	47,215
0	0	0	0	0	0	51,803	51,803	51,803
0	0	0	0	0	0	(2,092)	(2,092)	(2,092)
\$ 58,437	\$ 132,123	\$ 64,924	\$ 46,332	\$ 301,816	\$ 27,685	\$ 462,244	\$ 489,929	\$ 791,745

ASSETS

Equity in Pooled Cash and Investments
 Accounts Receivable
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Accrued Payroll
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Total Liabilities

Fund Balances

Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

Exhibit F-2

Marshall County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2010

	Special Revenue Funds							Drug Control
	Courthouse and Jail Maintenance	Juvenile Services	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Special Purpose		
Revenues								
Local Taxes	\$ 75,334	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,419	\$ 0
Fines, Forfeitures, and Penalties	1,149	72,710	0	0	0	0	1,150	7,827
Charges for Current Services	0	0	11,932	95,302	0	0	0	0
Other Local Revenues	0	0	15,061	263,727	188	0	0	6,221
State of Tennessee	0	0	0	45,527	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	26,158	0	0	0
Total Revenues	\$ 76,483	\$ 72,710	\$ 26,993	\$ 404,556	\$ 26,346	\$ 56,569	\$ 14,048	
Expenditures								
Current:								
General Government	\$ 43,820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Administration of Justice	0	63,221	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	5,587
Public Health and Welfare	0	0	0	306,075	0	0	0	0
Social, Cultural, and Recreational Services	0	0	212,018	0	0	0	0	0
Other Operations	0	0	0	0	73,883	53,265	0	0
Support Services	0	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0	0
Total Expenditures	\$ 43,820	\$ 63,221	\$ 212,018	\$ 306,075	\$ 73,883	\$ 53,265	\$ 5,587	
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,663	\$ 9,489	\$ (185,025)	\$ 98,481	\$ (47,537)	\$ 3,304	\$ 8,461	
Other Financing Sources (Uses)								
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 1,008	\$ 8	\$ 0	\$ 0	\$ 0
Transfers In	0	0	244,000	0	55,842	0	0	0
Transfers Out	(47,018)	0	(72,953)	(52,319)	0	(215,075)	0	0
Total Other Financing Sources (Uses)	\$ (47,018)	\$ 0	\$ 171,047	\$ (51,311)	\$ 55,850	\$ (215,075)	\$ 0	
Net Change in Fund Balances	\$ (14,355)	\$ 9,489	\$ (13,978)	\$ 47,170	\$ 8,313	\$ (211,771)	\$ 8,461	
Fund Balance, July 1, 2009	14,355	48,948	13,978	78,297	53,679	211,771	30,426	
Fund Balance, June 30, 2010	\$ 0	\$ 58,437	\$ 0	\$ 125,467	\$ 61,992	\$ 0	\$ 38,887	

(Continued)

Exhibit F-2

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

	Special Revenue Funds (Cont.)				Capital Projects Funds			Total Nonmajor Governmental Funds
	Other Special Revenue	Constituti- onal Officers - Fees	Total	Total	Highway	Other	Total	
					Capital Projects	Capital Projects		
Revenues								
Local Taxes	\$ 0 \$	0 \$	130,753 \$	0 \$	264,915 \$	264,915 \$	395,668	
Fines, Forfeitures, and Penalties	0	0	82,836	0	0	0	82,836	
Charges for Current Services	0	12,860	120,094	0	0	0	120,094	
Other Local Revenues	0	0	285,197	150,000	0	150,000	435,197	
State of Tennessee	0	0	45,527	0	1,711	1,711	47,238	
Other Governments and Citizens Groups	0	0	26,158	0	0	0	26,158	
Total Revenues	\$ 0 \$	12,860 \$	690,565 \$	150,000 \$	266,626 \$	416,626 \$	1,107,191	
Expenditures								
Current:								
General Government	\$ 0 \$	0 \$	43,820 \$	0 \$	0 \$	0 \$	43,820	
Administration of Justice	0	12,860	76,081	0	0	0	76,081	
Public Safety	271	0	5,858	0	0	0	5,858	
Public Health and Welfare	0	0	306,075	0	0	0	306,075	
Social, Cultural, and Recreational Services	0	0	212,018	0	0	0	212,018	
Other Operations	0	0	127,148	0	0	0	127,148	
Support Services	0	0	0	0	4,591	4,591	4,591	
Capital Projects	0	0	0	401,540	159,926	561,466	561,466	
Total Expenditures	\$ 271 \$	12,860 \$	771,000 \$	401,540 \$	164,517 \$	566,057 \$	1,337,057	
Excess (Deficiency) of Revenues Over Expenditures	\$ (271) \$	0 \$	(80,435) \$	(251,540) \$	102,109 \$	(149,431) \$	(229,866)	
Other Financing Sources (Uses)								
Insurance Recovery	\$ 0 \$	0 \$	1,016 \$	0 \$	0 \$	0 \$	1,016	
Transfers In	0	0	299,842	270,000	0	270,000	569,842	
Transfers Out	(20,851)	0	(408,216)	0	0	0	(408,216)	
Total Other Financing Sources (Uses)	\$ (20,851) \$	0 \$	(107,358) \$	270,000 \$	0 \$	270,000 \$	162,642	
Net Change in Fund Balances	\$ (21,122) \$	0 \$	(187,793) \$	18,460 \$	102,109 \$	120,569 \$	(67,224)	
Fund Balance, July 1, 2009	21,122	0	472,576	9,225	310,737	319,962	792,538	
Fund Balance, June 30, 2010	\$ 0 \$	0 \$	284,783 \$	27,685 \$	412,846 \$	440,531 \$	725,314	

Exhibit F-3

Marshall 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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 75,334	\$ 83,500	\$ 78,302	\$ (2,968)
Fines, Forfeitures, and Penalties	1,149	0	0	1,149
Total Revenues	\$ 76,483	\$ 83,500	\$ 78,302	\$ (1,819)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 43,820	\$ 35,350	\$ 45,350	\$ 1,530
Total Expenditures	\$ 43,820	\$ 35,350	\$ 45,350	\$ 1,530
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,663	\$ 48,150	\$ 32,952	\$ (289)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (47,018)	0	\$ (47,018)	0
Total Other Financing Sources (Uses)	\$ (47,018)	0	\$ (47,018)	0
Net Change in Fund Balance	\$ (14,355)	\$ 48,150	\$ (14,066)	\$ (289)
Fund Balance, July 1, 2009	14,355	14,066	14,066	289
Fund Balance, June 30, 2010	\$ 0	\$ 62,216	\$ 0	0

Exhibit F-4

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Juvenile Services Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 72,710	\$ 65,000	\$ 65,000	\$ 7,710
Total Revenues	\$ 72,710	\$ 65,000	\$ 65,000	\$ 7,710
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Juvenile Court	\$ 63,221	\$ 79,450	\$ 79,450	\$ 16,229
Total Expenditures	\$ 63,221	\$ 79,450	\$ 79,450	\$ 16,229
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,489	\$ (14,450)	\$ (14,450)	\$ 23,939
Net Change in Fund Balance	\$ 9,489	\$ (14,450)	\$ (14,450)	\$ 23,939
Fund Balance, July 1, 2009	48,948	44,827	44,827	4,121
Fund Balance, June 30, 2010	\$ 58,437	\$ 30,377	\$ 30,377	\$ 28,060

Exhibit F-5

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 11,932	\$ 12,300	\$ 12,300	\$ (368)
Other Local Revenues	15,061	15,050	18,736	(3,675)
Other Governments and Citizens Groups	0	150	150	(150)
Total Revenues	<u>\$ 26,993</u>	<u>\$ 27,500</u>	<u>\$ 31,186</u>	<u>\$ (4,193)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 212,018	\$ 223,257	\$ 212,018	\$ 0
Total Expenditures	<u>\$ 212,018</u>	<u>\$ 223,257</u>	<u>\$ 212,018</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (185,025)</u>	<u>\$ (195,757)</u>	<u>\$ (180,832)</u>	<u>\$ (4,193)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 244,000	\$ 244,000	\$ 244,000	\$ 0
Transfers Out	(72,953)	0	(72,953)	0
Total Other Financing Sources (Uses)	<u>\$ 171,047</u>	<u>\$ 244,000</u>	<u>\$ 171,047</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (13,978)	\$ 48,243	\$ (9,785)	\$ (4,193)
Fund Balance, July 1, 2009	<u>13,978</u>	<u>9,785</u>	<u>9,785</u>	<u>4,193</u>
Fund Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 58,028</u>	<u>\$ 0</u>	<u>\$ 0</u>

Exhibit F-6

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 95,302	\$ 136,000	\$ 136,000	\$ (40,698)
Other Local Revenues	263,727	110,000	122,000	141,727
State of Tennessee	45,527	49,109	49,109	(3,582)
Total Revenues	<u>\$ 404,556</u>	<u>\$ 295,109</u>	<u>\$ 307,109</u>	<u>\$ 97,447</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 306,075	\$ 357,747	\$ 317,428	\$ 11,353
Total Expenditures	<u>\$ 306,075</u>	<u>\$ 357,747</u>	<u>\$ 317,428</u>	<u>\$ 11,353</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 98,481</u>	<u>\$ (62,638)</u>	<u>\$ (10,319)</u>	<u>\$ 108,800</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,008	\$ 0	\$ 0	\$ 1,008
Transfers Out	(52,319)	0	(52,319)	0
Total Other Financing Sources (Uses)	<u>\$ (51,311)</u>	<u>\$ 0</u>	<u>\$ (52,319)</u>	<u>\$ 1,008</u>
Net Change in Fund Balance	\$ 47,170	\$ (62,638)	\$ (62,638)	\$ 109,808
Fund Balance, July 1, 2009	<u>78,297</u>	<u>71,662</u>	<u>71,662</u>	<u>6,635</u>
Fund Balance, June 30, 2010	<u><u>\$ 125,467</u></u>	<u><u>\$ 9,024</u></u>	<u><u>\$ 9,024</u></u>	<u><u>\$ 116,443</u></u>

Exhibit F-7

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 188	\$ 0	\$ 0	188
Other Governments and Citizens Groups	26,158	82,000	27,158	(1,000)
Total Revenues	<u>\$ 26,346</u>	<u>\$ 82,000</u>	<u>\$ 27,158</u>	<u>\$ (812)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Economic and Community Development	\$ 73,883	\$ 82,000	\$ 83,000	\$ 9,117
Total Expenditures	<u>\$ 73,883</u>	<u>\$ 82,000</u>	<u>\$ 83,000</u>	<u>\$ 9,117</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (47,537)</u>	<u>\$ 0</u>	<u>\$ (55,842)</u>	<u>\$ 8,305</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8	\$ 0	\$ 0	8
Transfers In	55,842	0	55,842	0
Total Other Financing Sources (Uses)	<u>\$ 55,850</u>	<u>\$ 0</u>	<u>\$ 55,842</u>	<u>\$ 8</u>
Net Change in Fund Balance	\$ 8,313	\$ 0	\$ 0	8,313
Fund Balance, July 1, 2009	53,679	86,048	86,048	(32,369)
Fund Balance, June 30, 2010	<u>\$ 61,992</u>	<u>\$ 86,048</u>	<u>\$ 86,048</u>	<u>\$ (24,056)</u>

Exhibit F-8

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 55,419	\$ 60,000	\$ 60,000	\$ (4,581)
Fines, Forfeitures, and Penalties	1,150	0	0	1,150
Total Revenues	<u>\$ 56,569</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ (3,431)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Economic and Community Development	\$ 53,265	\$ 33,840	\$ 54,595	\$ 1,330
Total Expenditures	<u>\$ 53,265</u>	<u>\$ 33,840</u>	<u>\$ 54,595</u>	<u>\$ 1,330</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,304</u>	<u>\$ 26,160</u>	<u>\$ 5,405</u>	<u>\$ (2,101)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (215,075)	\$ (55,842)	\$ (215,075)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (215,075)</u>	<u>\$ (55,842)</u>	<u>\$ (215,075)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (211,771)	\$ (29,682)	\$ (209,670)	\$ (2,101)
Fund Balance, July 1, 2009	211,771	209,670	209,670	2,101
Fund Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 179,988</u>	<u>\$ 0</u>	<u>\$ 0</u>

Exhibit F-9

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 7,827	\$ 4,500	\$ 4,500	\$ 3,327
Other Local Revenues	6,221	0	0	6,221
Total Revenues	<u>\$ 14,048</u>	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ 9,548</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 5,587	\$ 16,736	\$ 16,736	\$ 11,149
Total Expenditures	<u>\$ 5,587</u>	<u>\$ 16,736</u>	<u>\$ 16,736</u>	<u>\$ 11,149</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,461</u>	<u>\$ (12,236)</u>	<u>\$ (12,236)</u>	<u>\$ 20,697</u>
Net Change in Fund Balance	\$ 8,461	\$ (12,236)	\$ (12,236)	\$ 20,697
Fund Balance, July 1, 2009	<u>30,426</u>	<u>30,136</u>	<u>30,136</u>	<u>290</u>
Fund Balance, June 30, 2010	<u><u>\$ 38,887</u></u>	<u><u>\$ 17,900</u></u>	<u><u>\$ 17,900</u></u>	<u><u>\$ 20,987</u></u>

Exhibit F-10

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Public Safety</u>				
Other Emergency Management	\$ 271	\$ 3,400	\$ 271	\$ 0
Total Expenditures	\$ 271	\$ 3,400	\$ 271	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (271)	\$ (3,400)	\$ (271)	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (20,851)	\$ 0	\$ (20,851)	\$ 0
Total Other Financing Sources (Uses)	\$ (20,851)	\$ 0	\$ (20,851)	\$ 0
Net Change in Fund Balance	\$ (21,122)	\$ (3,400)	\$ (21,122)	\$ 0
Fund Balance, July 1, 2009	21,122	21,122	21,122	0
Fund Balance, June 30, 2010	\$ 0	\$ 17,722	\$ 0	\$ 0

Major Governmental Fund

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.

Exhibit G

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,016,580	\$ 4,500,600	\$ 4,500,600	\$ 515,980
Other Local Revenues	56,029	0	0	56,029
State of Tennessee	68,431	40,000	40,000	28,431
Other Governments and Citizens Groups	137,909	0	137,909	0
Total Revenues	<u>\$ 5,278,949</u>	<u>\$ 4,540,600</u>	<u>\$ 4,678,509</u>	<u>\$ 600,440</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 589,472	\$ 567,676	\$ 589,473	\$ 1
Highways and Streets	308,742	308,744	308,744	2
Education	2,581,583	2,581,584	2,581,584	1
<u>Interest on Debt</u>				
General Government	491,313	427,629	543,741	52,428
Highways and Streets	64,365	78,299	78,299	13,934
Education	1,021,908	1,039,641	1,039,641	17,733
<u>Other Debt Service</u>				
General Government	75,441	91,500	100,654	25,213
Highways and Streets	700	5,200	5,200	4,500
Education	2,330	25,000	25,000	22,670
Total Expenditures	<u>\$ 5,135,854</u>	<u>\$ 5,125,273</u>	<u>\$ 5,272,336</u>	<u>\$ 136,482</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 143,095</u>	<u>\$ (584,673)</u>	<u>\$ (593,827)</u>	<u>\$ 736,922</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 52,319	\$ 52,319	\$ 52,319	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 52,319</u>	<u>\$ 52,319</u>	<u>\$ 52,319</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 195,414	\$ (532,354)	\$ (541,508)	\$ 736,922
Fund Balance, July 1, 2009	<u>4,308,396</u>	<u>4,009,529</u>	<u>4,009,529</u>	<u>298,867</u>
Fund Balance, June 30, 2010	<u>\$ 4,503,810</u>	<u>\$ 3,477,175</u>	<u>\$ 3,468,021</u>	<u>\$ 1,035,789</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county 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.

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, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Marshall County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,326,334	\$ 1,326,334
Accounts Receivable	0	270	270
Due from Other Governments	282,904	0	282,904
Total Assets	<u>\$ 282,904</u>	<u>\$ 1,326,604</u>	<u>\$ 1,609,508</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 282,904	\$ 0	\$ 282,904
Due to Litigants, Heirs, and Others	0	1,326,604	1,326,604
Total Liabilities	<u>\$ 282,904</u>	<u>\$ 1,326,604</u>	<u>\$ 1,609,508</u>

Exhibit H-2

Marshall County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,567,687	\$ 1,567,687	\$ 0
Due from Other Governments	267,548	282,904	267,548	282,904
Total Assets	\$ 267,548	\$ 1,850,591	\$ 1,835,235	\$ 282,904
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 267,548	\$ 1,850,591	\$ 1,835,235	\$ 282,904
Total Liabilities	\$ 267,548	\$ 1,850,591	\$ 1,835,235	\$ 282,904
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,533,304	\$ 6,290,593	\$ 6,497,563	\$ 1,326,334
Accounts Receivable	452	270	452	270
Total Assets	\$ 1,533,756	\$ 6,290,863	\$ 6,498,015	\$ 1,326,604
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,533,756	\$ 6,290,863	\$ 6,498,015	\$ 1,326,604
Total Liabilities	\$ 1,533,756	\$ 6,290,863	\$ 6,498,015	\$ 1,326,604
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,533,304	\$ 6,290,593	\$ 6,497,563	\$ 1,326,334
Equity in Pooled Cash and Investments	0	1,567,687	1,567,687	0
Accounts Receivable	452	270	452	270
Due from Other Governments	267,548	282,904	267,548	282,904
Total Assets	\$ 1,801,304	\$ 8,141,454	\$ 8,333,250	\$ 1,609,508
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 267,548	\$ 1,850,591	\$ 1,835,235	\$ 282,904
Due to Litigants, Heirs, and Others	1,533,756	6,290,863	6,498,015	1,326,604
Total Liabilities	\$ 1,801,304	\$ 8,141,454	\$ 8,333,250	\$ 1,609,508

Marshall County School Department

This section presents fund financial statements for the Marshall County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, and one Capital Projects 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 cafeteria operations in each of the schools.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for School Department construction, renovation projects, and other capital purchases.

Exhibit I-1

Marshall County, Tennessee
Statement of Activities
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 25,305,466	\$ 0	\$ 2,467,026	\$ (22,838,440)
Support Services	13,881,829	74,116	179,800	(13,467,987)
Operation of Non-Instructional Services	2,906,516	1,149,849	1,843,910	87,243
Total Governmental Activities	\$ 42,093,811	\$ 1,223,965	\$ 4,490,736	\$ (36,219,184)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 8,971,506
Local Option Sales Tax				1,824,087
Other local taxes				1,936
Grants and Contributions Not Restricted to Specific Programs				23,118,728
Unrestricted Investment Income				28
Refund of Telecommunication and Internet Fees (E-Rate)				56,001
Miscellaneous				29,297
Insurance Recovery				3,916
Total General Revenues				\$ 34,005,499
Change in Net Assets				\$ (2,213,685)
Net Assets, July 1, 2009				48,497,317
Net Assets, June 30, 2010				\$ 46,283,632

Exhibit I-2

Marshall County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General	Other	Govern-
	Purpose	Govern-	mental
	School	Funds	Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,162	\$ 2,162
Equity in Pooled Cash and Investments	2,831,830	558,127	3,389,957
Accounts Receivable	0	5,343	5,343
Due from Other Governments	549,930	102,831	652,761
Due from Other Funds	211,926	4,550	216,476
Property Taxes Receivable	8,651,079	0	8,651,079
Allowance for Uncollectible Property Taxes	(349,279)	0	(349,279)
Prepaid Items	270,401	0	270,401
Total Assets	<u>\$ 12,165,887</u>	<u>\$ 673,013</u>	<u>\$ 12,838,900</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accrued Payroll	\$ 29,962	\$ 0	\$ 29,962
Payroll Deductions Payable	786,831	0	786,831
Due to Other Funds	4,550	211,926	216,476
Deferred Revenue - Current Property Taxes	7,836,536	0	7,836,536
Deferred Revenue - Delinquent Property Taxes	413,019	0	413,019
Other Deferred Revenues	329,525	0	329,525
Total Liabilities	<u>\$ 9,400,423</u>	<u>\$ 211,926</u>	<u>\$ 9,612,349</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 64,558	\$ 0	\$ 64,558
Reserved for Career Ladder Program	3,104	0	3,104
Reserved for Title I Grants to Local Education Agencies	0	24,731	24,731
Reserved for Special Education - Grants to States	0	1,363	1,363
Other Federal Reserves	0	7,843	7,843
Unreserved, Reported In:			
General Fund	2,697,802	0	2,697,802
Special Revenue Funds	0	237,946	237,946
Capital Projects Funds	0	189,204	189,204
Total Fund Balances	<u>\$ 2,765,464</u>	<u>\$ 461,087</u>	<u>\$ 3,226,551</u>
Total Liabilities and Fund Balances	<u>\$ 12,165,887</u>	<u>\$ 673,013</u>	<u>\$ 12,838,900</u>

Exhibit I-3

Marshall County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Marshall County School Department
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	3,226,551
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,350,424	
Add: buildings and improvements net of accumulated depreciation		39,583,187	
Add: other capital assets net of accumulated depreciation		<u>3,304,489</u>	45,238,100
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(154,443)	
Less: other postemployment benefits liability		<u>(2,769,120)</u>	(2,923,563)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>742,544</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>46,283,632</u></u>

Exhibit I-4

Marshall County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 10,898,757	\$ 0	\$ 10,898,757
Licenses and Permits	2,214	0	2,214
Charges for Current Services	74,116	1,149,849	1,223,965
Other Local Revenues	85,298	28	85,326
State of Tennessee	22,670,735	27,926	22,698,661
Federal Government	97,130	4,612,999	4,710,129
Other Governments and Citizens Groups	195,652	0	195,652
Total Revenues	<u>\$ 34,023,902</u>	<u>\$ 5,790,802</u>	<u>\$ 39,814,704</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 22,147,259	\$ 2,303,216	\$ 24,450,475
Support Services	11,437,595	605,544	12,043,139
Operation of Non-Instructional Services	182,111	2,735,046	2,917,157
Capital Outlay	261,234	0	261,234
Capital Projects	0	40,306	40,306
Total Expenditures	<u>\$ 34,028,199</u>	<u>\$ 5,684,112</u>	<u>\$ 39,712,311</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,297)</u>	<u>\$ 106,690</u>	<u>\$ 102,393</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 3,916	\$ 0	\$ 3,916
Transfers In	31,393	0	31,393
Transfers Out	0	(31,393)	(31,393)
Total Other Financing Sources (Uses)	<u>\$ 35,309</u>	<u>\$ (31,393)</u>	<u>\$ 3,916</u>
Net Change in Fund Balances	\$ 31,012	\$ 75,297	\$ 106,309
Fund Balance, July 1, 2009	2,734,452	385,790	3,120,242
Fund Balance, June 30, 2010	<u>\$ 2,765,464</u>	<u>\$ 461,087</u>	<u>\$ 3,226,551</u>

Exhibit I-5

Marshall County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 106,309
(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	\$ 416,473	
Less: current year depreciation expense	<u>(1,910,906)</u>	(1,494,433)
(2) 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, 2010	\$ 742,544	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(681,038)</u>	61,506
(3) 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 compensated absences payable	\$ (32,076)	
Change in other postemployment benefits liability	<u>(854,991)</u>	<u>(887,067)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,213,685)</u>

Marshall County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2010

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Education Capital Projects				
\$	0	2,162	0	2,162	0	0	2,162
	38,024	330,899	189,204	368,923	189,204		558,127
	4,781	562	0	5,343	0		5,343
	92,508	10,323	0	102,831	0		102,831
	4,550	0	0	4,550	0		4,550
\$	139,863	343,946	189,204	483,809	189,204		673,013

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Due to Other Funds	105,926	106,000	0	211,926	211,926
Total Liabilities	105,926	106,000	0	211,926	211,926
<u>Fund Balances</u>					
Reserved for Title I Grants to Local Education Agencies	24,731	0	0	24,731	24,731
Reserved for Special Education - Grants to States	1,363	0	0	1,363	1,363
Other Federal Reserves	7,843	0	0	7,843	7,843
Unreserved	0	237,946	189,204	237,946	427,150
Total Fund Balances	33,937	237,946	189,204	271,883	461,087
Total Liabilities and Fund Balances	139,863	343,946	189,204	483,809	673,013

Exhibit I-7

Marshall County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2010

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,149,849	\$ 1,149,849	\$ 0	\$ 1,149,849
Other Local Revenues	0	28	28	0	28
State of Tennessee	0	27,926	27,926	0	27,926
Federal Government	2,902,044	1,710,955	4,612,999	0	4,612,999
Total Revenues	<u>\$ 2,902,044</u>	<u>\$ 2,888,758</u>	<u>\$ 5,790,802</u>	<u>\$ 0</u>	<u>\$ 5,790,802</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,303,216	\$ 0	\$ 2,303,216	\$ 0	\$ 2,303,216
Support Services	605,544	0	605,544	0	605,544
Operation of Non-Instructional Services	0	2,735,046	2,735,046	0	2,735,046
Capital Projects	0	0	0	40,306	40,306
Total Expenditures	<u>\$ 2,908,760</u>	<u>\$ 2,735,046</u>	<u>\$ 5,643,806</u>	<u>\$ 40,306</u>	<u>\$ 5,684,112</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>\$ (6,716)</u>	<u>\$ 153,712</u>	<u>\$ 146,996</u>	<u>\$ (40,306)</u>	<u>\$ 106,690</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (31,393)	\$ 0	\$ (31,393)	\$ 0	\$ (31,393)
Total Other Financing Sources (Uses)	<u>\$ (31,393)</u>	<u>\$ 0</u>	<u>\$ (31,393)</u>	<u>\$ 0</u>	<u>\$ (31,393)</u>
Net Change in Fund Balances	\$ (38,109)	\$ 153,712	\$ 115,603	\$ (40,306)	\$ 75,297
Fund Balance, July 1, 2009	72,046	84,234	156,280	229,510	385,790
Fund Balance, June 30, 2010	<u>\$ 33,937</u>	<u>\$ 237,946</u>	<u>\$ 271,883</u>	<u>\$ 189,204</u>	<u>\$ 461,087</u>

Exhibit I-8

Marshall County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Marshall County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 10,898,757	\$ 0	\$ 0	\$ 10,898,757	\$ 10,920,000	\$ 10,920,000	\$ (21,243)
Licenses and Permits	2,214	0	0	2,214	3,000	3,000	(786)
Charges for Current Services	74,116	0	0	74,116	60,750	60,750	13,366
Other Local Revenues	85,298	0	0	85,298	62,500	77,986	7,312
State of Tennessee	22,670,735	0	0	22,670,735	22,431,926	22,574,437	96,298
Federal Government	97,130	0	0	97,130	12,000	342,000	(244,870)
Other Governments and Citizens Groups	195,652	0	0	195,652	0	159,926	35,726
Total Revenues	\$ 34,023,902	\$ 0	\$ 0	\$ 34,023,902	\$ 33,490,176	\$ 34,138,099	\$ (114,197)
Expenditures							
Instruction							
Regular Instruction Program	\$ 18,837,752	(288,377)	45,076	\$ 18,594,451	\$ 18,990,426	\$ 18,996,840	\$ 402,389
Alternative Instruction Program	98,370	0	0	98,370	107,456	107,456	9,086
Special Education Program	1,804,599	0	0	1,804,599	1,827,548	1,827,548	22,949
Vocational Education Program	1,406,227	(4,744)	6,471	1,407,954	1,226,826	1,424,826	16,872
Adult Education Program	311	(311)	0	0	0	0	0
Support Services							
Attendance	151,638	0	0	151,638	144,650	157,456	5,818
Health Services	258,998	0	0	258,998	268,066	268,066	9,068
Other Student Support	711,666	(1,490)	0	710,176	712,890	780,190	70,014
Regular Instruction Program	1,239,372	0	0	1,239,372	1,387,013	1,310,013	70,641
Special Education Program	1,411	0	0	1,411	1,000	3,000	1,589
Vocational Education Program	58,956	0	0	58,956	73,643	73,643	14,687
Other Programs	46,304	0	0	46,304	0	46,304	0

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 438,507	\$ (1,000)	\$ 636	\$ 438,143	\$ 435,872	\$ 485,872	\$ 47,729
Director of Schools	326,265	(609)	0	325,656	211,981	338,302	12,646
Office of the Principal	2,021,758	(1,811)	1,500	2,021,447	2,089,179	2,089,179	67,732
Fiscal Services	298,929	0	0	298,929	290,361	325,961	27,032
Human Services/Personnel	122,616	0	0	122,616	126,253	126,253	3,637
Operation of Plant	3,052,469	(6,036)	0	3,046,433	3,254,664	3,234,164	187,731
Maintenance of Plant	1,068,246	(46,960)	5,093	1,026,379	1,102,311	1,102,311	75,932
Transportation	1,455,208	0	0	1,455,208	1,309,335	1,510,432	55,224
Central and Other	185,252	0	0	185,252	190,717	190,717	5,465
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	182,111	(4,864)	5,782	183,029	185,457	185,457	2,428
Capital Outlay	261,234	0	0	261,234	203,088	261,524	290
Regular Capital Outlay	\$ 34,028,199	\$ (356,202)	\$ 64,558	\$ 33,736,555	\$ 34,138,686	\$ 34,845,514	\$ 1,108,959
Total Expenditures							
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,297)	\$ 356,202	\$ (64,558)	\$ 287,347	\$ (648,510)	\$ (707,415)	\$ 994,762
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,916	\$ 0	\$ 0	\$ 3,916	\$ 3,000	\$ 3,000	\$ 916
Transfers In	31,393	0	0	31,393	28,730	28,730	2,663
Total Other Financing Sources (Uses)	\$ 35,309	\$ 0	\$ 0	\$ 35,309	\$ 31,730	\$ 31,730	\$ 3,579
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 31,012	\$ 356,202	\$ (64,558)	\$ 322,656	\$ (616,780)	\$ (675,685)	\$ 998,341
Fund Balance, June 30, 2010	2,734,452	(356,202)	0	2,378,250	2,110,909	2,110,909	267,341
	\$ 2,765,464	\$ 0	\$ (64,558)	\$ 2,700,906	\$ 1,494,129	\$ 1,435,224	\$ 1,265,682

Exhibit I-9

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marshall County School Department
School Federal Projects Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,902,044	\$ 4,198,512	\$ 4,200,355	\$ (1,298,311)
Total Revenues	\$ 2,902,044	\$ 4,198,512	\$ 4,200,355	\$ (1,298,311)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,087,539	\$ 1,261,624	\$ 1,258,238	\$ 170,699
Special Education Program	1,076,311	1,875,767	1,873,340	797,029
Vocational Education Program	139,366	141,567	140,405	1,039
<u>Support Services</u>				
Other Student Support	72,260	259,890	263,089	190,829
Regular Instruction Program	185,670	222,458	232,638	46,968
Special Education Program	266,575	356,877	362,531	95,956
Vocational Education Program	3,429	4,929	4,929	1,500
Transportation	77,610	95,054	91,854	14,244
Total Expenditures	\$ 2,908,760	\$ 4,218,166	\$ 4,227,024	\$ 1,318,264
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,716)	\$ (19,654)	\$ (26,669)	\$ 19,953
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 133,023	\$ 0	\$ 0
Transfers Out	(31,393)	(185,415)	(45,377)	13,984
Total Other Financing Sources (Uses)	\$ (31,393)	\$ (52,392)	\$ (45,377)	\$ 13,984
Net Change in Fund Balance	\$ (38,109)	\$ (72,046)	\$ (72,046)	\$ 33,937
Fund Balance, July 1, 2009	72,046	72,046	72,046	0
Fund Balance, June 30, 2010	\$ 33,937	\$ 0	\$ 0	\$ 33,937

Exhibit I-10

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marshall County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,149,849	\$ 1,327,947	\$ 1,327,947	\$ (178,098)
Other Local Revenues	28	250	250	(222)
State of Tennessee	27,926	29,262	29,262	(1,336)
Federal Government	1,710,955	1,324,153	1,596,697	114,258
Total Revenues	\$ 2,888,758	\$ 2,681,612	\$ 2,954,156	\$ (65,398)
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,735,046	\$ 2,578,408	\$ 2,850,952	\$ 115,906
Total Expenditures	\$ 2,735,046	\$ 2,578,408	\$ 2,850,952	\$ 115,906
Excess (Deficiency) of Revenues Over Expenditures	\$ 153,712	\$ 103,204	\$ 103,204	\$ 50,508
Net Change in Fund Balance	\$ 153,712	\$ 103,204	\$ 103,204	\$ 50,508
Fund Balance, July 1, 2009	84,234	68,570	68,570	15,664
Fund Balance, June 30, 2010	\$ 237,946	\$ 171,774	\$ 171,774	\$ 66,172

Marshall County Board of Public Utilities

This section presents fund financial statements for the Marshall County Board of Public Utilities, a discretely presented component unit. The utility uses a single enterprise fund.

Exhibit J-1

Marshall County, Tennessee
Statement of Net Assets
Discretely Presented Marshall County Board of Public Utilities
June 30, 2010

Enterprise Fund
Marshall County
Board of
Public Utilities

ASSETS

Current Assets:		
Cash	\$	2,058
Equity in Pooled Cash and Investments		5,218,604
Inventories		53,093
Accounts Receivable		173,883
Restricted Assets:		
Customer Deposits		57,199
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land		105,997
Construction in Progress		1,182,226
Assets Net of Accumulated Depreciation:		
Buildings and Improvements		483,324
Infrastructure		11,618,894
Other Capital Assets		1,077,568
Total Assets	\$	<u>19,972,846</u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$	16,631
Accrued Payroll		32,901
Payroll Deductions Payable		1,370
Accrued Interest Payable		1,931
Current Liabilities Payable from Restricted Assets:		
Customer Deposits Payable		22,199
Other Payables from Restricted Assets		35,000
Noncurrent Liabilities:		
Due Within One Year		44,712
Due in More Than One Year		1,450,244
Total Liabilities	\$	<u>1,604,988</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$	12,991,830
Reserved for Capital Outlay		3,041,436
Unrestricted		2,334,592
Total Net Assets	\$	<u><u>18,367,858</u></u>

Exhibit J-2

Marshall County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2010

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,563,779
Other Local Revenues	<u>9,573</u>
Total Operating Revenues	<u>\$ 1,573,352</u>
<u>Operating Expenses</u>	
Other Economic and Community Development	\$ 1,377,462
Depreciation	<u>476,195</u>
Total Operating Expenses	<u>\$ 1,853,657</u>
Operating Income (Loss)	<u>\$ (280,305)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 53,618
Contribution from Primary Government (Adequate Facilities Tax)	110,179
Contribution from Primary Government (Note Proceeds)	3,857,000
Contribution and Gifts	9,787
Grants	834,686
Insurance Recovery	2,095
Interest on Bonds	(68,422)
Debt Service Contribution to Primary Government	<u>(137,909)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 4,661,034</u>
Income (Loss) Before Contributions	\$ 4,380,729
Capital Contributions	<u>37,700</u>
Change in Net Assets	\$ 4,418,429
Prior-period Adjustment	1,035,007
Net Assets, July 1, 2009	<u>12,914,422</u>
Net Assets, June 30, 2010	<u><u>\$ 18,367,858</u></u>

Exhibit J-3

Marshall County, Tennessee
Statement of Cash Flows
Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2010

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,543,979
Other Receipts (Payments)	9,573
Payments to Vendors	(942,608)
Payments to Employees	(391,538)
Payments to Fringe Benefits	(137,695)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 81,711</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition and Construction of Capital Assets	\$ (1,057,410)
Capital Contributions	37,700
Capital Contributions from Primary Government (Note Proceeds)	3,857,000
Principal Paid on Bonds	(74,803)
Interest Paid on Bonds	(68,422)
Insurance Recovery	2,095
Proceeds from Capital Grant	834,686
Debt Service Contributions to Primary Government	(137,909)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ 3,392,937</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Contribution from Primary Government (Adequate Facilities Tax)	\$ 110,179
Contribution and Gifts	9,787
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 119,966</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 53,618</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 53,618</u>
Increase (Decrease) in Cash	\$ 3,648,232
Cash, July 1, 2009	<u>1,629,629</u>
Cash, June 30, 2010	<u><u>\$ 5,277,861</u></u>

(Continued)

Exhibit J-3

Marshall County, Tennessee
Statement of Cash Flows
Discretely Presented Marshall County Board of Public Utilities (Cont.)

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (280,305)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	476,195
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(19,800)
(Increase) Decrease in Inventories	(2,700)
Increase (Decrease) in Accounts Payable	10,998
Increase (Decrease) in Accrued Payroll	5,820
Increase (Decrease) in Payroll Deductions Payable	1,370
Increase (Decrease) in Contracts Payable	(98,071)
Increase (Decrease) in Retainage Payable	(5,162)
Increase (Decrease) in Accrued Interest Payable	(3)
Increase (Decrease) in Due to Other Taxing Units	(10,093)
Increase (Decrease) in Customer Deposits	1,380
Increase (Decrease) in Accrued Leave	2,082
	<hr/>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 81,711</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 2,058
Equity in Pooled Cash and Investments per Net Assets	5,218,604
Restricted Customer Deposits	<hr/> 57,199
Cash, June 30, 2010	<u>\$ 5,277,861</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marshall County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through General Debt Service Fund								
School Refunding	\$ 1,050,000	4.15 %	12-11-01	5-1-12	\$ 330,000	0 \$	105,000 \$	225,000
General Projects (52%), Education (25%), and Highway (23%)	2,700,000	3.36	12-11-02	12-14-14	1,475,000	0	225,000	1,250,000
General Projects (28%), Education (48%), and Highway (24%)	1,275,000	3.9	3-10-06	3-1-18	1,010,000	0	95,000	915,000
General Project Highway	1,200,000	3.32	4-1-08	4-1-18	1,095,000	0	105,000	990,000
General Project Schools	1,225,000	2.94	5-23-08	5-1-13	995,000	0	240,000	755,000
Solid Waste Projects	425,000	4.26	10-22-08	10-1-18	425,000	0	35,000	390,000
Water Revenue and Tax Bond Anticipation Note	3,857,000	1.9	12-23-09	12-23-11	0	3,857,000	0	3,857,000
Total Notes Payable					\$ 5,330,000	\$ 3,857,000	\$ 805,000	\$ 8,382,000
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Schools	1,980,000	variable	11-25-1996	5-25-11	\$ 381,000	0 \$	185,000 \$	196,000
Courthouse Renovations	1,500,000	variable	1-22-1998	5-25-13	519,000	0	120,000	399,000
Schools, Highway, and EMS Projects	2,000,000	variable	6-16-05	5-25-33	1,521,000	0	48,000	1,473,000
Total Other Loans Payable					\$ 2,421,000	\$ 0	\$ 353,000	\$ 2,068,000
BONDS PAYABLE								
Payable through General Debt Service Fund								
School Bonds	2,430,000	3.25 to 4	9-1-01	9-1-13	\$ 1,550,000	0 \$	305,000 \$	1,245,000
General Obligation Bond	8,000,000	2 to 4.5	9-1-03	3-1-28	6,250,000	0	235,000	6,015,000
School Refunding	4,995,000	2.1 to 4.25	7-7-04	4-1-13	2,345,000	0	565,000	1,780,000
School Refunding	7,975,000	3.47	3-17-05	6-1-20	7,650,000	0	530,000	7,120,000
School Bonds	7,050,000	3.7	1-1-06	5-1-31	6,735,000	0	200,000	6,535,000
General Obligation Bond	5,000,000	3.63 to 4	6-1-07	6-1-31	4,620,000	0	135,000	4,485,000
School Refunding	5,115,000	3.8	9-11-08	11-1-20	5,115,000	0	330,000	4,785,000
Water Revenue and Tax Bond	1,940,000	4.13	4-16-09	4-16-47	1,936,490	0	21,797	1,914,693
Total Bonds Payable					\$ 36,201,490	\$ 0	\$ 2,321,797	\$ 33,879,693

(Continued)

Exhibit K-1

Marshall County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds
 Primary Government and Discretely Presented Marshall County Board of Public Utilities (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-10
DISCRETELY PRESENTED MARSHALL COUNTY BOARD OF PUBLIC UTILITIES								
WATER REVENUE AND TAX BONDS PAYABLE								
FHA	\$ 188,000	4.63 %	2-20-03	3-20-41	\$ 107,635	0	\$ 55,677	\$ 51,958
FHA	849,000	4.38	6-22-04	6-22-42	799,775	0	11,180	788,595
FHA	667,000	4.5	3-17-06	3-17-44	643,572	0	7,946	635,626
Total Water Revenue and Tax Bonds Payable					\$ 1,550,982	0	\$ 74,803	\$ 1,476,179

Exhibit K-2

Marshall County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Marshall County Board of Public Utilities

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 830,000	\$ 190,696	\$ 1,020,696
2012	4,722,000	161,887	4,883,887
2013	780,000	131,920	911,920
2014	530,000	69,092	599,092
2015	555,000	50,107	605,107
2016	295,000	35,023	330,023
2017	305,000	24,115	329,115
2018	315,000	12,739	327,739
2019	50,000	1,062	51,062
Total	\$ 8,382,000	\$ 676,641	\$ 9,058,641

Year Ending June 30	Other Loans		
	Principal	Interest	Other Fees
2011	\$ 371,000	\$ 9,771	\$ 10,536
2012	183,000	7,686	8,352
2013	191,000	6,774	7,638
2014	52,000	5,821	6,047
2015	54,000	5,592	5,850
2016	55,000	5,355	5,645
2017	56,000	5,113	5,436
2018	58,000	4,866	5,223
2019	59,000	4,611	5,002
2020	60,000	4,352	4,778
2021	62,000	4,088	4,550
2022	63,000	3,815	4,315
2023	65,000	3,538	4,075
2024	66,000	3,252	3,828
2025	68,000	2,961	3,577
2026	70,000	2,662	3,319
2027	71,000	2,354	3,053
2028	73,000	2,042	2,783
2029	75,000	1,720	2,506
2030	76,000	1,390	2,221
2031	78,000	1,056	1,932
2032	80,000	713	1,636
2033	82,000	359	1,247
Total	\$ 2,068,000	\$ 89,891	\$ 103,549

(Continued)

Exhibit K-2

Marshall County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Marshall County Board of Public Utilities (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 2,397,713	\$ 1,259,117	\$ 3,656,830
2012	2,493,668	1,172,686	3,666,354
2013	2,129,663	1,080,823	3,210,486
2014	2,045,700	1,001,111	3,046,811
2015	1,756,780	931,530	2,688,310
2016	1,822,906	866,977	2,689,883
2017	1,899,079	799,620	2,698,699
2018	1,965,302	729,388	2,694,690
2019	2,041,575	655,901	2,697,476
2020	2,122,903	579,583	2,702,486
2021	2,199,286	499,893	2,699,179
2022	940,727	441,221	1,381,948
2023	977,229	403,929	1,381,158
2024	1,023,794	364,792	1,388,586
2025	1,065,425	322,984	1,388,409
2026	1,107,125	279,459	1,386,584
2027	1,163,895	234,207	1,398,102
2028	1,215,741	186,657	1,402,398
2029	747,664	136,962	884,626
2030	779,667	108,561	888,228
2031	811,755	78,563	890,318
2032	53,931	47,337	101,268
2033	56,198	45,070	101,268
2034	58,561	42,707	101,268
2035	61,023	40,245	101,268
2036	63,588	37,680	101,268
2037	66,261	35,007	101,268
2038	69,047	32,221	101,268
2039	71,949	29,319	101,268
2040	74,974	26,294	101,268
2041	78,126	23,142	101,268
2042	81,410	19,858	101,268
2043	84,833	16,435	101,268
2044	88,399	12,869	101,268
2045	92,115	9,153	101,268
2046	95,987	5,281	101,268
2047	75,694	1,326	77,020
Total	\$ 33,879,693	\$ 12,557,908	\$ 46,437,601

(Continued)

Exhibit K-2

Marshall County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Marshall County Board of Public Utilities (Cont.)

DISCRETELY PRESENTED MARSHALL
COUNTY BOARD OF PUBLIC UTILITIES

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 25,935	\$ 67,293	\$ 93,228
2012	27,120	66,108	93,228
2013	28,357	64,871	93,228
2014	29,653	63,575	93,228
2015	31,007	62,221	93,228
2016	32,423	60,805	93,228
2017	33,903	59,325	93,228
2018	31,192	57,778	88,970
2019	28,467	56,160	84,627
2020	29,754	54,466	84,220
2021	31,098	52,697	83,795
2022	32,503	50,846	83,349
2023	33,972	49,030	83,002
2024	35,507	47,185	82,692
2025	37,111	45,581	82,692
2026	38,788	43,904	82,692
2027	40,541	42,151	82,692
2028	42,373	40,319	82,692
2029	44,288	38,404	82,692
2030	46,289	36,403	82,692
2031	48,380	34,312	82,692
2032	50,567	32,125	82,692
2033	52,851	29,841	82,692
2034	55,240	27,452	82,692
2035	57,736	24,956	82,692
2036	60,345	22,347	82,692
2037	63,072	19,620	82,692
2038	65,922	16,770	82,692
2039	68,901	13,791	82,692
2040	72,014	10,678	82,692
2041	75,269	7,423	82,692
2042	70,575	4,039	74,614
2043	34,984	1,760	36,744
2044	20,042	289	20,331
Total	\$ 1,476,179	\$ 1,304,525	\$ 2,780,704

Exhibit K-3

Marshall County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marshall County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 244,000
Special Purpose	Industrial/Economic Development	"	55,842
General Capital Projects	Highway Capital Projects	"	270,000
Solid Waste/Sanitation	General Debt Service	Debt payment	52,319
Courthouse and Jail Maintenance	General	To close fund	47,018
Public Library	General	"	72,953
Special Purpose	General	"	159,233
Other Special Revenue	General	"	<u>20,851</u>
Total Transfers Primary Government			<u>\$ 922,216</u>
<u>DISCRETELY PRESENTED MARSHALL COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>31,393</u>
Total Transfers Discretely Presented Marshall County School Department			<u>\$ 31,393</u>

Marshall County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government, Discretely Presented Marshall County School
Department, and Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 71,952	\$ 50,000	Auto Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	67,927	100,000	"
Director of Schools:				
Stan Curtis (7-1-09 through 10-5-09)	State Board of Education and County Board of Education	144,124	150,000	Tennessee Risk Management Trust
Roy Dukes (10-6-09 through 6-30-10)	County Board of Education	82,341	150,000	"
Trustee	Section 8-24-102, <u>TCA</u>	61,751	1,400,000	Auto Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	61,751	25,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <u>TCA</u>	61,751	65,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	61,751	100,000	"
Register	Section 8-24-102, <u>TCA</u>	61,751	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	67,927	25,000	"
Director of Accounts and Budgets	Chapter 17, Private Acts of 2005, and County Commission	63,243	700,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - Board of Public Utility			150,000	Local Government Property and Casualty Fund

- (1) Includes termination pay of \$110,216 and accrued vacation leave of \$5,087. Does not include a travel allowance of \$2,371. The Board of Education also provides health, dental, disability, and term life (\$10,000) insurance and the director's five percent share of retirement.
- (2) Includes a chief executive officer training supplement of \$1,000. The Board of Education also provides health, dental, disability, and term life (\$10,000) insurance and the director's five percent share of retirement.
- (3) Does not include special commissioner fees of \$12,860.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) Includes longevity pay of \$1,000.

Exhibit K-5

Marshall County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2010

	Special Revenue Funds							Special Purpose
	General	Courthouse and Jail Maintenance	Juvenile Services	Public Library	Solid Waste / Sanitation	Industrial/ Economic Development		
<u>Local Taxes</u>								
County Property Taxes								
Current Property Tax	\$ 4,770,876	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	205,808	0	0	0	0	0	0	0
Trustee's Collections - Bankruptcy	2,484	0	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	54,216	0	0	0	0	0	0	0
Interest and Penalty	41,597	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	0	0
County Local Option Taxes								
Local Option Sales Tax	127,693	0	0	0	0	0	0	0
Hotel/Motel Tax	11,771	55,418	0	0	0	0	0	55,419
Wheel Tax	63,274	0	0	0	0	0	0	0
Litigation Tax - General	103,370	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	1,645	19,916	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	0
Litigation Tax - Courtroom Security	71,156	0	0	0	0	0	0	0
Business Tax	132,501	0	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	0	0	0	0	0	0
Wholesale Beer Tax	82,192	0	0	0	0	0	0	0
Interstate Telecommunications Tax	1,559	0	0	0	0	0	0	0
Total Local Taxes	\$ 5,670,142	\$ 75,334	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,419
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 10,682	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>								
Beer Permits	1,900	0	0	0	0	0	0	0
Building Permits	99,437	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds							Special Purpose
	General	Courthouse and Jail Maintenance	Juvenile Services	Public Library	Solid Waste / Sanitation	Industrial/ Economic Development	Special Purpose	
<u>Licenses and Permits (Cont.)</u>								
<u>Permits (Cont.)</u>								
Other Permits	2,625	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 114,644	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	4,256	0	0	0	0	0	0	0
Officers Costs	2,223	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0	0	0
DUI Treatment Fines	240	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	1,712	0	0	0	0	0	0	0
Courtroom Security Fee	765	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	22,748	0	0	0	0	0	0	0
Officers Costs	37,424	0	0	0	0	0	0	0
Game and Fish Fines	490	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0	0	0
Interpreter Fees	350	0	0	0	0	0	0	0
DUI Treatment Fines	5,880	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,378	0	0	0	0	0	0	0
Courtroom Security Fee	213	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	2,350	0	0	0	0	0	0	0
Officers Costs	3,868	0	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	832	0	0	0	0	0	0	0
Courtroom Security Fee	68	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	1,944	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	2,436	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds							Special Purpose
	General	Courthouse and Jail Maintenance	Juvenile Services	Public Library	Solid Waste / Sanitation	Industrial/ Economic Development		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Other Courts - In-county</u>								
Fines	\$ 0	\$ 0	\$ 72,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	4,750	1,149	0	0	0	0	0	1,150
Total Fines, Forfeitures, and Penalties	\$ 97,927	\$ 1,149	\$ 72,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,150
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,035	\$ 0	\$ 0	\$ 0
Surcharge - General	0	0	0	0	5,267	0	0	0
Patient Charges	1,268,173	0	0	0	0	0	0	0
Zoning Studies	5,775	0	0	0	0	0	0	0
Work Release Charges for Board	14,115	0	0	0	0	0	0	0
Water Sales	33,886	0	0	0	0	0	0	0
Service Charges	20	0	0	0	0	0	0	0
<u>Fees</u>								
Copy Fees	2,017	0	0	6,088	0	0	0	0
Library Fees	0	0	0	5,844	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0	0	0
Telephone Commissions	22,488	0	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0	0
Data Processing Fee - Register	10,712	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	4,482	0	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,850	0	0	0	0	0	0	0
Data Processing Fee - County Clerk	2,314	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,365,882	\$ 0	\$ 0	\$ 11,932	\$ 95,302	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	15,575	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds							Special Purpose
	General	Courthouse and Jail Maintenance	Juvenile Services	Public Library	Solid Waste / Sanitation	Industrial/ Economic Development		
<u>Other Local Revenues (Cont.)</u>								
<u>Recurring Items (Cont.)</u>								
Sale of Materials and Supplies	\$ 30	\$ 0	\$ 0	\$ 1,634	\$ 0	\$ 0	\$ 0	0
Sale of Gasoline	0	0	0	0	0	0	0	0
Sale of Maps	590	0	0	744	0	0	0	0
Sale of Recycled Materials	0	0	0	0	237,308	0	0	0
Miscellaneous Refunds	78,536	0	0	1,721	1,187	188	0	0
Expenditure Credits	136,543	0	0	0	0	0	0	0
<u>Nonrecurring Items</u>								
Sale of Equipment	1,809	0	0	0	25,232	0	0	0
Sale of Property	21,650	0	0	0	0	0	0	0
Damages Recovered from Individuals	70	0	0	1,221	0	0	0	0
Contributions and Gifts	15,919	0	0	9,741	0	0	0	0
<u>Other Local Revenues</u>								
Other Local Revenues	1,726	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 272,448	\$ 0	\$ 0	\$ 15,061	\$ 263,727	\$ 188	\$ 0	0
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 303,008	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	69,338	0	0	0	0	0	0	0
General Sessions Court Clerk	174,321	0	0	0	0	0	0	0
Clerk and Master	129,475	0	0	0	0	0	0	0
Juvenile Court Clerk	21,487	0	0	0	0	0	0	0
Register	120,510	0	0	0	0	0	0	0
Sheriff	17,092	0	0	0	0	0	0	0
Trustee	522,695	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,357,926	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>								
General Government Grants	\$ 10,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Juvenile Services Program								

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Juvenile Services	Public Library	Solid Waste / Sanitation	Industrial/ Economic Development	Special Purpose
<u>State of Tennessee (Cont.)</u>							
<u>General Government Grants (Cont.)</u>							
Solid Waste Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,600	\$ 0	\$ 0
Public Safety Grants							
Law Enforcement Training Programs	13,800	0	0	0	0	0	0
Health and Welfare Grants							
Other Health and Welfare Grants	174,461	0	0	0	0	0	0
Public Works Grants							
Litter Program	0	0	0	0	25,927	0	0
<u>Other State Revenues</u>							
Income Tax	36,992	0	0	0	0	0	0
Beer Tax	17,778	0	0	0	0	0	0
Alcoholic Beverage Tax	44,031	0	0	0	0	0	0
Mixed Drink Tax	581	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	159,101	0	0	0	0	0	0
Contracted Prisoner Boarding	447,125	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Reappraisal Program Reimbursement	7,983	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
State Shared Sales Tax - Cities	3,247	0	0	0	0	0	0
Other State Revenues	1,000	0	0	0	0	0	0
Total State of Tennessee	\$ 932,879	\$ 0	\$ 0	\$ 0	\$ 45,527	\$ 0	\$ 0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 122,384	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	30,000	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	12,026	0	0	0	0	0	0
Total Federal Government	\$ 164,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Special Purpose
	General	Courthouse and Jail Maintenance	Juvenile Services	Public Library	Solid Waste / Sanitation	Industrial/ Economic Development		
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 22,080	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	0	0	0	0	0	26,158	0
Contracted Services	8,193	0	0	0	0	0	0	0
<u>Citizens Groups</u>								
Donations	7,650	0	0	0	0	0	0	0
Other	18,716	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 56,639	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,158	\$ 0
Total	\$ 10,032,897	\$ 76,483	\$ 72,710	\$ 26,993	\$ 404,556	\$ 26,346	\$ 56,569	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service			Total		
	Constituent				Fund					
	Drug Control	Constitutional Officers - Fees	Highway / Public Works		General Debt Service	Highway Capital Projects	Other Capital Projects			
\$	0	0	410,399	\$	2,047,424	\$	0	51,296	\$	7,279,995
County Property Taxes	0	0	17,658		90,347		0	2,258		316,071
Current Property Tax	0	0	211		1,055		0	26		3,776
Trustee's Collections - Prior Year	0	0	4,664		23,319		0	583		82,782
Trustee's Collections - Bankruptcy	0	0	3,578		17,893		0	449		63,517
Circuit/Clerk & Master Collections - Prior Years	0	0	0		0		0	6,945		6,945
Interest and Penalty	0	0	0		0		0	109,006		109,006
Payments in-Lieu-of Taxes - T.V.A.	0	0	0		0		0	15,342		15,342
Payments in-Lieu-of Taxes - Local Utilities	0	0	0		0		0	0		0
Payments in-Lieu-of Taxes - Other	0	0	0		0		0	0		0
<u>County Local Option Taxes</u>	0	0	0		1,750,639		0	0		1,878,332
Local Option Sales Tax	0	0	0		0		0	0		122,608
Hotel/Motel Tax	0	0	0		0		0	0		1,265,488
Wheel Tax	0	0	189,823		1,012,391		0	0		103,370
Litigation Tax - General	0	0	0		0		0	0		21,561
Litigation Tax - Special Purpose	0	0	0		0		0	0		0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0		73,512		0	0		73,512
Litigation Tax - Courtroom Security	0	0	0		0		0	0		71,156
Business Tax	0	0	0		0		0	0		132,501
Mineral Severance Tax	0	0	170,787		0		0	0		170,787
<u>Statutory Local Taxes</u>	0	0	0		0		0	79,010		79,010
Bank Excise Tax	0	0	0		0		0	0		82,192
Wholesale Beer Tax	0	0	0		0		0	0		1,559
Interstate Telecommunications Tax	0	0	0		0		0	0		0
Total Local Taxes	0	0	797,120	\$	5,016,580	\$	0	264,915	\$	11,879,510
<u>Licenses and Permits</u>	0	0	0		0		0	0		10,682
<u>Licenses</u>	0	0	0		0		0	0		0
Cable TV Franchise	0	0	0		0		0	0		1,900
Permits	0	0	0		0		0	0		99,437
Beer Permits	0	0	0		0		0	0		0
Building Permits	0	0	0		0		0	0		0

(Continued)

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

	Special Revenue Funds				Debt Service Fund			Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Funds		Other Capital Projects	
					Highway Capital Projects	Other Capital Projects		
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	2,625
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	114,644
<u>Licenses and Permits (Cont.)</u>								
<u>Permits (Cont.)</u>								
Other Permits								
Total Licenses and Permits								
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	0	0	0	0	0	0	0	4,256
Officers Costs	0	0	0	0	0	0	0	2,223
Drug Control Fines	197	0	0	0	0	0	0	197
Jail Fees	28	0	0	0	0	0	0	28
DUI Treatment Fines	0	0	0	0	0	0	0	240
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	1,712
Courtroom Security Fee	0	0	0	0	0	0	0	765
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	22,748
Officers Costs	0	0	0	0	0	0	0	37,424
Game and Fish Fines	0	0	0	0	0	0	0	490
Drug Control Fines	2,755	0	0	0	0	0	0	2,755
Jail Fees	4,847	0	0	0	0	0	0	4,847
Interpreter Fees	0	0	0	0	0	0	0	350
DUI Treatment Fines	0	0	0	0	0	0	0	5,880
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	5,378
Courtroom Security Fee	0	0	0	0	0	0	0	213
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	2,350
Officers Costs	0	0	0	0	0	0	0	3,868
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	832
Courtroom Security Fee	0	0	0	0	0	0	0	68
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	1,944
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	2,436

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund			Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Funds			
					Highway Capital Projects	Other Capital Projects		
\$	0	0	0	0	0	0	0	72,710
\$	7,827	0	0	0	0	0	0	7,049
\$	7,827	0	0	0	0	0	0	180,763
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Other Courts - In-county</u>								
Fines								
Other Fines, Forfeitures, and Penalties								
Total Fines, Forfeitures, and Penalties								
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Surcharge - Host Agency								
Surcharge - General								
Patient Charges								
Zoning Studies								
Work Release Charges for Board								
Water Sales								
Service Charges								
Fees								
Copy Fees								
Library Fees								
Greenbelt Late Application Fee								
Telephone Commissions								
Special Commissioner Fees/Special Master Fees		12,860						
Data Processing Fee - Register								
Data Processing Fee - Sheriff								
Sexual Offender Registration Fees - Sheriff								
Data Processing Fee - County Clerk								
Total Charges for Current Services	0	12,860	0	0	0	0	0	1,485,976
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0	0	0	50,291	150,000	0	0	200,291
Lease/Rentals	0	0	0	0	0	0	0	15,575

(Continued)

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

	Special Revenue Funds				Debt Service Fund			Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Funds			
					Highway Capital Projects	Other Capital Projects		
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,664
Sale of Materials and Supplies	0	0	35,947	0	0	0	0	35,947
Sale of Gasoline	0	0	0	0	0	0	0	1,334
Sale of Maps	0	0	221	0	0	0	0	237,529
Sale of Recycled Materials	0	0	85	5,738	0	0	0	87,455
Miscellaneous Refunds	0	0	0	0	0	0	0	136,543
Expenditure Credits	0	0	0	0	0	0	0	
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	377	0	0	0	0	27,418
Sale of Property	0	0	0	0	0	0	0	21,650
Damages Recovered from Individuals	0	0	0	0	0	0	0	1,291
Contributions and Gifts	6,221	0	31,720	0	0	0	0	63,601
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	0	1,726
Total Other Local Revenues	\$ 6,221	\$ 0	\$ 68,350	\$ 56,029	\$ 150,000	\$ 0	\$ 0	\$ 832,024
<u>Fees Received from County Officials</u>								
Fees in-Lieu-of Salary								
County Clerk	0	0	0	0	0	0	0	303,008
Circuit Court Clerk	0	0	0	0	0	0	0	69,338
General Sessions Court Clerk	0	0	0	0	0	0	0	174,321
Clerk and Master	0	0	0	0	0	0	0	129,475
Juvenile Court Clerk	0	0	0	0	0	0	0	21,487
Register	0	0	0	0	0	0	0	120,510
Sheriff	0	0	0	0	0	0	0	17,092
Trustee	0	0	0	0	0	0	0	522,695
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,357,926
<u>State of Tennessee</u>								
General Government Grants	0	0	0	0	0	0	0	10,400
Juvenile Services Program	0	0	0	0	0	0	0	

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds			Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		Highway Capital Projects	Other Capital Projects		
State of Tennessee (Cont.)									
<u>General Government Grants (Cont.)</u>									
Solid Waste Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,600
Public Safety Grants									
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	13,800
Health and Welfare Grants	0	0	0	0	0	0	0	0	174,461
Public Works Grants									
Litter Program	0	0	0	0	0	0	0	0	25,927
<u>Other State Revenues</u>									
Income Tax	0	0	0	0	0	0	0	0	36,992
Beer Tax	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	44,031
Mixed Drink Tax	0	0	0	0	0	0	0	0	581
State Revenue Sharing - T.V.A.	0	0	13,686	68,431	0	1,711	0	0	242,929
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	447,125
Gasoline and Motor Fuel Tax	0	0	1,579,349	0	0	0	0	0	1,579,349
Petroleum Special Tax	0	0	21,497	0	0	0	0	0	21,497
Reappraisal Program Reimbursement	0	0	0	0	0	0	0	0	7,983
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	16,380
State Shared Sales Tax - Cities	0	0	0	0	0	0	0	0	3,247
Other State Revenues	0	0	0	0	0	0	0	0	1,000
Total State of Tennessee	\$ 0	\$ 0	\$ 1,614,532	\$ 68,431	\$ 0	\$ 1,711	\$ 0	\$ 0	\$ 2,663,080
<u>Federal Government</u>									
Federal Through State									
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,384
Other Federal through State	0	0	0	0	0	0	0	0	30,000
Direct Federal Revenue									
Other Direct Federal Revenue	0	0	197,746	0	0	0	0	0	209,772
Total Federal Government	\$ 0	\$ 0	\$ 197,746	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 362,156

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds			Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Capital Projects				
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,080	
Contributions	0	0	0	137,909	0	0	0	0	164,067	
Contracted Services	0	0	0	0	0	0	0	0	8,193	
<u>Citizens Groups</u>										
Donations	0	0	0	0	0	0	0	0	7,650	
Other	0	0	0	0	0	0	0	0	18,716	
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 137,909	\$ 0	\$ 0	\$ 0	\$ 0	\$ 220,706	
Total	\$ 14,048	\$ 12,860	\$ 2,677,748	\$ 5,278,949	\$ 150,000	\$ 266,626	\$ 19,096,785			

Exhibit K-6

Marshall County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,567,039	\$ 0	\$ 0	\$ 8,567,039
Trustee's Collections - Prior Year	331,402	0	0	331,402
Trustee's Collections - Bankruptcy	4,719	0	0	4,719
Circuit/Clerk & Master Collections - Prior Years	97,355	0	0	97,355
Interest and Penalty	75,400	0	0	75,400
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,820,906	0	0	1,820,906
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,936	0	0	1,936
Total Local Taxes	\$ 10,898,757	\$ 0	\$ 0	\$ 10,898,757
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,214	\$ 0	\$ 0	\$ 2,214
Total Licenses and Permits	\$ 2,214	\$ 0	\$ 0	\$ 2,214
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 656,393	\$ 656,393
Lunch Payments - Adults	0	0	66,104	66,104
Income from Breakfast	0	0	64,498	64,498
A la carte Sales	0	0	362,854	362,854
Receipts from Individual Schools	69,588	0	0	69,588
TBI Criminal Background Fees	4,528	0	0	4,528
Total Charges for Current Services	\$ 74,116	\$ 0	\$ 1,149,849	\$ 1,223,965
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 28	\$ 28
Sale of Materials and Supplies	6,962	0	0	6,962
Refund of Telecommunication & Internet Fees (E-Rate)	56,001	0	0	56,001
Miscellaneous Refunds	17,775	0	0	17,775
<u>Nonrecurring Items</u>				
Sale of Equipment	3,287	0	0	3,287
Damages Recovered from Individuals	1,273	0	0	1,273
Total Other Local Revenues	\$ 85,298	\$ 0	\$ 28	\$ 85,326
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 46,304	\$ 0	\$ 0	\$ 46,304
<u>State Education Funds</u>				
Basic Education Program	20,800,600	0	0	20,800,600
Basic Education Program - ARRA	963,400	0	0	963,400
Early Childhood Education	120,477	0	0	120,477
School Food Service	0	0	27,926	27,926
Driver Education	16,178	0	0	16,178
Other State Education Funds	5,856	0	0	5,856
Coordinated School Health - ARRA	88,557	0	0	88,557

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Internet Connectivity - ARRA	\$ 15,111	\$ 0	\$ 0	\$ 15,111
Statewide Student Management System (SSMS) - ARRA	12,806	0	0	12,806
Career Ladder Program	230,940	0	0	230,940
Career Ladder - Extended Contract - ARRA	53,613	0	0	53,613
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	285,697	0	0	285,697
Other State Grants	3,596	0	0	3,596
Safe Schools - ARRA	27,600	0	0	27,600
Total State of Tennessee	\$ 22,670,735	\$ 0	\$ 27,926	\$ 22,698,661
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,079,205	\$ 1,079,205
USDA - Commodities	0	0	257,096	257,096
Breakfast	0	0	357,299	357,299
USDA - Other	0	0	1,907	1,907
USDA Food Service Equipment Grant - ARRA	0	0	15,448	15,448
Vocational Education - Basic Grants to States	0	70,423	0	70,423
Other Vocational	0	90,500	0	90,500
Title I Grants to Local Education Agencies	0	1,020,513	0	1,020,513
Special Education - Grants to States	0	1,442,925	0	1,442,925
Special Education Preschool Grants	0	27,370	0	27,370
English Language Acquisition Grants	0	26,512	0	26,512
Safe and Drug-free Schools - State Grants	0	16,485	0	16,485
Education for Homeless Children and Youth	0	446	0	446
Eisenhower Professional Development State Grants	0	170,544	0	170,544
Other Federal through State	97,130	36,326	0	133,456
Total Federal Government	\$ 97,130	\$ 2,902,044	\$ 1,710,955	\$ 4,710,129
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 195,652	\$ 0	\$ 0	\$ 195,652
Total Other Governments and Citizens Groups	\$ 195,652	\$ 0	\$ 0	\$ 195,652
Total	\$ 34,023,902	\$ 2,902,044	\$ 2,888,758	\$ 39,814,704

Exhibit K-7

Marshall County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	51,841	
Social Security		3,214	
Extension Service Medicare		752	
Audit Services		31,905	
Communication		1,620	
Contracts with Private Agencies		4,277	
Dues and Memberships		3,531	
Legal Notices, Recording, and Court Costs		1,403	
Maintenance and Repair Services - Office Equipment		43	
Postal Charges		514	
Printing, Stationery, and Forms		893	
Liability Insurance		14,623	
Workers' Compensation Insurance		25,141	
Liability Claims		<u>7,578</u>	
Total County Commission			\$ 147,335

Board of Equalization

Board and Committee Members Fees	\$	800	
Social Security		50	
Extension Service Medicare		12	
Liability Insurance		919	
Workers' Compensation Insurance		<u>249</u>	
Total Board of Equalization			2,030

Other Boards and Committees

Board and Committee Members Fees	\$	2,300	
Social Security		143	
Extension Service Medicare		33	
Liability Insurance		292	
Workers' Compensation Insurance		<u>498</u>	
Total Other Boards and Committees			3,266

County Mayor/Executive

County Official/Administrative Officer	\$	71,952	
Secretary(ies)		28,044	
Part-time Personnel		2,722	
Longevity Pay		950	
Social Security		6,315	
Extension Service Medicare		1,477	
State Retirement		8,888	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Employee and Dependent Insurance	\$	5,850	
Communication		1,939	
Dues and Memberships		1,350	
Maintenance and Repair Services - Office Equipment		4	
Postal Charges		448	
Travel		330	
Office Supplies		663	
Liability Insurance		552	
Workers' Compensation Insurance		403	
Total County Mayor/Executive			\$ 131,887

County Attorney

Legal Services	\$	36,093	
Travel		200	
Total County Attorney			36,293

Election Commission

Supervisor/Director	\$	55,576	
Deputy(ies)		24,628	
Part-time Personnel		565	
Longevity Pay		300	
Election Commission		825	
In-Service Training		975	
Social Security		4,326	
Extension Service Medicare		1,012	
State Retirement		7,150	
Employee and Dependent Insurance		16,759	
Communication		1,631	
Data Processing Services		9,716	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		1,160	
Maintenance and Repair Services - Equipment		340	
Maintenance and Repair Services - Office Equipment		200	
Postal Charges		1,350	
Printing, Stationery, and Forms		949	
Travel		566	
Office Supplies		1,197	
Liability Insurance		1,762	
Workers' Compensation Insurance		1,091	
Total Election Commission			132,278

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,367	
Part-time Personnel		5,500	
Longevity Pay		250	
In-Service Training		900	
Social Security		6,579	
Extension Service Medicare		1,538	
State Retirement		10,135	
Employee and Dependent Insurance		21,789	
Communication		981	
Contracts with Government Agencies		265	
Data Processing Services		14,696	
Dues and Memberships		586	
Maintenance and Repair Services - Office Equipment		848	
Postal Charges		647	
Office Supplies		2,310	
Liability Insurance		736	
Workers' Compensation Insurance		537	
Total Register of Deeds			\$ 182,415

Planning

Contracts with Government Agencies	\$	9,250	
Total Planning			9,250

Building

Assistant(s)	\$	20,528	
Supervisor/Director		46,416	
Secretary(ies)		21,758	
Longevity Pay		250	
In-Service Training		994	
Social Security		5,429	
Extension Service Medicare		1,270	
State Retirement		6,584	
Employee and Dependent Insurance		6,955	
Communication		2,346	
Dues and Memberships		325	
Legal Services		765	
Legal Notices, Recording, and Court Costs		826	
Licenses		105	
Maintenance and Repair Services - Office Equipment		585	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Maintenance and Repair Services - Vehicles	\$	447	
Postal Charges		550	
Printing, Stationery, and Forms		807	
Travel		1,132	
Gasoline		2,554	
Office Supplies		760	
Textbooks		154	
Liability Insurance		693	
Vehicle and Equipment Insurance		1,392	
Workers' Compensation Insurance		4,132	
Other Charges		208	
Total Building			\$ 127,965

County Buildings

Contributions	\$	35,727	
Janitorial Services		27,580	
Maintenance and Repair Services - Buildings		36,956	
Maintenance and Repair Services - Equipment		989	
Maintenance and Repair Services - Vehicles		81	
Pest Control		1,721	
Disposal Fees		2,553	
Custodial Supplies		3,045	
Electricity		80,667	
Gasoline		477	
Natural Gas		21,618	
Water and Sewer		3,236	
Vehicle and Equipment Insurance		1,361	
Total County Buildings			216,011

Finance

Accounting and Budgeting

Supervisor/Director	\$	63,243	
Accountants/Bookkeepers		149,488	
Temporary Personnel		26,245	
Longevity Pay		3,400	
In-Service Training		225	
Social Security		14,120	
Extension Service Medicare		3,303	
State Retirement		18,109	
Employee and Dependent Insurance		30,356	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Communication	\$	1,702	
Contracts with Private Agencies		6,949	
Evaluation and Testing		429	
Maintenance and Repair Services - Office Equipment		4,473	
Postal Charges		5,773	
Office Supplies		4,424	
Liability Insurance		1,287	
Workers' Compensation Insurance		3,372	
Office Equipment		1,817	
Total Accounting and Budgeting			\$ 338,715

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		81,507	
Secretary(ies)		23,437	
Longevity Pay		2,650	
Other Salaries and Wages		1,000	
In-Service Training		290	
Social Security		10,122	
Extension Service Medicare		2,367	
State Retirement		14,738	
Employee and Dependent Insurance		19,583	
Communication		1,457	
Data Processing Services		9,026	
Dues and Memberships		370	
Evaluation and Testing		127	
Legal Notices, Recording, and Court Costs		74	
Maintenance and Repair Services - Office Equipment		704	
Postal Charges		1,710	
Rentals		183	
Travel		941	
Office Supplies		1,524	
Other Supplies and Materials		5,317	
Liability Insurance		1,441	
Workers' Compensation Insurance		1,640	
Office Equipment		1,661	
Total Property Assessor's Office			243,620

Reappraisal Program

Assistant(s)	\$	24,747	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Deputy(ies)	\$	16,501	
Secretary(ies)		20,958	
Social Security		3,570	
Extension Service Medicare		835	
State Retirement		5,467	
Employee and Dependent Insurance		8,753	
Data Processing Services		3,379	
Maintenance and Repair Services - Vehicles		111	
Postal Charges		429	
Gasoline		1,988	
Office Supplies		1,300	
Liability Insurance		183	
Vehicle and Equipment Insurance		496	
Workers' Compensation Insurance		1,337	
Total Reappraisal Program			\$ 90,054

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,362	
Longevity Pay		850	
Social Security		6,547	
Extension Service Medicare		1,531	
State Retirement		10,186	
Employee and Dependent Insurance		18,463	
Communication		1,395	
Contracts with Private Agencies		4,163	
Dues and Memberships		551	
Legal Services		1,682	
Legal Notices, Recording, and Court Costs		32	
Maintenance and Repair Services - Office Equipment		1,615	
Postal Charges		4,688	
Office Supplies		1,610	
Liability Insurance		552	
Workers' Compensation Insurance		428	
Total County Trustee's Office			168,406

County Clerk's Office

County Official/Administrative Officer	\$	61,751
Deputy(ies)		141,446
Part-time Personnel		12,446

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Longevity Pay	\$	1,850	
In-Service Training		378	
Social Security		12,691	
Extension Service Medicare		2,968	
State Retirement		18,366	
Employee and Dependent Insurance		38,654	
Communication		2,077	
Contracts with Private Agencies		225	
Data Processing Services		17,152	
Dues and Memberships		526	
Maintenance and Repair Services - Office Equipment		1,543	
Postal Charges		7,172	
Office Supplies		4,267	
Liability Insurance		1,471	
Workers' Compensation Insurance		901	
Other Charges		61	
Office Equipment		98	
Total County Clerk's Office			\$ 326,043

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751
Deputy(ies)		145,437
Attendants		5,114
Longevity Pay		1,950
Jury and Witness Expense		12,251
In-Service Training		271
Social Security		12,193
Extension Service Medicare		2,852
State Retirement		18,530
Employee and Dependent Insurance		39,837
Communication		4,171
Data Processing Services		10,308
Dues and Memberships		516
Maintenance and Repair Services - Office Equipment		2,022
Postal Charges		3,554
Other Contracted Services		300
Office Supplies		4,928
Liability Insurance		1,287
Workers' Compensation Insurance		849

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Equipment	\$ 300	
Total Circuit Court		\$ 328,421

General Sessions Court

Judge(s)	\$ 96,662	
Part-time Personnel	10,920	
Other Salaries and Wages	13,934	
Social Security	7,534	
Extension Service Medicare	1,762	
State Retirement	8,564	
Communication	1,376	
Dues and Memberships	675	
Evaluation and Testing	63	
Travel	700	
Office Supplies	36	
Liability Insurance	736	
Workers' Compensation Insurance	937	
Total General Sessions Court		143,899

Chancery Court

County Official/Administrative Officer	\$ 61,751	
Deputy(ies)	76,556	
Longevity Pay	1,000	
In-Service Training	617	
Social Security	7,876	
Extension Service Medicare	1,842	
State Retirement	11,480	
Employee and Dependent Insurance	27,608	
Communication	1,921	
Contracts with Private Agencies	4,998	
Dues and Memberships	536	
Evaluation and Testing	49	
Legal Notices, Recording, and Court Costs	449	
Maintenance and Repair Services - Office Equipment	778	
Postal Charges	3,762	
Office Supplies	4,012	
Liability Insurance	595	
Premiums on Corporate Surety Bonds	1,172	
Workers' Compensation Insurance	1,007	
Office Equipment	336	
Total Chancery Court		208,345

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Probation Officer(s)	\$	32,711	
Youth Service Officer(s)		35,024	
Guidance Personnel		32,328	
Longevity Pay		1,250	
Overtime Pay		2,700	
Social Security		6,352	
Extension Service Medicare		1,486	
State Retirement		7,891	
Employee and Dependent Insurance		11,756	
Communication		2,026	
Evaluation and Testing		63	
Maintenance and Repair Services - Office Equipment		585	
Postal Charges		607	
Travel		904	
Office Supplies		1,074	
Liability Insurance		552	
Workers' Compensation Insurance		420	
Other Charges		13,225	
Office Equipment		188	
Total Juvenile Court			\$ 151,142

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927
Assistant(s)		47,787
Deputy(ies)		636,414
Accountants/Bookkeepers		28,334
Salary Supplements		26,444
Dispatchers/Radio Operators		130,410
Longevity Pay		8,800
Overtime Pay		96,572
In-Service Training		13,800
Social Security		62,380
Extension Service Medicare		14,589
State Retirement		81,927
Employee and Dependent Insurance		160,232
Unemployment Compensation		1,737
On-Behalf Payments to OPEB		4,145
Communication		3,274
Contracts with Private Agencies		4,350

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Data Processing Services	\$	2,345	
Dues and Memberships		2,420	
Evaluation and Testing		811	
Maintenance and Repair Services - Equipment		1,203	
Maintenance and Repair Services - Office Equipment		708	
Maintenance and Repair Services - Vehicles		26,567	
Pest Control		1,034	
Postal Charges		1,353	
Transportation - Other than Students		5,322	
Travel		1,941	
Tuition		3,240	
Disposal Fees		832	
Electricity		18,233	
Gasoline		52,379	
Law Enforcement Supplies		6,223	
Natural Gas		3,736	
Office Supplies		3,277	
Tires and Tubes		5,925	
Uniforms		8,536	
Water and Sewer		8,860	
Liability Insurance		54,407	
Premiums on Corporate Surety Bonds		99	
Vehicle and Equipment Insurance		17,200	
Workers' Compensation Insurance		30,193	
Other Charges		5,127	
Law Enforcement Equipment		10,280	
Motor Vehicles		46,035	
Office Equipment		862	
Total Sheriff's Department			\$ 1,708,270

Jail

Supervisor/Director	\$	31,990
Salary Supplements		14,185
Guards		389,823
Clerical Personnel		25,035
Cafeteria Personnel		21,590
Longevity Pay		3,550
Overtime Pay		44,206
In-Service Training		360
Social Security		31,242

(Continued)

Exhibit K-7

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

General Fund (Cont.)
Public Safety (Cont.)
Jail (Cont.)

Extension Service Medicare	\$	7,306	
State Retirement		41,071	
Employee and Dependent Insurance		105,740	
Unemployment Compensation		8,350	
Communication		3,752	
Contracts with Private Agencies		5,594	
Data Processing Services		26,025	
Evaluation and Testing		1,872	
Legal Services		1,528	
Maintenance and Repair Services - Equipment		1,583	
Maintenance and Repair Services - Office Equipment		236	
Medical and Dental Services		258,734	
Pest Control		776	
Postal Charges		1,824	
Travel		848	
Disposal Fees		2,496	
Electricity		54,011	
Food Supplies		204,888	
Natural Gas		37,785	
Office Supplies		3,669	
Prisoners Clothing		9,123	
Uniforms		2,233	
Water and Sewer		20,724	
Other Supplies and Materials		48,640	
Liability Insurance		8,932	
Vehicle and Equipment Insurance		1,352	
Workers' Compensation Insurance		25,647	
Other Equipment		2,067	
Total Jail			\$ 1,448,787

Civil Defense

Supervisor/Director	\$	37,166
Truck Drivers		13,280
Secretary(ies)		28,044
Part-time Personnel		12,747
Longevity Pay		1,400
In-Service Training		150
Social Security		5,604
Extension Service Medicare		1,311
State Retirement		5,902

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Employee and Dependent Insurance	\$	11,059	
Communication		1,504	
Contracts with Government Agencies		2,274	
Data Processing Services		384	
Dues and Memberships		35	
Evaluation and Testing		198	
Maintenance and Repair Services - Equipment		2,278	
Maintenance and Repair Services - Office Equipment		585	
Maintenance and Repair Services - Vehicles		18,250	
Postal Charges		428	
Travel		143	
Other Contracted Services		31,500	
Diesel Fuel		8,727	
Electricity		11,691	
Gasoline		2,358	
Ice		4,302	
Natural Gas		13,951	
Office Supplies		206	
Water and Sewer		1,056	
Other Supplies and Materials		88,592	
Excess Risk Insurance		9,088	
Liability Insurance		25,758	
Vehicle and Equipment Insurance		21,427	
Workers' Compensation Insurance		6,937	
Other Equipment		150	
Total Civil Defense			\$ 368,485

County Coroner/Medical Examiner

Assistant(s)	\$	1,243	
Supervisor/Director		5,000	
Social Security		378	
Extension Service Medicare		89	
State Retirement		110	
Employee and Dependent Insurance		29	
Other Contracted Services		41,753	
Liability Insurance		919	
Workers' Compensation Insurance		249	
Total County Coroner/Medical Examiner			49,770

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Communication	\$	570	
Total Other Public Safety			\$ 570

Public Health and Welfare

Local Health Center

Communication	\$	5,703	
Contracts with Private Agencies		843	
Janitorial Services		14,569	
Pest Control		260	
Postal Charges		110	
Disposal Fees		724	
Drugs and Medical Supplies		71	
Electricity		8,308	
Natural Gas		3,179	
Office Supplies		421	
Water and Sewer		536	
Other Charges		674	
Total Local Health Center			35,398

Rabies and Animal Control

Assistant(s)	\$	25,139	
Overtime Pay		3,967	
Social Security		1,806	
Extension Service Medicare		422	
State Retirement		2,579	
Employee and Dependent Insurance		4,720	
Communication		462	
Contracts with Government Agencies		8,371	
Maintenance and Repair Services - Vehicles		66	
Gasoline		1,119	
Uniforms		460	
Other Supplies and Materials		87	
Liability Insurance		183	
Vehicle and Equipment Insurance		449	
Workers' Compensation Insurance		1,382	
Total Rabies and Animal Control			51,212

Ambulance/Emergency Medical Services

Supervisor/Director	\$	55,207	
Medical Personnel		11,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Paraprofessionals	\$ 1,308,680	
Longevity Pay	8,150	
In-Service Training	4,384	
Social Security	81,611	
Extension Service Medicare	19,086	
State Retirement	114,581	
Employee and Dependent Insurance	162,191	
Communication	7,046	
Contracts with Government Agencies	3,000	
Contracts with Private Agencies	1,345	
Dues and Memberships	560	
Evaluation and Testing	684	
Legal Services	45	
Licenses	2,250	
Maintenance and Repair Services - Equipment	2,156	
Maintenance and Repair Services - Office Equipment	585	
Maintenance and Repair Services - Vehicles	46,622	
Pest Control	535	
Postal Charges	395	
Travel	1,504	
Disposal Fees	827	
Custodial Supplies	1,893	
Diesel Fuel	40,209	
Drugs and Medical Supplies	42,488	
Electricity	19,615	
Gasoline	4,118	
Natural Gas	6,864	
Office Supplies	3,776	
Tires and Tubes	5,774	
Uniforms	4,648	
Water and Sewer	239	
Other Supplies and Materials	1,982	
Liability Insurance	11,338	
Vehicle and Equipment Insurance	9,640	
Workers' Compensation Insurance	35,027	
Motor Vehicles	65,018	
Office Equipment	250	
Other Equipment	26,393	
Total Ambulance/Emergency Medical Services		\$ 2,111,716

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services

Contracts with Government Agencies	\$	4,050	
Contracts with Other Public Agencies		<u>3,259</u>	
Total Maternal and Child Health Services			\$ 7,309

Other Local Health Services

Paraprofessionals	\$	75,779	
Secretary(ies)		50,226	
Longevity Pay		650	
Social Security		7,628	
Extension Service Medicare		1,784	
State Retirement		8,789	
Employee and Dependent Insurance		16,548	
Evaluation and Testing		126	
Travel		3,286	
Other Supplies and Materials		1,967	
Liability Insurance		1,849	
Workers' Compensation Insurance		1,180	
Other Charges		<u>1,369</u>	
Total Other Local Health Services			171,181

Regional Mental Health Center

Contracts with Government Agencies	\$	21,600	
Contributions		<u>3,500</u>	
Total Regional Mental Health Center			25,100

Appropriation to State

Contracts with Government Agencies	\$	<u>20,100</u>	
Total Appropriation to State			20,100

Other Public Health and Welfare

Contracts with Private Agencies	\$	21,600	
Contributions		<u>40,000</u>	
Total Other Public Health and Welfare			61,600

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	<u>76,500</u>	
Total Senior Citizens Assistance			76,500

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Librarians	\$	7,784	
Social Security		483	
Extension Service Medicare		113	
State Retirement		573	
Total Libraries			\$ 8,953

Other Social, Cultural, and Recreational

Contributions	\$	1,800	
Total Other Social, Cultural, and Recreational			1,800

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	6,960	
Supervisor/Director		13,856	
Secretary(ies)		6,213	
Educational Assistants		7,034	
Social Security		1,253	
Extension Service Medicare		494	
State Retirement		3,601	
Communication		1,812	
Dues and Memberships		50	
Janitorial Services		11,525	
Travel		541	
Custodial Supplies		1,446	
Electricity		5,800	
Natural Gas		3,700	
Office Supplies		32	
Water and Sewer		500	
Other Supplies and Materials		1,000	
Office Equipment		1,093	
Total Agriculture Extension Service			66,910

Forest Service

Contributions	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Assistant(s)	\$	28,044	
Longevity Pay		450	
Social Security		1,559	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Extension Service Medicare	\$	365	
State Retirement		2,525	
Employee and Dependent Insurance		6,777	
Liability Insurance		183	
Workers' Compensation Insurance		117	
Total Soil Conservation			\$ 40,020

Other Operations

Housing and Urban Development

Other Contracted Services	\$	41,479	
Total Housing and Urban Development			41,479

Veterans' Services

Assistant(s)	\$	8,144	
Supervisor/Director		14,136	
Social Security		1,381	
Extension Service Medicare		323	
Communication		1,239	
Dues and Memberships		129	
Evaluation and Testing		63	
Postal Charges		423	
Transportation - Other than Students		1,335	
Travel		577	
Office Supplies		674	
Liability Insurance		368	
Vehicle and Equipment Insurance		963	
Workers' Compensation Insurance		146	
Total Veterans' Services			29,901

Miscellaneous

Bank Charges	\$	1,221	
Refunds		33,845	
Trustee's Commission		126,381	
Other Charges		21,629	
Total Miscellaneous			183,076

Total General Fund \$ 9,497,512

(Continued)

Exhibit K-7

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 43,041	
Trustee's Commission	779	
Total County Buildings		\$ 43,820

Total Courthouse and Jail Maintenance Fund \$ 43,820

Juvenile Services Fund

Administration of Justice

Juvenile Court

Probation Officer(s)	\$ 30,000	
Other Fringe Benefits	30,000	
Penalties	2,494	
Trustee's Commission	727	
Total Juvenile Court		\$ 63,221

Total Juvenile Services Fund 63,221

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Librarians	\$ 134,048
Longevity Pay	1,550
Social Security	8,144
Extension Service Medicare	1,905
State Retirement	10,785
Employee and Dependent Insurance	5,336
Communication	3,171
Contracts with Private Agencies	1,466
Data Processing Services	4,063
Dues and Memberships	340
Evaluation and Testing	63
Janitorial Services	2,959
Maintenance and Repair Services - Equipment	180
Pest Control	325
Postal Charges	1,269
Travel	13
Disposal Fees	240
Electricity	13,428
Library Books/Media	8,534
Natural Gas	3,305

(Continued)

Exhibit K-7

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Office Supplies	\$	1,108	
Periodicals		173	
Water and Sewer		607	
Other Supplies and Materials		576	
Liability Insurance		4,619	
Trustee's Commission		126	
Workers' Compensation Insurance		1,468	
Other Charges		2,217	
Total Libraries			\$ 212,018
Total Public Library Fund			\$ 212,018

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	45,289
Equipment Operators - Light		20,380
Secretary(ies)		28,044
Part-time Personnel		8,855
Longevity Pay		950
Overtime Pay		645
In-Service Training		567
Social Security		6,052
Extension Service Medicare		1,415
State Retirement		8,359
Employee and Dependent Insurance		17,663
Advertising		19
Communication		1,807
Contracts with Private Agencies		18,475
Contracts with Public Carriers		16,415
Dues and Memberships		296
Evaluation and Testing		108
Janitorial Services		886
Legal Services		1,035
Legal Notices, Recording, and Court Costs		301
Maintenance and Repair Services - Buildings		2,607
Maintenance and Repair Services - Equipment		10,803
Maintenance and Repair Services - Office Equipment		636
Maintenance and Repair Services - Vehicles		30,623
Pest Control		440

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Postal Charges	\$	415	
Printing, Stationery, and Forms		40	
Rentals		3,600	
Travel		856	
Remittance of Revenue Collected		5,396	
Disposal Fees		22,207	
Diesel Fuel		11,771	
Electricity		4,169	
Food Supplies		6,734	
Garage Supplies		8,836	
Gasoline		2,953	
Instructional Supplies and Materials		182	
Natural Gas		621	
Office Supplies		695	
Water and Sewer		276	
Other Supplies and Materials		5	
Liability Insurance		2,443	
Trustee's Commission		1,148	
Vehicle and Equipment Insurance		5,798	
Workers' Compensation Insurance		3,798	
Other Charges		1,234	
Other Equipment		228	
Total Sanitation Management			<u>\$ 306,075</u>

Total Solid Waste/Sanitation Fund \$ 306,075

Industrial/Economic Development Fund

Other Operations

Other Economic and Community Development

Supervisor/Director	\$	46,528
In-Service Training		1,359
Social Security		2,728
Extension Service Medicare		638
State Retirement		4,122
Employee and Dependent Insurance		6,778
Advertising		369
Communication		1,639
Data Processing Services		1,259
Dues and Memberships		545
Maintenance and Repair Services - Office Equipment		53

(Continued)

Exhibit K-7

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

Industrial/Economic Development Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development (Cont.)

Maintenance and Repair Services - Vehicles	\$	265	
Postal Charges		551	
Travel		3,155	
Gasoline		736	
Office Supplies		271	
Periodicals		50	
Liability Insurance		339	
Vehicle and Equipment Insurance		434	
Workers' Compensation Insurance		161	
Other Charges		1,863	
Office Equipment		40	
Total Other Economic and Community Development			\$ 73,883

Total Industrial/Economic Development Fund \$ 73,883

Special Purpose Fund

Other Operations

Other Economic and Community Development

Advertising	\$	3,325	
Contributions		49,253	
Trustee's Commission		687	
Total Other Economic and Community Development			\$ 53,265

Total Special Purpose Fund 53,265

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	318	
Other Supplies and Materials		5,120	
Trustee's Commission		149	
Total Drug Enforcement			\$ 5,587

Total Drug Control Fund 5,587

Other Special Revenue Fund

Public Safety

Other Emergency Management

Other Supplies and Materials	\$	271	
Total Other Emergency Management			\$ 271

Total Other Special Revenue Fund 271

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	12,860	
Total Chancery Court			\$ 12,860

Total Constitutional Officers - Fees Fund \$ 12,860

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Assistant(s)		32,897	
Accountants/Bookkeepers		32,897	
Salary Supplements		5,800	
Temporary Personnel		32,339	
Longevity Pay		2,000	
Overtime Pay		5,184	
Social Security		10,752	
Extension Service Medicare		2,393	
State Retirement		12,484	
Employee and Dependent Insurance		11,377	
Dues and Memberships		2,976	
Legal Services		75	
Legal Notices, Recording, and Court Costs		907	
Maintenance and Repair Services - Equipment		838	
Maintenance and Repair Services - Office Equipment		543	
Postal Charges		572	
Travel		1,407	
Office Supplies		986	
Other Charges		1,474	
Total Administration			\$ 225,828

Highway and Bridge Maintenance

Foremen	\$	76,410	
Equipment Operators		378,977	
Truck Drivers		175,155	
Laborers		86,817	
Longevity Pay		11,950	
Overtime Pay		35,806	
Social Security		45,767	
Extension Service Medicare		10,704	
State Retirement		66,673	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Employee and Dependent Insurance	\$	87,302	
Engineering Services		7,067	
Asphalt		195,762	
Crushed Stone		195,926	
Explosives and Drilling Supplies		300	
Fertilizer, Lime, and Seed		9,875	
General Construction Materials		2,801	
Pipe		50,168	
Road Signs		15,851	
Salt		10,174	
Total Highway and Bridge Maintenance			\$ 1,463,485

Operation and Maintenance of Equipment

Foremen	\$	43,241	
Mechanic(s)		98,397	
Longevity Pay		2,550	
Overtime Pay		2,756	
Social Security		8,686	
Extension Service Medicare		2,031	
State Retirement		13,019	
Employee and Dependent Insurance		15,014	
Laundry Service		9,525	
Diesel Fuel		88,534	
Equipment and Machinery Parts		221,378	
Garage Supplies		23,080	
Gasoline		56,397	
Lubricants		10,127	
Tires and Tubes		39,663	
Other Supplies and Materials		16,616	
Total Operation and Maintenance of Equipment			651,014

Other Charges

Communication	\$	5,063	
Electricity		10,631	
Water and Sewer		1,902	
Liability Insurance		8,109	
Refunds		8,767	
Trustee's Commission		28,282	
Vehicle and Equipment Insurance		17,368	
Total Other Charges			80,122

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Employee and Dependent Insurance	\$ 35,035	
Workers' Compensation Insurance	62,817	
Total Employee Benefits		\$ 97,852

Capital Outlay

Bridge Construction	\$ 74,004	
Highway Equipment	18,100	
Motor Vehicles	1,013	
Plant Operation Equipment	3,149	
State Aid Projects	97,783	
Total Capital Outlay		194,049

Total Highway/Public Works Fund \$ 2,712,350

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 256,797	
Principal on Notes	180,675	
Principal on Other Loans	152,000	
Total General Government		\$ 589,472

Highways and Streets

Principal on Bonds	\$ 115,000	
Principal on Notes	177,742	
Principal on Other Loans	16,000	
Total Highways and Streets		308,742

Education

Principal on Bonds	\$ 1,950,000	
Principal on Notes	446,583	
Principal on Other Loans	185,000	
Total Education		2,581,583

Interest on Debt

General Government

Interest on Bonds	\$ 390,502	
Interest on Notes	89,201	
Interest on Other Loans	11,610	
Total General Government		491,313

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Highways and Streets

Interest on Bonds	\$ 4,600	
Interest on Notes	55,953	
Interest on Other Loans	<u>3,812</u>	
Total Highways and Streets		\$ 64,365

Education

Interest on Bonds	\$ 945,406	
Interest on Notes	73,278	
Interest on Other Loans	<u>3,224</u>	
Total Education		1,021,908

Other Debt Service

General Government

Trustee's Commission	\$ 73,089	
Other Debt Service	<u>2,352</u>	
Total General Government		75,441

Highways and Streets

Other Debt Service	\$ 700	
Total Highways and Streets		700

Education

Other Debt Service	\$ 2,330	
Total Education		<u>2,330</u>

Total General Debt Service Fund \$ 5,135,854

General Capital Projects Fund

Other Operations

Other Economic and Community Development

Contributions	\$ 3,857,000	
Total Other Economic and Community Development		\$ 3,857,000

Capital Projects

Administration of Justice Projects

Architects	\$ 58,909	
Building Construction	<u>482,269</u>	
Total Administration of Justice Projects		<u>541,178</u>

Total General Capital Projects Fund 4,398,178

(Continued)

Exhibit K-7

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

<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Trustee's Commission	\$	1,516	
Highway Construction		<u>400,024</u>	
Total Highway and Street Capital Projects			<u>\$ 401,540</u>
Total Highway Capital Projects Fund			\$ 401,540
<u>Other Capital Projects Fund</u>			
<u>Support Services</u>			
<u>Transportation</u>			
Refunds	\$	47	
Trustee's Commission		<u>4,544</u>	
Total Transportation			\$ 4,591
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>159,926</u>	
Total Education Capital Projects			<u>159,926</u>
Total Other Capital Projects Fund			<u>164,517</u>
Total Governmental Funds - Primary Government			<u><u>\$ 23,080,951</u></u>

Exhibit K-8

Marshall County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,229,693	
Career Ladder Program	133,960	
Career Ladder Extended Contracts	48,000	
Homebound Teachers	48,472	
Educational Assistants	788,701	
Other Salaries and Wages	21,600	
Certified Substitute Teachers	81,339	
Non-certified Substitute Teachers	147,410	
Social Security	786,994	
State Retirement	861,643	
Medical Insurance	2,352,751	
Dental Insurance	9,728	
Unemployment Compensation	21,413	
Employer Medicare	184,993	
Maintenance and Repair Services - Equipment	36,609	
Travel	8,638	
Tuition	10,161	
Other Contracted Services	18,110	
Instructional Supplies and Materials	478,482	
Textbooks	405,120	
Other Supplies and Materials	8,476	
Other Charges	84,995	
Regular Instruction Equipment	70,464	
Total Regular Instruction Program	\$ 18,837,752	

Alternative Instruction Program

Teachers	\$ 75,483	
Certified Substitute Teachers	216	
Non-certified Substitute Teachers	1,100	
Social Security	4,532	
State Retirement	4,846	
Medical Insurance	10,411	
Dental Insurance	91	
Unemployment Compensation	231	
Employer Medicare	1,060	
Instructional Supplies and Materials	400	
Total Alternative Instruction Program	98,370	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 1,088,847	
Career Ladder Program	22,985	
Educational Assistants	235,800	
Social Security	79,906	
State Retirement	88,812	
Medical Insurance	266,015	
Dental Insurance	1,081	
Unemployment Compensation	2,049	
Employer Medicare	18,704	
Instructional Supplies and Materials	400	
Total Special Education Program		\$ 1,804,599

Vocational Education Program

Teachers	\$ 1,024,153	
Career Ladder Program	8,975	
Certified Substitute Teachers	108	
Non-certified Substitute Teachers	7,610	
Social Security	60,893	
State Retirement	66,546	
Medical Insurance	169,737	
Dental Insurance	715	
Unemployment Compensation	1,356	
Employer Medicare	14,251	
Maintenance and Repair Services - Equipment	1,000	
Instructional Supplies and Materials	28,252	
Other Charges	2,728	
Regular Instruction Equipment	19,903	
Total Vocational Education Program		1,406,227

Adult Education Program

Instructional Supplies and Materials	\$ 311	
Total Adult Education Program		311

Support Services

Attendance

Supervisor/Director	\$ 57,117
Social Workers	59,648
Social Security	3,553
State Retirement	5,285

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Medical Insurance	\$	8,342	
Dental Insurance		91	
Unemployment Compensation		186	
Employer Medicare		1,652	
Maintenance Agreements		12,806	
Travel		1,953	
Other Supplies and Materials		356	
In Service/Staff Development		649	
Total Attendance			\$ 151,638

Health Services

Career Ladder Program	\$	3,000	
Medical Personnel		96,274	
Other Salaries and Wages		96,253	
Social Security		11,614	
State Retirement		14,419	
Medical Insurance		24,992	
Dental Insurance		91	
Unemployment Compensation		448	
Employer Medicare		2,716	
Communication		1	
Travel		1,865	
Other Supplies and Materials		4,787	
In Service/Staff Development		1,147	
Other Charges		1,061	
Health Equipment		330	
Total Health Services			258,998

Other Student Support

Career Ladder Program	\$	7,600	
Guidance Personnel		419,376	
Attendants		21,374	
Other Salaries and Wages		1,448	
Social Security		24,070	
State Retirement		27,111	
Medical Insurance		89,158	
Dental Insurance		319	
Unemployment Compensation		842	
Employer Medicare		6,126	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Contracts with Government Agencies	\$	65,544	
Evaluation and Testing		18,110	
Other Contracted Services		2,182	
Other Supplies and Materials		4,527	
Other Charges		23,879	
Total Other Student Support			\$ 711,666

Regular Instruction Program

Supervisor/Director	\$	200,066	
Career Ladder Program		10,830	
Librarians		398,097	
Education Media Personnel		113,312	
Instructional Computer Personnel		70,748	
Secretary(ies)		40,906	
Other Salaries and Wages		65,156	
Social Security		49,763	
State Retirement		55,395	
Medical Insurance		128,156	
Dental Insurance		500	
Unemployment Compensation		862	
Employer Medicare		12,275	
Communication		3,192	
Maintenance and Repair Services - Equipment		70	
Travel		9,689	
Other Contracted Services		4,090	
Instructional Supplies and Materials		268	
Library Books/Media		32,322	
Other Supplies and Materials		6,040	
In Service/Staff Development		35,735	
Other Charges		1,900	
Total Regular Instruction Program			1,239,372

Special Education Program

Communication	\$	737	
Travel		674	
Total Special Education Program			1,411

Vocational Education Program

Supervisor/Director	\$	33,605	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Secretary(ies)	\$	8,184	
Social Security		2,563	
State Retirement		2,558	
Medical Insurance		5,183	
Dental Insurance		23	
Unemployment Compensation		81	
Employer Medicare		629	
Communication		1,649	
Travel		925	
Other Contracted Services		3,175	
Other Charges		381	
Total Vocational Education Program			\$ 58,956

Other Programs

On-Behalf Payments to OPEB	\$	46,304	
Total Other Programs			46,304

Board of Education

Board and Committee Members Fees	\$	13,900	
Social Security		862	
Employer Medicare		202	
Communication		126	
Dues and Memberships		6,279	
Legal Services		32,028	
Travel		363	
Other Contracted Services		2,500	
Other Supplies and Materials		213	
Liability Insurance		35,863	
Trustee's Commission		252,269	
Workers' Compensation Insurance		81,422	
In Service/Staff Development		2,635	
Criminal Investigation of Applicants - TBI		7,480	
Other Charges		2,365	
Total Board of Education			438,507

Director of Schools

County Official/Administrative Officer	\$	226,465	
Secretary(ies)		37,928	
Social Security		13,309	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

State Retirement	\$	19,289	
Life Insurance		10	
Medical Insurance		12,856	
Dental Insurance		484	
Unemployment Compensation		170	
Employer Medicare		3,350	
Communication		4,211	
Dues and Memberships		2,032	
Travel		3,348	
Office Supplies		316	
In Service/Staff Development		1,119	
Other Charges		1,378	
Total Director of Schools			\$ 326,265

Office of the Principal

Principals	\$	663,537	
Career Ladder Program		15,000	
Assistant Principals		371,731	
Secretary(ies)		202,861	
Clerical Personnel		199,928	
Social Security		86,388	
State Retirement		103,114	
Medical Insurance		189,794	
Dental Insurance		762	
Unemployment Compensation		1,916	
Employer Medicare		20,204	
Communication		1,806	
Dues and Memberships		4,950	
Other Contracted Services		7,950	
Office Supplies		6,987	
In Service/Staff Development		2,975	
Other Charges		128,612	
Administration Equipment		13,243	
Total Office of the Principal			2,021,758

Fiscal Services

Supervisor/Director	\$	68,818
Accountants/Bookkeepers		142,649
Social Security		11,157

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

State Retirement	\$	16,854	
Medical Insurance		31,042	
Dental Insurance		119	
Unemployment Compensation		286	
Employer Medicare		2,917	
Data Processing Services		1,226	
Travel		557	
Other Contracted Services		15,697	
Data Processing Supplies		1,089	
Office Supplies		3,027	
In Service/Staff Development		1,757	
Administration Equipment		1,734	
Total Fiscal Services			\$ 298,929

Human Services/Personnel

Supervisor/Director	\$	70,148	
Clerical Personnel		32,870	
Social Security		6,381	
State Retirement		7,416	
Unemployment Compensation		116	
Employer Medicare		1,492	
Travel		509	
Office Supplies		80	
Other Supplies and Materials		635	
In Service/Staff Development		756	
Other Charges		2,213	
Total Human Services/Personnel			122,616

Operation of Plant

Supervisor/Director	\$	51,570
Secretary(ies)		33,722
Custodial Personnel		791,328
Social Security		50,730
State Retirement		65,528
Medical Insurance		204,215
Dental Insurance		597
Unemployment Compensation		2,656
Employer Medicare		11,864
Disposal Fees		51,528

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Custodial Supplies	\$	201,381	
Electricity		1,184,391	
Natural Gas		160,348	
Water and Sewer		128,642	
Other Supplies and Materials		344	
Boiler Insurance		5,598	
Building and Contents Insurance		101,991	
Plant Operation Equipment		6,036	
Total Operation of Plant			\$ 3,052,469

Maintenance of Plant

Maintenance Personnel	\$	364,468	
Other Salaries and Wages		14,722	
Social Security		21,708	
State Retirement		30,596	
Medical Insurance		61,707	
Dental Insurance		347	
Unemployment Compensation		806	
Employer Medicare		5,207	
Communication		5,046	
Maintenance and Repair Services - Buildings		216,679	
Maintenance and Repair Services - Equipment		262,845	
Other Contracted Services		79,399	
Other Supplies and Materials		2,253	
In Service/Staff Development		2,107	
Other Charges		356	
Total Maintenance of Plant			1,068,246

Transportation

Supervisor/Director	\$	55,769
Career Ladder Program		1,000
Mechanic(s)		81,081
Bus Drivers		437,894
Clerical Personnel		21,382
Other Salaries and Wages		24,613
Social Security		33,224
State Retirement		49,712
Medical Insurance		279,692
Dental Insurance		928

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Unemployment Compensation	\$	2,492	
Employer Medicare		7,820	
Communication		2,083	
Medical and Dental Services		6,797	
Travel		88	
Other Contracted Services		208	
Diesel Fuel		151,939	
Gasoline		33,044	
Tires and Tubes		17,590	
Vehicle Parts		42,614	
Other Supplies and Materials		226	
Vehicle and Equipment Insurance		31,498	
Other Charges		13,588	
Transportation Equipment		159,926	
Total Transportation			\$ 1,455,208

Central and Other

Life Insurance	\$	14,688	
Medical Insurance		88,806	
Unemployment Compensation		16	
Other Fringe Benefits		60,834	
Postal Charges		8,700	
Travel		119	
Office Supplies		1,595	
Other Supplies and Materials		2,959	
Other Charges		7,535	
Total Central and Other			185,252

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	82,381	
Educational Assistants		22,230	
Social Security		5,905	
State Retirement		7,258	
Medical Insurance		25,334	
Dental Insurance		137	
Unemployment Compensation		224	
Employer Medicare		1,381	
Communication		678	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	124	
Instructional Supplies and Materials		29,272	
In Service/Staff Development		158	
Regular Instruction Equipment		2,165	
Other Equipment		4,864	
Total Early Childhood Education			\$ 182,111

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	261,234	
Total Regular Capital Outlay			<u>261,234</u>

Total General Purpose School Fund \$ 34,028,199

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	571,641	
Educational Assistants		137,965	
Other Salaries and Wages		8,483	
Certified Substitute Teachers		351	
Non-certified Substitute Teachers		1,148	
Social Security		41,761	
State Retirement		49,028	
Medical Insurance		146,925	
Dental Insurance		764	
Unemployment Compensation		1,987	
Employer Medicare		9,767	
Other Contracted Services		10,000	
Instructional Supplies and Materials		51,151	
Other Charges		1,400	
Regular Instruction Equipment		55,168	
Total Regular Instruction Program			\$ 1,087,539

Special Education Program

Teachers	\$	202,274
Homebound Teachers		5,720
Educational Assistants		227,005
Speech Pathologist		185,271

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	7,500	
Non-certified Substitute Teachers		21,523	
Social Security		35,754	
State Retirement		44,640	
Medical Insurance		139,320	
Dental Insurance		803	
Unemployment Compensation		1,727	
Employer Medicare		8,380	
Contracts with Other Public Agencies		188	
Contracts with Private Agencies		66,357	
Maintenance and Repair Services - Equipment		2,550	
Instructional Supplies and Materials		91,430	
Other Charges		23,399	
Special Education Equipment		12,470	
Total Special Education Program			\$ 1,076,311

Vocational Education Program

Other Charges	\$	7,000	
Vocational Instruction Equipment		132,366	
Total Vocational Education Program			139,366

Support Services

Other Student Support

Attendants	\$	24,092	
Other Salaries and Wages		2,500	
Social Security		1,229	
State Retirement		1,745	
Medical Insurance		14,582	
Dental Insurance		46	
Unemployment Compensation		127	
Employer Medicare		287	
Travel		13,877	
Other Contracted Services		250	
Other Charges		13,525	
Total Other Student Support			72,260

Regular Instruction Program

Supervisor/Director	\$	77,366	
Secretary(ies)		35,071	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	6,695	
State Retirement		7,230	
Medical Insurance		12,632	
Dental Insurance		82	
Unemployment Compensation		189	
Employer Medicare		1,566	
Communication		3,488	
Travel		12,600	
Other Supplies and Materials		2,464	
In Service/Staff Development		25,199	
Other Charges		915	
Other Equipment		173	
Total Regular Instruction Program			\$ 185,670

Special Education Program

Supervisor/Director	\$	63,367	
Psychological Personnel		48,487	
Assessment Personnel		17,656	
Secretary(ies)		34,850	
Clerical Personnel		32,269	
Social Security		12,003	
State Retirement		14,692	
Medical Insurance		13,020	
Dental Insurance		176	
Unemployment Compensation		746	
Employer Medicare		2,807	
Communication		2,777	
Travel		9,157	
In Service/Staff Development		9,027	
Other Charges		5,541	
Total Special Education Program			266,575

Vocational Education Program

Teachers	\$	3,429	
Total Vocational Education Program			3,429

Transportation

Bus Drivers	\$	44,132	
Social Security		2,610	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

State Retirement	\$	3,910	
Medical Insurance		6,199	
Dental Insurance		46	
Unemployment Compensation		214	
Employer Medicare		611	
Other Supplies and Materials		32	
Transportation Equipment		19,856	
Total Transportation			\$ 77,610

Total School Federal Projects Fund \$ 2,908,760

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	53,475	
Clerical Personnel		31,670	
Cafeteria Personnel		843,247	
Social Security		51,405	
State Retirement		66,482	
Medical Insurance		317,605	
Dental Insurance		1,354	
Unemployment Compensation		3,624	
Employer Medicare		12,073	
Other Fringe Benefits		276	
Communication		5,020	
Transportation - Other than Students		7,264	
Travel		2,354	
Other Contracted Services		21,494	
Food Supplies		966,861	
Office Supplies		11,843	
Uniforms		1,199	
USDA - Commodities		257,096	
Other Supplies and Materials		62,356	
In Service/Staff Development		2,900	
Food Service Equipment		15,448	
Total Food Service			\$ 2,735,046

Total Central Cafeteria Fund 2,735,046

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Data Processing Equipment	\$	<u>40,306</u>	
Total Education Capital Projects			\$ <u>40,306</u>
 Total Education Capital Projects Fund			 \$ <u>40,306</u>
 Total Governmental Funds - Marshall County School Department			 \$ <u><u>39,712,311</u></u>

Exhibit K-9

Marshall County, Tennessee
Schedule of Detailed Revenues and Expenses
Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2010

Revenues

Operating Revenues

Charges for Current Services

General Service Charges

Sewer Fees	\$	3,231
Water Sales		1,438,459
Forfeited Discounts		27,919
Water Tap Sales		67,100
Service Charges		27,070
Total Charges for Current Services	\$	<u>1,563,779</u>

Other Local Revenues

Recurring Items

Sale of Recycled Materials	\$	1,629
Miscellaneous Refunds		7,009

Nonrecurring Items

Damages Recovered from Individuals		935
Total Other Local Revenues	\$	<u>9,573</u>
Total Operating Revenues	\$	<u>1,573,352</u>

Nonoperating Revenues

Investment Income	\$	53,618
Contribution and Gifts		9,787
Contribution from Primary Government (Adequate Facilities Tax)		110,179
Grants		834,686
Contribution from Primary Government (Note Proceeds)		3,857,000
Insurance Recovery		2,095
Total Nonoperating Revenues	\$	<u>4,867,365</u>

Total Revenues	\$	<u>6,440,717</u>
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Expenses

Operating Expenses

Other Economic and Community Development

Assistants	\$	36,227
Supervisor/Director		50,676
Accountants/Bookkeepers		84,710
Foremen		29,523
Equipment Operators		30,423
Laborers		110,011
Temporary Personnel		10,815
Part-time Personnel		20,218
Longevity Pay		4,450
Overtime Pay		14,485
Board and Committee Members Fees		2,300
In-Service Training		4,300
Social Security		23,958
Employer Medicare		5,216
State Retirement		31,756
Employee and Dependent Insurance		72,465
Audit Services		3,820

(Continued)

Exhibit K-9

Marshall County, Tennessee
Schedule of Detailed Revenues and Expenses
Discretely Presented Marshall County Board of Public Utilities (Cont.)

Expenses (Cont.)

Operating Expenses (Cont.)

Other Economic and Community Development (Cont.)

Communication	\$ 12,581
Contracts with Government Agencies	534,326
Contracts with Private Agencies	7,422
Debt Collection Services	283
Dues and Memberships	2,752
Engineering Services	630
Evaluation and Testing	3,912
Janitorial Services	620
Legal Services	7,800
Legal Notices, Recording and Court Costs	864
Licenses	300
Maintenance and Repair Services - Buildings	37,479
Maintenance and Repair Services - Equipment	3,490
Maintenance and Repair Services - Office Equipment	3,370
Maintenance and Repair Services - Vehicles	7,831
Pest Control	785
Postal Charges	10,753
Rentals	489
Travel	4,923
Custodial Supplies	852
Diesel Fuel	5,349
Electricity	31,432
Fertilizer, Lime and Seed	1,327
Gasoline	25,721
General Construction Materials	65,924
Natural Gas	8,522
Office Supplies	4,758
Small Tools	2,436
Tires and Tubes	3,235
Uniforms	3,597
Water and Sewer	1,077
Liability Insurance	7,783
Trustee's Commission	17,739
Vehicle and Equipment Insurance	8,537
Workmens' Compensation Insurance	4,279
Depreciation	476,195
Fines, Assessments, and Penalties	4,747
Other Charges	4,184
Total Other Economic and Community Development	<u>\$ 1,853,657</u>
Total Operating Expenses	<u>\$ 1,853,657</u>

Nonoperating Expenses

General Government Debt Service

Interest on Bonds	\$ 68,422
Debt Service Contribution to Primary Government	137,909
Total Nonoperating Expenses	<u>\$ 206,331</u>

Total Expenses	<u>\$ 2,059,988</u>
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Exhibit K-10

Marshall County, Tennessee
Schedule of Utility Rates
Discretely Presented Marshall County Board of Public Utilities
June 30, 2010

Utility Rates in Effect

Dry Tap	\$ 12.85	per month
First 1,000 gallons	12.85	minimum
Next 5,000 gallons	7.52	per 1,000 gallons
Next 15,000 gallons	6.22	per 1,000 gallons
All over 21,000 gallons	4.48	per 1,000 gallons
Horton Park	3.74	per 1,000 gallons
Cornersville	4.15	per 1,000 gallons
Number of Customers	3,113	

Exhibit K-11

Marshall County, Tennessee
Schedule of Unaccounted for Water
Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2010

(amounts in gallons)

Water Treated and Purchased:		
Water Pumped (potable)	0	
Water Purchased	247,889,100	
	<u>247,889,100</u>	
Total Water Treated and Purchased		247,889,100
Accounted for Water:		
Water Sold	(176,133,280)	
Metered for Consumption (in-house usage)	0	
Fire Departments Usage	(95,630)	
Flushing	(3,039,902)	
Tank Filling/Cleaning	0	
Street Cleaning	0	
Bulk Sales	0	
Water Bill Adjustments	0	
	<u>0</u>	
Total Accounted for Water		<u>(179,268,812)</u>
Unaccounted for Water		<u><u>68,620,288</u></u>
Percentage Unaccounted for Water		27.7%

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

Exhibit K-12

Marshall County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,567,687
Total Cash Receipts	<u>\$ 1,567,687</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,552,010
Trustee's Commission	<u>15,677</u>
Total Cash Disbursements	<u>\$ 1,567,687</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

February 16, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marshall County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Marshall County's basic financial statements and have issued our report thereon dated February 16, 2011. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Marshall County Emergency Communications District as described in our report on Marshall County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

reporting. Accordingly, we do not express an opinion on the effectiveness of Marshall County's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 10.04. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.01, 10.02, and 10.03.

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 16, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Marshall County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Marshall County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Marshall County's management. Our responsibility is to express an opinion on Marshall County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marshall County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Marshall County's compliance with those requirements.

In our opinion, Marshall County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, 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 10.02, 10.05 10.03, and 10.06.

Internal Control Over Compliance

The management of Marshall County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Marshall County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marshall County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

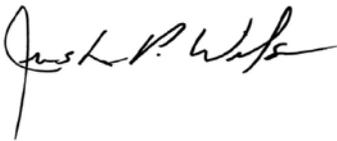
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marshall County as of and for the year ended June 30, 2010, and have issued our report thereon dated February 16, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Marshall County's 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Marshall County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 750,184
Emergency Watershed Protection Program	10.923	N/A	197,746
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	357,299
National School Lunch Program	10.555	N/A	1,079,205 (5)
Summer Food Service Program for Children	10.559	N/A	1,907
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	15,448
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	257,096 (5)
Total U.S. Department of Agriculture			<u>\$ 2,658,885</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 12,026
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	GG-09-27755-00	84,502
Home Investment Partnerships Program	14.239	HM-07-26	30,000
Total U.S. Department of Housing and Urban Development			<u>\$ 126,528</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 860,725
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	153,709
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,096,453
Special Education - Preschool Grants	84.173	N/A	30,866
Special Education - Grants to States, Recovery Act	84.391	N/A	365,730
Special Education - Preschool Grants, Recovery Act	84.392	N/A	946
Career and Technical Education - Basic Grants to States	84.048	N/A	159,423
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	16,357
Twenty-first Century Community Learning Centers	84.287	(2)	198,125
Educational Technology Cluster:			
Educational Technology State Grants	84.318	(2)	12,805
Education Technology State Grants, Recovery Act	84.386	(2)	23,521
English Language Acquisition Grants	84.365	N/A	23,135
Improving Teacher Quality State Grants	84.367	N/A	196,037
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	446
State Fiscal Stabilization Funds Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	963,400
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	197,687
Total U.S. Department of Education			<u>\$ 4,299,365</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-24710	\$ 30,000
Homeland Security Grant Program	97.067	(3)	92,384
Total U.S. Department of Homeland Security			<u>\$ 122,384</u>
Total Expenditures of Federal Awards			<u>\$ 7,207,162</u>

(Continued)

Marshall County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 7,983
Health Department Programs - State Department of Health	N/A	Z-10-222126-00	174,461
Pilot and Voluntary State Funded Classrooms - State Department of Education	N/A	(2)	182,216
Early Childhood Education - State Department of Education	N/A	(2)	3,596
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	19,600
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(4)	10,400
Litter Program - State Department of Transportation	N/A	(2)	25,927
Total State Grants			\$ 424,183

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 was not available.
- (3) GG-08-24853-00: \$76,890; 34101-000000908: \$15,494.
- (4) GG-10-29841-00: \$9,000; Z-08-23391-00: \$1,400.
- (5) Total for CFDA No. 10.555 is \$1,336,301.

Marshall County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Marshall County, Tennessee, for the year ended June 30, 2009, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	209	Duties were not adequately segregated in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

MARSHALL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Marshall County is unqualified.
2. The audit of the financial statements of Marshall County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Marshall County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed two findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); and the State Fiscal Stabilization Funds Cluster: State Fiscal Stabilization Funds – Education State Grants Recovery Act and State Fiscal Stabilization Funds – Government Services Recovery Act (CFDA Nos. 84.394 and 84.397); were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Marshall County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 10.01 THE AMBULANCE SERVICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES
(Noncompliance Under Government Auditing Standards)

System backups were rotated off-site monthly instead of weekly as required by Section 10-7-121, Tennessee Code Annotated. This statute provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in July 2010.

RECOMMENDATION

Management should ensure backups are rotated off-site on a weekly basis.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.02 THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL TITLE I CLUSTER FUNDS
(Noncompliance Under Government Auditing Standards and OMB Circular A-133)

On December 20, 2010, the State of Tennessee, Department of Education, Office of Federal Programs and Office of Internal Audit released a report conducted in response to allegations of mismanagement of the Elementary and Secondary Education Act/No Child Left Behind programs in the Marshall County School District. The results of that investigation disclosed the following deficiencies and unallowable costs:

- A. The School Department charged the Title I, Part A program \$3,124 for the end-of-year awards ceremony at Lewisburg Middle School.
- B. The School Department charged the Title I, Part A program \$202 for travel that was not program related.

- C. The School Department did not adhere to its policies when processing a travel claim, resulting in an overpayment to an employee. An employee who was attending a conference was reimbursed for meals, which were also included in the cost of the conference. A total of \$27 was reimbursed for breakfasts from Title III funds.
- D. Travel claims did not always contain sufficient explanation and documentation.
- E. Adequate documentation to support payment of vendor invoices was not always maintained.
- F. The School Department had not fully complied with OMB Circular A-87 requirements for salary and benefit cost allocation. The Title I director's work schedule was split between supervision of federal programs and work to benefit the school district's human resources function. OMB Circular A-87 requires that salary and benefits be allocated between cost objectives. However, the directors full salary and benefits was charged to Title I programs.

This report along with management's responses and corrective action plans may be obtained from the state Department of Education, Division of Special Education, 6th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243-3075.

FINDING 10.03 THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL SPECIAL EDUCATION CLUSTER FUNDS
 (Noncompliance Under Government Auditing Standards and OMB Circular A-133)

On December 15, 2010, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education – Preschool Grants (Idea Part B), Recovery Act and Special Education - Preschool Grants (Idea Preschool), Recovery Act programs in Marshall County for the fiscal year ending June 30, 2010. The results of that monitoring disclosed the following deficiencies:

- A. The School Department allowed a copier that was paid for and tagged as equipment purchased with IDEA funds to be used by all students, rather than exclusively by special education students.
- B. The School Department allowed a Wii computer game purchased for use in physical education by students with disabilities to be used in these classes by all students.
- C. Normal school hours are from 8:00 A.M. until 2:55 P.M. The special education bus schedule denied a full day of instruction by dismissing students early. The report states that students were dismissed at various times from 2:00 P.M. until 2:30 P.M.

- D. The special needs students are all housed in a single wing of the building at Cornersville Elementary School. Each classroom is designated by a sign stating “special education.” Classrooms for students with disabilities must be included with non-disabled peers.
- E. The School Department allowed an IDEA funded paraprofessional to be used for 30 minutes per day in the school cafeteria to supervise all students.

This monitoring report along with management’s responses and corrective action plans may be obtained from the state Department of Education, Division of Special Education, 6th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

OTHER FINDING AND RECOMMENDATION

FINDING 10.04 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. 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 provide reasonable assurance of the reliability in 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 is the result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

BEST PRACTICES

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

ITEM 1. MARSHALL COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF PURCHASING

Marshall County does not have a central system of purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the purchasing process. The absence of a central system of 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 purchasing covering all county departments.

ITEM 2. MARSHALL COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Marshall 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: Title I Cluster: Title I Grants to Local Educational Agencies Title I Grants to Local Educational Agencies, Recovery Act	10.05		<u>Circular A-133</u> Section 500(d)(1)	Noncompliance - See Finding 10.02 - the State of Tennessee, Department of Education, Office of Federal Programs and Office of Internal Audit released a report disclosing deficiencies and unallowable costs.	\$ 3,353
U.S. Department of Education: Passed-through State Department of Education: Special Education Cluster: Special Education - Grants to States Special Education - Grants to States, Recovery Act Special Education - Preschool Grants Special Education - Preschool Grants, Recovery Act	10.06		<u>Circular A-133</u> Section 500(d)(1)	Noncompliance - See Finding 10.03 - the State of Tennessee, Department of Education, Division of Special Education released a monitoring report disclosing deficiencies.	0

These monitoring reports along with management's responses and corrective action plans may be obtained from the state Department of Education, Division of Special Education, 6th Floor, Andrew Jackson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

MARSHALL COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010

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

Contact person: Roy Dukes, Director of Schools

FINDINGS 10.02 and 10.05

On December 20, 2010, the State of Tennessee, Department of Education, Office of Federal Programs and Office of Internal Audit released a report conducted in response to allegations of mismanagement of the Elementary and Secondary Education Act/No Child Left Behind programs in the Marshall County School District. The results of that report disclosed several deficiencies. This report along with management's responses and corrective action plans may be obtained from the state Department of Education, 6th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

FINDINGS 10.03 and 10.06

On December 15, 2010, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education – Preschool Grants (Idea Part B), Recovery Act and Special Education - Preschool Grants (Idea Preschool), Recovery Act programs in Marshall County for the fiscal year ending June 30, 2010. The results of that report disclosed several deficiencies. This report along with management's responses and corrective action plans may be obtained from the state Department of Education, 6th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

Anticipated completion date: 2010-11