

**ANNUAL FINANCIAL REPORT
MARSHALL COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
MARSHALL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

***DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director***

***JEFF BAILEY, CPA, CGFM, CFE
Audit Manager***

***KENT WHITE, CPA, CGFM, CFE
Auditor 4***

***RHONDA DAVIS, CFE
SHERRIE GILL, CFE
MARK HARVILL
MICHAEL GUNCKEL
JACOB KENNEDY
State Auditors***

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

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Audit Highlights
Annual Financial Report
Marshall County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Marshall County as of and for the year ended June 30, 2011.

Results

An adverse opinion was issued on the financial statements of the aggregate discretely presented component units because the capital asset records of the Marshall County School Department did not present asset additions, dispositions, or depreciation expense for the current year. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in six findings and recommendations, which we have reviewed with Marshall County management. Detailed findings, recommendations, and management's response 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

- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Capital asset records were not properly maintained.
 - ◆ Expenditures exceeded appropriations.
 - ◆ The School Department violated the conflict of interest statute and made purchases from a business owned by a school board member's spouse.
-

**OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS
CLERK AND CLERK AND MASTER**

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

**OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND
JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND
SHERIFF**

- ◆ Duties were not segregated adequately.
-

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 accounting, budgeting, and purchasing.
- Marshall County should establish an Audit Committee.

INTRODUCTORY SECTION

Marshall County Officials
June 30, 2011

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
Norman Dalton, Sheriff
Freda Terry, Director of Accounts and Budgets
Jessie Whaley, Jr., Board of Public Utilities Manager

Board of County Commissioners

Tom Sumners, Chairman	Kevin VanHooser
Dean Delk	Jeff Taylor
Michael Waggoner	John Christmas
Rocky Bowden, Jr.	Seth Warf
Anna Childress	Sheldon Davis
Ernest Hill, Jr.	Phil Willis
Barry Spivey	John Richard Hill, Jr.
Mickey King	Nathan Johnson
Don Ledford	Reynelle Smith

Board of Education

Mike Keny, Chairman	Donnie Moses
Randy Perryman	Harvey Jones, Jr.
Kristen Gold	Curt Denton
Sam Smith	Barbara Kennedy
Ann Tears	

Board of Public Utilities

Rocky Bowden, Jr., Chairman	Nathan Johnson
Mickey King	Matthew Collins
William Blalock	

FINANCIAL 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**

INDEPENDENT AUDITOR'S REPORT

February 23, 2012

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, 2011, 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 of the assets and one percent of the 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, insofar as it relates to the amounts included for the Marshall County Emergency Communications District, is based on the report of other auditors.

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

The financial statements referred to above for the aggregate discretely presented component units are materially misstated because capital assets of the School Department did not present asset additions, deletions, and depreciation expense of the current year. The effects on the financial statements are not reasonably determinable.

In our opinion, based on our audit and the report of the other auditors, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Marshall County, Tennessee, as of June 30, 2011, and the changes in financial position for the year then ended.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marshall County, Tennessee, as of June 30, 2011, and the respective changes in financial position 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 23, 2012, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

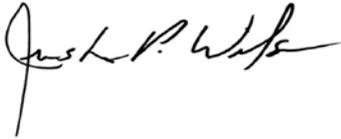
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 68 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 financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Marshall County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government Governmental Activities	Component Units		
		Marshall County School Department	Marshall County Board of Public Utilities	Emergency Communi- cations District
<u>ASSETS</u>				
Cash	\$ 350	\$ 2,162	\$ 1,864	\$ 489,676
Equity in Pooled Cash and Investments	10,589,348	4,455,417	1,494,960	0
Investments	0	0	0	552,194
Inventories	0	0	76,882	0
Accrued Interest Receivable	0	0	0	1,091
Accounts Receivable	2,132,245	63,130	206,535	22,470
Allowance for Uncollectibles	(831,854)	0	0	0
Due from State Emergency Communications Board	0	0	0	35,407
Due from Other Governments	2,125,621	1,396,970	357,638	0
Due from Primary Government	0	1,273,001	0	0
Property Taxes Receivable	7,307,988	8,594,604	0	0
Allowance for Uncollectible Property Taxes	(275,995)	(324,583)	0	0
Prepaid Items	0	295,721	0	16,450
Restricted Assets:				
Customer Deposits	0	0	69,576	0
Deferred Charges - Debt Issuance Costs	338,677	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	13,372,010	2,350,424	105,997	0
Construction in Progress	0	0	2,483,848	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	13,230,429	39,583,187	750,919	0
Infrastructure	11,299,946	0	11,288,791	0
Other Capital Assets	2,629,840	3,304,489	1,044,217	480,438
Total Assets	<u>\$ 61,918,605</u>	<u>\$ 60,994,522</u>	<u>\$ 17,881,227</u>	<u>\$ 1,597,726</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 177,695	\$ 29,352	\$ 19,194	\$ 152
Accrued Payroll	346,462	0	30,239	0
Accrued Interest Payable	483,651	0	20,621	0
Payroll Deductions Payable	19	872,398	0	1,212
Contracts Payable	0	1,210,179	221,150	0
Retainage Payable	0	94,872	51,567	0
Due to Component Units	1,273,001	0	0	0
Deferred Revenue - Current Property Taxes	6,784,289	7,978,706	0	0
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	600	0	34,994	0
Other Payables from Restricted Assets	19,421	0	34,582	0
Noncurrent Liabilities:				
Due Within One Year	4,041,464	169,125	1,584,344	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	34,163,352	3,612,195	3,248,730	0
Total Liabilities	<u>\$ 47,289,954</u>	<u>\$ 13,966,827</u>	<u>\$ 5,245,421</u>	<u>\$ 1,364</u>

(Continued)

Exhibit A

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

	Primary Government 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	\$ 28,353,485	\$ 0	\$ 10,862,025	\$ 0
Invested in Capital Assets	0	45,238,100	0	480,438
Restricted for:				
Highway/Public Works	940,192	0	0	0
Central Cafeteria	0	423,776	0	0
Education	0	382,274	0	0
Capital Projects	645,750	189,204	0	0
Administration of Justice	239,944	0	0	0
General Government	82,312	0	0	0
Public Health and Welfare	74,440	0	0	0
Public Safety	45,115	0	0	0
Finance	3,823	0	0	0
Other Purposes	1,554	0	0	0
Unrestricted	(15,757,964)	794,341	1,773,781	1,115,924
Total Net Assets	<u>\$ 14,628,651</u>	<u>\$ 47,027,695</u>	<u>\$ 12,635,806</u>	<u>\$ 1,596,362</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, 2011

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	\$ 1,403,435	\$ 264,056	\$ 63,913	\$ 20,471	\$ (1,054,995)	\$ 0	\$ 0	\$ 0
Finance	1,121,471	847,413	35,661	0	(238,397)	0	0	0
Administration of Justice	1,000,494	607,427	10,400	0	(382,667)	0	0	0
Public Safety	3,839,328	576,284	23,471	130,395	(3,109,178)	0	0	0
Public Health and Welfare	2,870,006	1,767,551	233,497	56,000	(812,958)	0	0	0
Social, Cultural, and Recreational Services	315,859	5,792	17,404	0	(292,663)	0	0	0
Agriculture and Natural Resources	104,679	0	0	0	(104,679)	0	0	0
Other Operations	357,546	0	95,741	0	(261,805)	0	0	0
Highways	3,998,775	57,774	2,041,345	507,245	(1,392,411)	0	0	0
Education	1,917,839	0	0	0	(1,917,839)	0	0	0
Interest on Long-term Debt	1,120,616	0	0	0	(1,120,616)	0	0	0
Other Debt Service	101,926	0	0	0	(101,926)	0	0	0
Total Governmental Activities	\$ 18,151,974	\$ 4,126,297	\$ 2,521,432	\$ 714,111	\$ (10,790,134)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 18,151,974	\$ 4,126,297	\$ 2,521,432	\$ 714,111	\$ (10,790,134)	\$ 0	\$ 0	\$ 0
Component Units:								
Marshall County School Department	\$ 43,350,595	\$ 1,108,010	\$ 5,578,479	\$ 1,914,001	\$ 0	\$ (34,750,105)	\$ 0	\$ 0
Marshall County Board of Public Utilities	2,058,514	1,736,531	24,440	280,246	0	0	(17,297)	0
Marshall County Emergency Communications District	317,652	501,040	0	0	0	0	0	183,388
Total Component Units	\$ 45,726,761	\$ 3,345,581	\$ 5,602,919	\$ 2,194,247	\$ 0	\$ (34,750,105)	\$ (17,297)	\$ 183,388

(Continued)

Exhibit B

Marshall County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units			Emergency Com-muni-cations District
					Primary Governmental Activities	Marshall County School Department	Marshall County Board of Public Utilities	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 5,593,108	\$ 9,128,180	\$ 0	\$ 0
Property Taxes Levied for Debt Service					2,143,830	0	0	0
Local Option Sales Tax					2,003,057	1,836,687	0	0
Other Local Taxes:								
Wheel Tax					1,267,421	0	0	0
Mineral Severance Tax					160,584	0	0	0
Business Tax					195,497	0	0	0
Hotel/Motel Tax					121,107	0	0	0
Litigation Tax - General					96,895	0	0	0
Wholesale Beer Tax					91,910	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					70,437	0	0	0
Litigation Tax - Special Purpose					68,962	0	0	0
Other Local Taxes					86,270	2,159	0	0
Grants and Contributions Not Restricted for Specific Programs					479,355	24,376,220	0	0
Unrestricted Investment Income					193,727	33	50,803	15,136
Refund of Telecommunication and Internet Fees (E-Rate)					0	52,133	0	0
Miscellaneous					147,674	86,009	6,135	154
Insurance Recovery					0	12,747	0	2,550
Total General Revenues					\$ 12,719,834	\$ 35,494,168	\$ 56,938	\$ 17,840
Change in Net Assets					\$ 1,929,700	\$ 744,063	\$ 39,641	\$ 201,228
Net Assets, July 1, 2010					6,927,258	46,283,632	18,367,858	1,395,134
Prior-period Adjustment					5,771,693	0	(5,771,693)	0
Net Assets, June 30, 2011					\$ 14,628,651	\$ 47,027,695	\$ 12,635,806	\$ 1,596,362

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

Exhibit C-1

Marshall County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$	350	0	0	0	0	0	350
Equity in Pooled Cash and Investments	3,494,419	452,406	4,538,035	41,642	2,062,846	10,589,348	
Accounts Receivable	2,079,194	5,682	13,939	0	33,430	2,132,245	
Allowance for Uncollectibles	(831,854)	0	0	0	0	(831,854)	
Due from Other Governments	200,722	334,184	317,714	1,273,001	0	2,125,621	
Property Taxes Receivable	4,786,217	411,718	2,058,588	0	51,465	7,307,988	
Allowance for Uncollectible Property Taxes	(180,757)	(15,549)	(77,745)	0	(1,944)	(275,995)	
Total Assets	\$ 9,548,291	\$ 1,188,441	\$ 6,850,531	\$ 1,314,643	\$ 2,145,797	\$ 21,047,703	

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Allowance for Uncollectibles
 Due from Other Governments
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Due to Component Units
 Current Liabilities Payable from Restricted Assets:
 Customer Deposits Payable
 Other Payables from Restricted Assets
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

\$	77,506	91,570	500	0	0	8,119	177,695
	315,291	21,619	0	0	0	9,552	346,462
	19	0	0	0	0	0	19
	0	0	0	1,273,001	0	0	1,273,001
	600	0	0	0	0	0	600
	0	19,421	0	0	0	0	19,421
	4,443,231	382,214	1,911,067	0	47,777	6,784,289	
	145,797	12,541	62,708	0	1,568	222,614	
	1,081,625	141,644	164,228	0	0	1,387,497	
\$	6,064,069	669,009	2,138,503	1,273,001	67,016	10,211,598	

(Continued)

Exhibit C-1

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	
\$	82,312	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	82,312
	3,823	0	0	0	0	0	3,823
	239,944	0	0	0	0	0	239,944
	5,128	0	0	0	39,987	0	45,115
	74,440	0	0	0	0	0	74,440
	0	519,432	0	0	1,218,680	0	1,738,112
	0	0	0	41,642	604,108	0	645,750
	1,554	0	0	0	0	0	1,554
	19,705	0	0	0	34,190	0	53,895
	0	0	0	0	115,056	0	115,056
	65,112	0	0	0	66,760	0	131,872
	0	0	4,712,028	0	0	0	4,712,028
	170,979	0	0	0	0	0	170,979
	2,821,225	0	0	0	0	0	2,821,225
Total Fund Balances	\$ 3,484,222	\$ 519,432	\$ 4,712,028	\$ 41,642	\$ 2,078,781	\$ 10,836,105	
Total Liabilities and Fund Balances	\$ 9,548,291	\$ 1,188,441	\$ 6,850,531	\$ 1,314,643	\$ 2,145,797	\$ 21,047,703	

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances

Restricted:

- Restricted for General Government
- Restricted for Finance
- Restricted for Administration of Justice
- Restricted for Public Safety
- Restricted for Public Health and Welfare
- Restricted for Highways/Public Works
- Restricted for Capital Outlay
- Restricted for Other Purposes

Committed:

- Committed for Public Safety
- Committed for Public Health and Welfare
- Committed for Social, Cultural, and Recreational Services
- Committed for Debt Service
- Committed for Other Purposes

Unassigned

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, 2011

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)		\$ 10,836,105
(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	13,230,429	
Add: infrastructure net of accumulated depreciation	11,299,946	
Add: other capital assets net of accumulated depreciation	<u>2,629,840</u>	40,532,225
(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	\$ (3,559,001)	
Less: other loans payable	(273,000)	
Less: bonds payable	(34,540,000)	
Add: deferred amount on refunding	434,703	
Add: deferred charges - debt issuance costs	338,677	
Less: compensated absences payable	(159,349)	
Less: other deferred revenue - premium on debt	(108,169)	
Less: accrued interest on notes and bonds	<u>(483,651)</u>	(38,349,790)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,610,111</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 14,628,651</u>

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, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Other	Governmental	Funds	
		Public Works	Debt Service	Capital Projects				
<u>Revenues</u>								
Local Taxes	\$ 5,957,873	\$ 793,784	\$ 5,069,212	\$ 0	\$ 249,192	\$ 12,070,061		
Licenses and Permits	104,028	0	0	0	0	104,028		
Fines, Forfeitures, and Penalties	92,191	0	0	0	74,182	166,373		
Charges for Current Services	1,352,054	0	0	0	43,341	1,395,395		
Other Local Revenues	209,075	122,862	43,727	0	452,456	828,120		
Fees Received from County Officials	1,409,693	0	0	0	0	1,409,693		
State of Tennessee	824,227	2,161,254	70,009	0	45,743	3,101,233		
Federal Government	319,165	327,016	0	56,000	0	702,181		
Other Governments and Citizens Groups	94,189	0	0	0	26,158	120,347		
Total Revenues	\$ 10,362,495	\$ 3,404,916	\$ 5,182,948	\$ 56,000	\$ 891,072	\$ 19,897,431		
<u>Expenditures</u>								
Current:								
General Government	\$ 1,273,120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,273,120		
Finance	1,117,524	0	0	0	0	1,117,524		
Administration of Justice	902,971	0	0	0	91,596	994,567		
Public Safety	3,487,590	0	0	0	10,551	3,498,141		
Public Health and Welfare	2,433,777	0	0	0	344,552	2,778,329		
Social, Cultural, and Recreational Services	306,998	0	0	0	0	306,998		
Agriculture and Natural Resources	104,778	0	0	0	0	104,778		
Other Operations	279,721	0	0	0	77,232	356,953		
Highways	0	3,387,789	0	0	0	3,387,789		
Support Services	0	0	0	0	3,838	3,838		
Debt Service:								
Principal on Debt	0	0	3,576,000	0	0	3,576,000		
Interest on Debt	0	0	1,351,212	0	0	1,351,212		
Other Debt Service	0	0	273,326	0	425	273,751		
Capital Projects	0	0	0	1,970,481	86,749	2,057,230		
Total Expenditures	\$ 9,906,479	\$ 3,387,789	\$ 5,200,538	\$ 1,970,481	\$ 614,943	\$ 21,080,230		

(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	
Excess (Deficiency) of Revenues Over Expenditures	\$ 456,016	\$ 17,127	\$ (17,590)	\$ (1,914,481)	\$	\$ 276,129	\$ (1,182,799)	
Other Financing Sources (Uses)								
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,020,000	\$	1,020,000	
Notes Issued	0	0	0	1,914,001	0	0	1,914,001	
Refunding Debt Issued	0	0	9,740,000	0	0	0	9,740,000	
Premiums on Debt Issued	0	0	0	0	108,169	0	108,169	
Insurance Recovery	50,692	200	0	0	0	0	50,892	
Transfers In	0	0	50,831	0	0	0	50,831	
Transfers Out	0	0	0	0	(50,831)	0	(50,831)	
Payments to Refunded Debt Escrow Agent	0	0	(9,565,023)	0	0	0	(9,565,023)	
Total Other Financing Sources (Uses)	\$ 50,692	\$ 200	\$ 225,808	\$ 1,914,001	\$ 1,077,338	\$	3,268,039	
Net Change in Fund Balances	\$ 506,708	\$ 17,327	\$ 208,218	\$ (480)	\$ 1,353,467	\$	2,085,240	
Fund Balance, July 1, 2010	2,977,514	502,105	4,503,810	42,122	725,314	8,750,865		
Fund Balance, June 30, 2011	\$ 3,484,222	\$ 519,432	\$ 4,712,028	\$ 41,642	\$ 2,078,781	\$ 10,836,105		

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, 2011

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)		\$ 2,085,240
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 444,845	
Less: current-year depreciation expense	<u>(1,545,666)</u>	(1,100,821)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Less: deferred delinquent property taxes and other deferred June 30, 2010	\$ (1,425,868)	
Add: deferred delinquent property taxes and other deferred June 30, 2011	<u>1,610,111</u>	184,243
<p>(3) 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:</p>		
Less: note proceeds	\$ (1,914,001)	
Less: bond proceeds	(1,020,000)	
Less: refunding bond proceeds	(9,740,000)	
Less: change in premium on debt issuances	(108,169)	
Add: change in deferred debt issuance costs	192,831	
Add: principal payments on bonds	2,375,000	
Add: principal payments on notes	830,000	
Add: principal payments on other loans	371,000	
Add: payment to refunding agent	9,565,023	
Less: change in deferred amount on refunding debt	<u>(21,006)</u>	530,678
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 230,596	
Change in compensated absences payable	<u>(236)</u>	230,360
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,929,700</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,234,327
Accounts Receivable	225
Due from Other Governments	<u>272,524</u>
Total Assets	<u>\$ 1,507,076</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 272,524
Due to Litigants, Heirs, and Others	<u>1,234,552</u>
Total Liabilities	<u>\$ 1,507,076</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, 2011

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
P.O. Box 2786
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. Net debt issues totaling \$1,914,001 were contributed by the county to the School Department during the year ended June 30, 2011.

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 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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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 funds:

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.

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

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

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for

purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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 (\$600) and road damage and repairs (\$19,421), 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 (\$34,582) and customer deposits (\$34,994).

Retainage payable in the School Department's Education Capital Projects Fund and the Board of Public Utilities Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the respective funds.

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. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the 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, 2011, Marshall County had \$25,124,496 in outstanding debt for capital purposes for the discretely presented Marshall County School Department. This debt is a liability of Marshall County, but the capital assets acquired are reported in the financial statements of the School Department. 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on

the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’s Budget Committee and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. Prior-period Adjustment

The beginning balance of long-term debt of Marshall County was decreased and the Marshall County Board of Public Utilities was increased \$5,771,693 from the prior year to properly recognize a Water Revenue and Tax Bond Anticipation Note and a Water Revenue and Tax Bond, Series 2007, as debt of the Marshall County Board of Public Utilities instead of the primary government.

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.

At June 30, 2011, the Marshall County School Department had significant encumbrances totaling \$402,378 for book purchases in the General Purpose School Fund.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) of the following funds:

<u>Funds/Major Categories</u>	<u>Amount Overspent</u>
General Purpose School:	
Alternative Instruction Program	\$ 67
Attendance	62,326
Health Services	22,981
Other Student Support	23,134
Special Education Program	136
Vocational Education Program	824
Board of Education	66,314
Fiscal Services	8,041
Operation of Plant	66,246
Transportation	93,050
Central and Other	5,909
School Federal Projects:	
Instruction - Vocational Education	486
Support - Vocational Education	5,520

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Purpose School Fund and by available fund balance in the School Federal Projects Fund.

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.

The county had no pooled and nonpooled investments as of June 30, 2011.

B. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 13,372,010	\$ 0	\$ 13,372,010
Total Capital Assets Not Depreciated	<u>\$ 13,372,010</u>	<u>\$ 0</u>	<u>\$ 13,372,010</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 17,410,837	\$ 88,690	\$ 17,499,527
Infrastructure	25,716,971	200,573	25,917,544
Other Capital Assets	7,153,161	155,582	7,308,743
Total Capital Assets Depreciated	<u>\$ 50,280,969</u>	<u>\$ 444,845</u>	<u>\$ 50,725,814</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,828,045	\$ 441,053	\$ 4,269,098
Infrastructure	14,116,043	501,555	14,617,598
Other Capital Assets	4,075,845	603,058	4,678,903
Total Accumulated Depreciation	<u>\$ 22,019,933</u>	<u>\$ 1,545,666</u>	<u>\$ 23,565,599</u>

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Balance 6-30-11
Total Accumulated Depreciation	\$ 22,019,933	\$ 1,545,666	\$ 23,565,599
Total Capital Assets Depreciated, Net	\$ 28,261,036	\$ (1,100,821)	\$ 27,160,215
Governmental Activities Capital Assets, Net	\$ 41,633,046	\$ (1,100,821)	\$ 40,532,225

The primary government had no decreases in capital assets during the year. Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 144,293
Finance	4,899
Administration of Justice	7,296
Public Safety	438,850
Public Health and Welfare	140,549
Social, Cultural, and Recreational Services	8,043
Highway/Public Works	801,736
Total Depreciation Expense - Governmental Activities	<u>\$ 1,545,666</u>

Discretely Presented Marshall County School Department

The Marshall County School Department's capital asset records did not include the necessary asset additions, dispositions, and depreciation expense for the current year. As a result of not including the current-year's capital asset activity, the School Department's financial statements are not fairly presented. The June 30, 2010, capital asset balances have been presented, and an adverse opinion has been issued on the financial statements of the discretely presented School Department.

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 2,350,424	\$ 0	\$ 0	\$ 2,350,424
Total Capital Assets Not Depreciated	<u>\$ 2,350,424</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,350,424</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 69,616,075	\$ 0	\$ 0	\$ 69,616,075
Other Capital Assets	5,422,808	0	0	5,422,808
Total Capital Assets Depreciated	<u>\$ 75,038,883</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,038,883</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 30,032,888	\$ 0	\$ 0	\$ 30,032,888
Other Capital Assets	2,118,319	0	0	2,118,319
Total Accumulated Depreciation	<u>\$ 32,151,207</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,151,207</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,887,676</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,887,676</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,238,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,238,100</u>

Capital asset records were not properly maintained. See Finding 11.02 in the Schedule of Findings and Questioned Costs section of this report.

Discretely Presented Marshall County Board of Public Utilities

Business-type Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 105,997	\$ 0	\$ 0	\$ 105,997
Construction in Progress	1,182,226	1,599,518	(297,896)	2,483,848
Total Capital Assets Not Depreciated	<u>\$ 1,288,223</u>	<u>\$ 1,599,518</u>	<u>\$ (297,896)</u>	<u>\$ 2,589,845</u>

Business-type Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and Improvements	\$ 530,720	\$ 297,896	\$ 0	\$ 828,616
Infrastructure	16,505,147	0	0	16,505,147
Other Capital Assets	1,975,447	152,517	0	2,127,964
Total Capital Assets Depreciated	\$ 19,011,314	\$ 450,413	\$ 0	\$ 19,461,727
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 47,396	\$ 30,301	\$ 0	\$ 77,697
Infrastructure	4,886,253	330,103	0	5,216,356
Other Capital Assets	897,879	185,868	0	1,083,747
Total Accumulated Depreciation	\$ 5,831,528	\$ 546,272	\$ 0	\$ 6,377,800
Total Capital Assets Depreciated, Net	\$ 13,179,786	\$ (95,859)	\$ 0	\$ 13,083,927
Business-type Activities Capital Assets, Net	\$ 14,468,009	\$ 1,503,659	\$ (297,896)	\$ 15,673,772

Depreciation expense totaled \$546,272 for the year ended June 30, 2011.

C. Construction Commitments

At June 30, 2011, the School Department had uncompleted construction contracts of approximately \$1,173,865 for energy efficiency projects. Funding for these future expenditures is expected to be received from capital outlay notes.

At June 30, 2011, the Marshall County Board of Public Utilities had uncompleted construction contracts of approximately \$160,591 for waterline extension projects. Funding for these future expenditures is expected to be received from revenue anticipation notes.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, 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	\$ 206,649

This balance 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.

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Discretely Presented School		
Department:		
Education Capital Projects	Primary Government: General Capital Projects	\$ 1,273,001

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>
	General Debt Service Fund
Nonmajor governmental fund	\$ 50,831

Discretely Presented Marshall County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental fund	\$ 12,482

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.

E. 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 25 years for bonds, up to 12 years for notes, and up to 15 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, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2 to 4.5 %	\$ 23,500,000	\$ 12,910,000
General Obligation Bonds - Refunding	2.04 to 4.25	27,825,000	21,630,000
Capital Outlay Notes	.75 to 3.36	5,839,001	3,444,001
Capital Outlay Notes - Refunding	4.15	1,050,000	115,000
Other Loans	Variable	1,500,000	273,000

In prior years, Marshall County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$1,500,000 to Marshall County for a renovation and construction project. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent weekly. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2011, the variable interest rate was .53 percent and other fees totaled approximately .23 (letter

of credit) and .07 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, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 704,115	\$ 59,202	\$ 763,317
2013	749,136	50,460	799,596
2014	500,936	32,448	533,384
2015	512,760	21,720	534,480
2016	244,584	15,360	259,944
2017-2020	847,470	38,952	886,422
Total	\$ 3,559,001	\$ 218,142	\$ 3,777,143

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 133,000	\$ 1,243	\$ 1,907	\$ 136,150
2013	140,000	638	1,475	142,113
Total	\$ 273,000	\$ 1,881	\$ 3,382	\$ 278,263

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 3,045,000	\$ 1,119,436	\$ 4,164,436
2013	2,740,000	1,038,011	3,778,011
2014	2,675,000	951,156	3,626,156
2015	2,245,000	873,690	3,118,690
2016	2,295,000	804,483	3,099,483
2017-2021	11,720,000	2,887,176	14,607,176
2022-2026	5,600,000	1,386,500	6,986,500
2027-2031	4,220,000	433,857	4,653,857
Total	\$ 34,540,000	\$ 9,494,309	\$ 44,034,309

There is \$4,712,028 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,128, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans, totaled \$1,253, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Bonds	Notes
Balance, July 1, 2010	\$ 33,879,693	\$ 8,382,000
Prior-period Adjustment	(1,914,693)	(3,857,000)
Additions	10,760,000	1,914,001
Deductions	(8,185,000)	(2,880,000)
Balance, June 30, 2011	<u>\$ 34,540,000</u>	<u>\$ 3,559,001</u>
Balance Due Within One Year	<u>\$ 3,045,000</u>	<u>\$ 704,115</u>
	Other	Compensated
	Loans	Absences
Balance, July 1, 2010	\$ 2,068,000	\$ 159,113
Additions	0	277,849
Deductions	(1,795,000)	(277,613)
Balance, June 30, 2011	<u>\$ 273,000</u>	<u>\$ 159,349</u>
Balance Due Within One Year	<u>\$ 133,000</u>	<u>\$ 159,349</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 38,531,350
Less: Due Within One Year	(4,041,464)
Add: Unamortized Premium on Debt	108,169
Less: Deferred Amount on Refunding	<u>(434,703)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 34,163,352</u>

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

Advance and Current Refunding

On March 15, 2011, Marshall County advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$6,160,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the

liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 17 years will be reduced by \$343,820, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$134,997 was obtained.

On June 23, 2011, Marshall County currently refunded three capital outlay notes and a Montgomery County Public Building Authority loan with a separate general obligation bond issue. The county issued \$3,580,000 of general obligation refunding bonds to provide resources to retire the notes and other loan. As a result of the current refunding, Marshall County converted variable rate debt to fixed rate bonds; therefore, the reduction in total debt service payments as well as the economic gain (difference between the present value of the debt service payments of the refunded debt and refunding bonds) cannot be determined.

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, 2011, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 154,443	\$ 2,769,120
Additions	167,579	1,387,580
Deductions	(152,897)	(544,505)
	<u>\$ 169,125</u>	<u>\$ 3,612,195</u>
Balance, June 30, 2011	<u>\$ 169,125</u>	<u>\$ 3,612,195</u>
Balance Due Within One Year	<u>\$ 169,125</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 3,781,320
Less: Due Within One Year	<u>(169,125)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,612,195</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

The Board of Public Utilities issues revenue bonds and revenue anticipation notes to provide funds for the acquisition and construction of major capital facilities. Revenue bonds and revenue anticipation notes outstanding were issued for original terms of up to 38 years for bonds and one year for the revenue anticipation note. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All revenue bonds and notes will be retired by the utility.

Revenue bonds and the note of the utility outstanding as of June 30, 2011, for business-type activities were as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Water Revenue and Tax Bonds	4.13 to 4.5 %	\$ 3,456,000	\$ 3,293,292
Water Revenue and Tax Bond Anticipation Note	3	1,518,455	1,518,455

The annual requirements to amortize all revenue bonds and the revenue anticipation note outstanding as of June 30, 2011, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 44,562	\$ 139,398	\$ 183,960
2013	46,500	137,460	183,960
2014	48,524	135,436	183,960
2015	50,636	133,324	183,960
2016	52,840	131,120	183,960
2017-2021	300,761	619,039	919,800
2022-2026	372,181	547,619	919,800
2027-2031	460,593	459,207	919,800
2032-2036	570,040	349,760	919,800
2037-2041	705,535	214,265	919,800
2042-2046	565,426	69,684	635,110
2047	75,694	1,325	77,019
Total	\$ 3,293,292	\$ 2,937,637	\$ 6,230,929

Year Ending June 30	Note		
	Principal	Interest	Total
2012	\$ 1,518,455	\$ 33,428	\$ 1,551,883
Total	\$ 1,518,455	\$ 33,428	\$ 1,551,883

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Bonds	Notes
Balance, July 1, 2010	\$ 1,476,179	\$ 0
Prior-period Adjustment	1,914,693	3,857,000
Additions	0	1,518,455
Deductions	(97,580)	(3,857,000)
Balance, June 30, 2011	\$ 3,293,292	\$ 1,518,455
Balance Due Within One Year	\$ 44,562	\$ 1,518,455

	Compensated Absences
Balance, July 1, 2010	\$ 18,777
Additions	26,325
Deductions	(23,775)
Balance, June 30, 2011	\$ 21,327
Balance Due Within One Year	\$ 21,327

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 4,833,074
Less: Due Within One Year	(1,584,344)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 3,248,730

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Marshall County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$2,037. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2011, were \$107,435 and \$24,234, 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.

Marshall County and the Marshall County Board of Public Utilities do not have a workers' compensation plan, but carry an occupational injury

insurance policy. This policy covers workers' injuries, but it does not limit the county's liability should occupational-related lawsuits be filed.

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 \$24,574, which the county plans to pay over a three-year period. The outstanding balance at June 30, 2011, was \$8,191.

C. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Marshall County and the Marshall County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

D. Subsequent Event

On August 31, 2011, Tommy Higdon left the Office of Clerk and Master and was succeeded by Kim Alsup.

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 and note totaling \$4,811,747 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 August 31, 2010, Leslie Helton left the Office of Sheriff and was succeeded by Norman Dalton.

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, 2011.

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, 2011.

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

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

Employees of Marshall County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Marshall County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the

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

Funding Policy

Marchall County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 9.99 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$1,120,299 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$1,120,299	100%	\$0
6-30-10	988,190	100	0
6-30-09	1,012,014	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 million, and the actuarial value of assets was \$22 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHOOL TEACHERS

Plan Description

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. Cost of living adjustments (COLA) are

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$1,676,444, \$1,183,280, and \$1,173,126, respectively, equal to the required contributions for each year.

2. **Deferred Compensation**

Marshall County, the Marshall County School Department, and the Marshall County Board of Public Utilities offer their employees a deferred compensation plan established pursuant to IRC Section 457. All costs of administering and funding this program are the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 457 establishes participation, contribution, and withdrawal provisions for the plan.

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, 2011.

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. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://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 their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state 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 \$80 to \$533 per month. The School Department recognized expenditures of \$544,505 for postemployment health care during the year ended June 30, 2011.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 1,381,000
Interest on the NPO	124,610
Adjustment to the ARC	<u>(118,030)</u>
Annual OPEB cost	\$ 1,387,580
Amount of contribution	<u>(544,505)</u>
Increase/decrease in NPO	\$ 843,075
Net OPEB obligation, 7-1-10	<u>2,769,120</u>
Net OPEB obligation, 6-30-11	<u><u>\$ 3,612,195</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 1,264,138	23 %	\$ 1,914,129
6-30-10	"	1,368,548	38	2,769,120
6-30-11	"	1,387,580	39	3,612,195

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

(dollars in thousands)

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 10,702
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 10,702
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, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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 \$1,041,870 at June 30, 2011, while the banks’ reported balances were \$1,081,852 at June 30, 2011. Accounts are covered by either FDIC or NSUA up to \$250,000 at each institution, and any amounts in excess of \$250,000

were covered by the state collateral pool. The uninsured balance as of June 30, 2011, was \$2,299.

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, 2011, 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, 2011:

	Balance 7-1-10	Increase	Balance 6-30-11
<u>Capital Assets</u>			
Communication Equipment	\$ 613,827	\$ 244,362	\$ 858,189
Furniture and Fixtures	64,118	0	64,118
Tower Property	107,530	0	107,530
Improvements	4,200	0	4,200
Stored Equipment	246,418	0	246,418
	<u>\$ 1,036,093</u>	<u>\$ 244,362</u>	<u>\$ 1,280,455</u>
<u>Accumulated Depreciation</u>			
Communication Equipment	\$ 343,063	\$ 73,074	\$ 416,137
Furniture and Fixtures	30,594	6,216	36,810
Tower Property	91,972	9,894	101,866
Improvements	350	420	770
Stored Equipment	243,111	1,323	244,434
	<u>\$ 709,090</u>	<u>\$ 90,927</u>	<u>\$ 800,017</u>
Capital Assets (Net)	<u>\$ 327,003</u>		<u>\$ 480,438</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, 2011, and for allocated utility charges due from other county departments and the City of Lewisburg.

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 liability for any agency's failure to equip, staff, or train its agency or personnel. The district operates as a support unit for these agencies. The district has experienced one claim for equipment loss due to lightning damage in the past year. This is the only claim or loss in the past eight 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 and Budget
General Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,957,873	\$ 5,358,858	\$ 5,358,858	\$ 599,015
Licenses and Permits	104,028	93,400	93,400	10,628
Fines, Forfeitures, and Penalties	92,191	71,690	73,654	18,537
Charges for Current Services	1,352,054	1,289,450	1,289,450	62,604
Other Local Revenues	209,075	116,350	175,906	33,169
Fees Received from County Officials	1,409,693	1,187,950	1,187,950	221,743
State of Tennessee	824,227	945,991	814,589	9,638
Federal Government	319,165	194,979	407,407	(88,242)
Other Governments and Citizens Groups	94,189	46,965	47,955	46,234
Total Revenues	\$ 10,362,495	\$ 9,305,633	\$ 9,449,169	\$ 913,326
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 129,160	\$ 208,388	\$ 168,388	\$ 39,228
Board of Equalization	2,133	3,033	3,033	900
Other Boards and Committees	5,506	9,025	9,625	4,119
County Mayor/Executive	130,429	130,345	130,535	106
County Attorney	22,094	40,450	40,450	18,356
Election Commission	223,809	233,212	236,908	13,099
Register of Deeds	176,376	178,332	179,344	2,968
Planning	2,312	7,250	7,250	4,938
Building	141,952	145,892	147,141	5,189
County Buildings	439,349	320,321	445,021	5,672
<u>Finance</u>				
Accounting and Budgeting	322,323	315,828	342,560	20,237
Property Assessor's Office	236,478	271,443	278,077	41,599
Reappraisal Program	82,627	100,318	100,318	17,691
County Trustee's Office	175,302	178,176	179,016	3,714
County Clerk's Office	300,794	308,899	308,899	8,105
<u>Administration of Justice</u>				
Circuit Court	340,929	354,016	354,534	13,605
General Sessions Court	183,582	145,192	185,299	1,717
Chancery Court	219,664	220,671	222,671	3,007
Juvenile Court	158,796	156,788	163,917	5,121
<u>Public Safety</u>				
Sheriff's Department	1,694,766	1,727,600	1,746,167	51,401
Jail	1,292,587	1,499,162	1,485,099	192,512
Rural Fire Protection	120,976	128,859	132,682	11,706
Civil Defense	333,244	286,710	420,375	87,131
Other Emergency Management	1,146	3,400	3,400	2,254
County Coroner/Medical Examiner	44,302	55,080	55,080	10,778
Other Public Safety	569	600	600	31

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 57,183	\$ 57,100	\$ 74,948	\$ 17,765
Rabies and Animal Control	36,724	57,400	57,400	20,676
Ambulance/Emergency Medical Services	2,075,449	2,079,151	2,131,709	56,260
Maternal and Child Health Services	7,527	8,100	8,100	573
Other Local Health Services	171,694	210,854	210,854	39,160
Regional Mental Health Center	25,100	25,100	25,100	0
Appropriation to State	20,100	20,100	20,100	0
Other Public Health and Welfare	40,000	40,000	40,000	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	68,850	68,850	68,850	0
Libraries	236,348	244,000	246,017	9,669
Other Social, Cultural, and Recreational	1,800	1,800	1,800	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	62,038	72,299	72,299	10,261
Forest Service	2,000	2,000	2,000	0
Soil Conservation	40,740	40,406	41,113	373
<u>Other Operations</u>				
Tourism	40,122	58,889	58,889	18,767
Housing and Urban Development	39,566	45,328	47,420	7,854
Veterans' Services	35,973	32,778	41,227	5,254
Employee Benefits	2,037	0	2,037	0
ARRA Grant No. 1	0	50,624	0	0
ARRA Grant No. 2	21,126	0	46,470	25,344
Miscellaneous	140,897	193,401	163,809	22,912
Total Expenditures	<u>\$ 9,906,479</u>	<u>\$ 10,337,170</u>	<u>\$ 10,706,531</u>	<u>\$ 800,052</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 456,016	\$ (1,031,537)	\$ (1,257,362)	\$ 1,713,378
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 50,692	\$ 0	\$ 40,681	\$ 10,011
Transfers Out	0	(88,000)	(13,300)	13,300
Total Other Financing Sources (Uses)	<u>\$ 50,692</u>	<u>\$ (88,000)</u>	<u>\$ 27,381</u>	<u>\$ 23,311</u>
Net Change in Fund Balance	\$ 506,708	\$ (1,119,537)	\$ (1,229,981)	\$ 1,736,689
Fund Balance, July 1, 2010	<u>2,977,514</u>	<u>1,920,144</u>	<u>1,920,144</u>	<u>1,057,370</u>
Fund Balance, June 30, 2011	<u>\$ 3,484,222</u>	<u>\$ 800,607</u>	<u>\$ 690,163</u>	<u>\$ 2,794,059</u>

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 793,784	\$ 787,000	\$ 787,000	\$ 6,784
Other Local Revenues	122,862	45,000	132,739	(9,877)
State of Tennessee	2,161,254	2,580,342	2,580,342	(419,088)
Federal Government	327,016	72,129	328,055	(1,039)
Total Revenues	<u>\$ 3,404,916</u>	<u>\$ 3,484,471</u>	<u>\$ 3,828,136</u>	<u>\$ (423,220)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
ARRA Grant No. 1	\$ 0	\$ 72,129	\$ 0	\$ 0
<u>Highways</u>				
Administration	244,278	200,641	274,126	29,848
Highway and Bridge Maintenance	1,421,451	1,385,174	1,491,049	69,598
Operation and Maintenance of Equipment	735,201	699,284	741,718	6,517
Other Charges	74,683	75,319	75,319	636
Employee Benefits	68,592	73,000	73,000	4,408
Capital Outlay	843,584	1,458,785	1,662,972	819,388
Total Expenditures	<u>\$ 3,387,789</u>	<u>\$ 3,964,332</u>	<u>\$ 4,318,184</u>	<u>\$ 930,395</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,127</u>	<u>\$ (479,861)</u>	<u>\$ (490,048)</u>	<u>\$ 507,175</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 200	\$ 0	\$ 0	\$ 200
Total Other Financing Sources (Uses)	<u>\$ 200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 200</u>
Net Change in Fund Balance	\$ 17,327	\$ (479,861)	\$ (490,048)	\$ 507,375
Fund Balance, July 1, 2010	502,105	529,293	529,293	(27,188)
Fund Balance, June 30, 2011	<u>\$ 519,432</u>	<u>\$ 49,432</u>	<u>\$ 39,245</u>	<u>\$ 480,187</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, 2011

(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	84.96	10,116	35.1

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the 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, 2011

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-07	\$ 0	\$ 9,787	\$ 9,787	0 %	23,740	41 %
"	7-1-09	0	10,540	10,540	0	23,740	46
"	7-1-10	0	10,702	10,702	0	23,119	46

MARSHALL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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.

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

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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, 2011

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Highway Capital Projects	Other Capital Projects	Total	
\$ 29,379 \$	103,685 \$	70,151 \$	46,120 \$	249,335 \$	1,218,680 \$	594,831 \$	1,813,511 \$	2,062,846
4,961	18,399	0	969	24,329	0	9,101	9,101	33,430
0	0	0	0	0	0	51,465	51,465	51,465
0	0	0	0	0	0	(1,944)	(1,944)	(1,944)
\$ 34,340 \$	122,084 \$	70,151 \$	47,089 \$	273,664 \$	1,218,680 \$	653,453 \$	1,872,133 \$	2,145,797

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

\$ 150 \$	500 \$	367 \$	7,102 \$	8,119 \$	0 \$	0 \$	0 \$	8,119
0	6,528	3,024	0	9,552	0	0	0	9,552
0	0	0	0	0	0	47,777	47,777	47,777
0	0	0	0	0	0	1,568	1,568	1,568
\$ 150 \$	7,028 \$	3,391 \$	7,102 \$	17,671 \$	0 \$	49,345 \$	49,345 \$	67,016

Fund Balances

Restricted:
 Restricted for Public Safety
 Restricted for Highways/Public Works
 Restricted for Capital Outlay
 Committed:
 Committed for Public Safety
 Committed for Public Health and Welfare
 Committed for Social, Cultural, and
 Recreational Services
 Total Fund Balances

\$ 0 \$	0 \$	0 \$	39,987 \$	39,987 \$	0 \$	0 \$	0 \$	39,987
0	0	0	0	0	1,218,680	0	1,218,680	1,218,680
0	0	0	0	0	0	604,108	604,108	604,108
34,190	0	0	0	34,190	0	0	0	34,190
0	115,056	0	0	115,056	0	0	0	115,056
0	0	66,760	0	66,760	0	0	0	66,760
\$ 34,190 \$	115,056 \$	66,760 \$	39,987 \$	255,993 \$	1,218,680 \$	604,108 \$	1,822,788 \$	2,078,781

Total Liabilities and Fund Balances

\$ 34,340 \$	122,084 \$	70,151 \$	47,089 \$	273,664 \$	1,218,680 \$	653,453 \$	1,872,133 \$	2,145,797
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Exhibit F-2

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds						Total
	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitu- tional Officers - Fees		
Revenues							
Local Taxes	\$ 0	\$ 0	\$ 55,842	\$ 0	\$ 0	\$ 0	\$ 55,842
Fines, Forfeitures, and Penalties	67,349	0	0	6,833	0	0	74,182
Charges for Current Services	0	43,241	0	0	100	0	43,341
Other Local Revenues	0	297,738	0	4,718	0	0	302,456
State of Tennessee	0	43,993	0	0	0	0	43,993
Other Governments and Citizens Groups	0	0	26,158	0	0	0	26,158
Total Revenues	\$ 67,349	\$ 384,972	\$ 82,000	\$ 11,551	\$ 100	\$ 0	\$ 545,972
Expenditures							
Current:							
Administration of Justice	\$ 91,596	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91,596
Public Safety	0	0	0	10,451	100	0	10,551
Public Health and Welfare	0	344,552	0	0	0	0	344,552
Other Operations	0	0	77,232	0	0	0	77,232
Support Services	0	0	0	0	0	0	0
Debt Service:							
Other Debt Service	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 91,596	\$ 344,552	\$ 77,232	\$ 10,451	\$ 100	\$ 0	\$ 523,931
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,247)	\$ 40,420	\$ 4,768	\$ 1,100	\$ 0	\$ 0	\$ 22,041
Other Financing Sources (Uses)							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premiums on Debt Issued	0	0	0	0	0	0	0
Transfers Out	0	(50,831)	0	0	0	0	(50,831)
Total Other Financing Sources (Uses)	\$ 0	\$ (50,831)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (50,831)
Net Change in Fund Balances	\$ (24,247)	\$ (10,411)	\$ 4,768	\$ 1,100	\$ 0	\$ 0	\$ (28,790)
Fund Balance, July 1, 2010	58,437	125,467	61,992	38,887	0	0	284,783
Fund Balance, June 30, 2011	\$ 34,190	\$ 115,056	\$ 66,760	\$ 39,987	\$ 0	\$ 0	\$ 255,993

(Continued)

Exhibit F-2

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Highway Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 193,350	\$ 193,350	\$ 249,192
Fines, Forfeitures, and Penalties	0	0	0	74,182
Charges for Current Services	0	0	0	43,341
Other Local Revenues	150,000	0	150,000	452,456
State of Tennessee	0	1,750	1,750	45,743
Other Governments and Citizens Groups	0	0	0	26,158
Total Revenues	\$ 150,000	\$ 195,100	\$ 345,100	\$ 891,072
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 91,596
Public Safety	0	0	0	10,551
Public Health and Welfare	0	0	0	344,552
Other Operations	0	0	0	77,232
Support Services	0	3,838	3,838	3,838
Debt Service:				
Other Debt Service	425	0	425	425
Capital Projects	86,749	0	86,749	86,749
Total Expenditures	\$ 87,174	\$ 3,838	\$ 91,012	\$ 614,943
Excess (Deficiency) of Revenues Over Expenditures	\$ 62,826	\$ 191,262	\$ 254,088	\$ 276,129
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 1,020,000	\$ 0	\$ 1,020,000	\$ 1,020,000
Premiums on Debt Issued	108,169	0	108,169	108,169
Transfers Out	0	0	0	(50,831)
Total Other Financing Sources (Uses)	\$ 1,128,169	\$ 0	\$ 1,128,169	\$ 1,077,338
Net Change in Fund Balances	\$ 1,190,995	\$ 191,262	\$ 1,382,257	\$ 1,353,467
Fund Balance, July 1, 2010	27,685	412,846	440,531	725,314
Fund Balance, June 30, 2011	\$ 1,218,680	\$ 604,108	\$ 1,822,788	\$ 2,078,781

Exhibit F-3

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Juvenile Services Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 67,349	\$ 65,000	\$ 101,850	\$ (34,501)
Total Revenues	\$ 67,349	\$ 65,000	\$ 101,850	\$ (34,501)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Juvenile Court	\$ 91,596	\$ 79,450	\$ 116,300	\$ 24,704
Total Expenditures	\$ 91,596	\$ 79,450	\$ 116,300	\$ 24,704
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,247)	\$ (14,450)	\$ (14,450)	\$ (9,797)
Net Change in Fund Balance	\$ (24,247)	\$ (14,450)	\$ (14,450)	\$ (9,797)
Fund Balance, July 1, 2010	58,437	34,498	34,498	23,939
Fund Balance, June 30, 2011	\$ 34,190	\$ 20,048	\$ 20,048	\$ 14,142

Exhibit F-4

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 43,241	\$ 70,000	\$ 70,000	\$ (26,759)
Other Local Revenues	297,738	257,500	257,500	40,238
State of Tennessee	43,993	49,109	49,109	(5,116)
Total Revenues	\$ 384,972	\$ 376,609	\$ 376,609	\$ 8,363
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 344,552	\$ 423,513	\$ 372,682	\$ 28,130
Total Expenditures	\$ 344,552	\$ 423,513	\$ 372,682	\$ 28,130
Excess (Deficiency) of Revenues Over Expenditures	\$ 40,420	\$ (46,904)	\$ 3,927	\$ 36,493
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (50,831)	\$ 0	\$ (50,831)	\$ 0
Total Other Financing Sources (Uses)	\$ (50,831)	\$ 0	\$ (50,831)	\$ 0
Net Change in Fund Balance	\$ (10,411)	\$ (46,904)	\$ (46,904)	\$ 36,493
Fund Balance, July 1, 2010	125,467	81,264	81,264	44,203
Fund Balance, June 30, 2011	\$ 115,056	\$ 34,360	\$ 34,360	\$ 80,696

Exhibit F-5

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 55,842	\$ 55,842	\$ 55,842	\$ 0
Other Governments and Citizens Groups	26,158	26,158	26,158	0
Total Revenues	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 0</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Economic and Community Development	\$ 77,232	\$ 82,000	\$ 82,000	\$ 4,768
Total Expenditures	<u>\$ 77,232</u>	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 4,768</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,768</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,768</u>
Net Change in Fund Balance	\$ 4,768	\$ 0	\$ 0	\$ 4,768
Fund Balance, July 1, 2010	<u>61,992</u>	<u>53,679</u>	<u>53,679</u>	<u>8,313</u>
Fund Balance, June 30, 2011	<u>\$ 66,760</u>	<u>\$ 53,679</u>	<u>\$ 53,679</u>	<u>\$ 13,081</u>

Exhibit F-6

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 6,833	\$ 4,500	\$ 4,500	\$ 2,333
Other Local Revenues	4,718	0	0	4,718
Total Revenues	<u>\$ 11,551</u>	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ 7,051</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 10,451	\$ 16,736	\$ 16,736	\$ 6,285
Total Expenditures	<u>\$ 10,451</u>	<u>\$ 16,736</u>	<u>\$ 16,736</u>	<u>\$ 6,285</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,100</u>	<u>\$ (12,236)</u>	<u>\$ (12,236)</u>	<u>\$ 13,336</u>
Net Change in Fund Balance	\$ 1,100	\$ (12,236)	\$ (12,236)	\$ 13,336
Fund Balance, July 1, 2010	<u>38,887</u>	<u>18,189</u>	<u>18,189</u>	<u>20,698</u>
Fund Balance, June 30, 2011	<u><u>\$ 39,987</u></u>	<u><u>\$ 5,953</u></u>	<u><u>\$ 5,953</u></u>	<u><u>\$ 34,034</u></u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,069,212	\$ 4,518,350	\$ 4,518,350	\$ 550,862
Other Local Revenues	43,727	0	0	43,727
State of Tennessee	70,009	65,000	65,000	5,009
Total Revenues	<u>\$ 5,182,948</u>	<u>\$ 4,583,350</u>	<u>\$ 4,583,350</u>	<u>\$ 599,598</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 618,386	\$ 618,387	\$ 618,388	\$ 2
Highways and Streets	201,383	201,385	201,386	3
Education	2,756,231	2,756,232	2,756,232	1
<u>Interest on Debt</u>				
General Government	361,286	406,524	406,524	45,238
Highways and Streets	53,811	67,068	67,069	13,258
Education	936,115	945,309	945,310	9,195
<u>Other Debt Service</u>				
General Government	224,774	101,500	264,748	39,974
Highways and Streets	37,215	2,200	37,403	188
Education	11,337	12,500	20,080	8,743
Total Expenditures	<u>\$ 5,200,538</u>	<u>\$ 5,111,105</u>	<u>\$ 5,317,140</u>	<u>\$ 116,602</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,590)</u>	<u>\$ (527,755)</u>	<u>\$ (733,790)</u>	<u>\$ 716,200</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 9,740,000	\$ 0	\$ 9,721,360	\$ 18,640
Premiums on Debt Issued	0	0	48,170	(48,170)
Transfers In	50,831	50,832	50,832	(1)
Payments to Refunded Debt Escrow Agent	(9,565,023)	0	(9,565,023)	0
Total Other Financing Sources (Uses)	<u>\$ 225,808</u>	<u>\$ 50,832</u>	<u>\$ 255,339</u>	<u>\$ (29,531)</u>
Net Change in Fund Balance	\$ 208,218	\$ (476,923)	\$ (478,451)	\$ 686,669
Fund Balance, July 1, 2010	4,503,810	4,493,967	4,493,967	9,843
Fund Balance, June 30, 2011	<u>\$ 4,712,028</u>	<u>\$ 4,017,044</u>	<u>\$ 4,015,516</u>	<u>\$ 696,512</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, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,234,327	\$ 1,234,327
Accounts Receivable	0	225	225
Due from Other Governments	272,524	0	272,524
	<hr/>		
Total Assets	\$ 272,524	\$ 1,234,552	\$ 1,507,076
<hr/>			
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 272,524	\$ 0	\$ 272,524
Due to Litigants, Heirs, and Others	0	1,234,552	1,234,552
	<hr/>		
Total Liabilities	\$ 272,524	\$ 1,234,552	\$ 1,507,076
<hr/>			

Exhibit H-2

Marshall County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,567,125	\$ 1,567,125	\$ 0
Due from Other Governments	282,904	272,524	282,904	272,524
Total Assets	\$ 282,904	\$ 1,839,649	\$ 1,850,029	\$ 272,524
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 282,904	\$ 1,839,649	\$ 1,850,029	\$ 272,524
Total Liabilities	\$ 282,904	\$ 1,839,649	\$ 1,850,029	\$ 272,524
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,326,334	\$ 5,620,654	\$ 5,712,661	\$ 1,234,327
Accounts Receivable	270	225	270	225
Total Assets	\$ 1,326,604	\$ 5,620,879	\$ 5,712,931	\$ 1,234,552
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,326,604	\$ 5,620,879	\$ 5,712,931	\$ 1,234,552
Total Liabilities	\$ 1,326,604	\$ 5,620,879	\$ 5,712,931	\$ 1,234,552
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,326,334	\$ 5,620,654	\$ 5,712,661	\$ 1,234,327
Equity in Pooled Cash and Investments	0	1,567,125	1,567,125	0
Accounts Receivable	270	225	270	225
Due from Other Governments	282,904	272,524	282,904	272,524
Total Assets	\$ 1,609,508	\$ 7,460,528	\$ 7,562,960	\$ 1,507,076
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 282,904	\$ 1,839,649	\$ 1,850,029	\$ 272,524
Due to Litigants, Heirs, and Others	1,326,604	5,620,879	5,712,931	1,234,552
Total Liabilities	\$ 1,609,508	\$ 7,460,528	\$ 7,562,960	\$ 1,507,076

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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 25,827,337	\$ 0	\$ 3,420,887	\$ 0	\$ (22,406,450)
Support Services	14,680,074	82,544	255,323	1,914,001	(12,428,206)
Operation of Non-Instructional Services	2,843,184	1,025,466	1,902,269	0	84,551
Total Governmental Activities	\$ 43,350,595	\$ 1,108,010	\$ 5,578,479	\$ 1,914,001	\$ (34,750,105)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 9,128,180
Local Option Sales Tax					1,836,687
Other Local Taxes					2,159
Grants and Contributions Not Restricted to Specific Programs					24,376,220
Unrestricted Investment Income					33
Refund of Telecommunication and Internet Fees (E-Rate)					52,133
Miscellaneous					86,009
Insurance Recovery					12,747
Total General Revenues					\$ 35,494,168
Change in Net Assets					\$ 744,063
Net Assets, July 1, 2010					46,283,632
Net Assets, June 30, 2011					\$ 47,027,695

Exhibit I-2

Marshall County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2011

	Major Funds		Nonmajor	Total
	General	Education	Funds	
	Purpose	Capital	Other	
	School	Projects	Governmental	Governmental
			Funds	Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,162	\$ 2,162
Equity in Pooled Cash and Investments	3,574,256	221,258	659,903	4,455,417
Accounts Receivable	62,766	0	364	63,130
Due from Other Governments	1,055,434	0	341,536	1,396,970
Due from Other Funds	206,649	0	0	206,649
Due from Primary Government	0	1,273,001	0	1,273,001
Property Taxes Receivable	8,594,604	0	0	8,594,604
Allowance for Uncollectible Property Taxes	(324,583)	0	0	(324,583)
Prepaid Items	295,721	0	0	295,721
Total Assets	<u>\$ 13,464,847</u>	<u>\$ 1,494,259</u>	<u>\$ 1,003,965</u>	<u>\$ 15,963,071</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 29,348	\$ 4	\$ 0	\$ 29,352
Payroll Deductions Payable	872,398	0	0	872,398
Contracts Payable	0	1,210,179	0	1,210,179
Retainage Payable	0	94,872	0	94,872
Due to Other Funds	0	0	206,649	206,649
Deferred Revenue - Current Property Taxes	7,978,706	0	0	7,978,706
Deferred Revenue - Delinquent Property Taxes	261,807	0	0	261,807
Other Deferred Revenues	160,640	0	37,595	198,235
Total Liabilities	<u>\$ 9,302,899</u>	<u>\$ 1,305,055</u>	<u>\$ 244,244</u>	<u>\$ 10,852,198</u>
<u>Fund Balances</u>				
Nonspendable:				
Prepaid Items	\$ 295,721	\$ 0	\$ 0	\$ 295,721
Restricted:				
Restricted for Education	46,329	0	759,721	806,050
Restricted for Capital Outlay	0	189,204	0	189,204
Assigned:				
Assigned for Education	468,370	0	0	468,370
Unassigned	3,351,528	0	0	3,351,528
Total Fund Balances	<u>\$ 4,161,948</u>	<u>\$ 189,204</u>	<u>\$ 759,721</u>	<u>\$ 5,110,873</u>
Total Liabilities and Fund Balances	<u>\$ 13,464,847</u>	<u>\$ 1,494,259</u>	<u>\$ 1,003,965</u>	<u>\$ 15,963,071</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, 2011

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)		\$	5,110,873
(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	\$	(169,125)	
Less: other postemployment benefits liability		<u>(3,612,195)</u>	(3,781,320)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>460,042</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>47,027,695</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, 2011

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 11,124,389	\$ 0	\$ 0	\$ 11,124,389
Licenses and Permits	2,166	0	0	2,166
Charges for Current Services	82,544	0	1,025,466	1,108,010
Other Local Revenues	138,142	4	29	138,175
State of Tennessee	23,534,393	0	28,781	23,563,174
Federal Government	462,509	0	5,945,098	6,407,607
Other Governments and Citizens Groups	106,891	1,914,001	0	2,020,892
Total Revenues	\$ 35,451,034	\$ 1,914,005	\$ 6,999,374	\$ 44,364,413
<u>Expenditures</u>				
Current:				
Instruction	\$ 21,925,175	\$ 0	\$ 3,059,087	\$ 24,984,262
Support Services	11,928,326	0	732,824	12,661,150
Operation of Non-Instructional Services	132,584	0	2,707,143	2,839,727
Capital Outlay	93,694	0	0	93,694
Capital Projects	0	1,914,005	0	1,914,005
Total Expenditures	\$ 34,079,779	\$ 1,914,005	\$ 6,499,054	\$ 42,492,838
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,371,255	\$ 0	\$ 500,320	\$ 1,871,575
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 12,747	\$ 0	\$ 0	\$ 12,747
Transfers In	12,482	0	0	12,482
Transfers Out	0	0	(12,482)	(12,482)
Total Other Financing Sources (Uses)	\$ 25,229	\$ 0	\$ (12,482)	\$ 12,747
Net Change in Fund Balances	\$ 1,396,484	\$ 0	\$ 487,838	\$ 1,884,322
Fund Balance, July 1, 2010	2,765,464	189,204	271,883	3,226,551
Fund Balance, June 30, 2011	\$ 4,161,948	\$ 189,204	\$ 759,721	\$ 5,110,873

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, 2011

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)		\$ 1,884,322
(1) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2010	\$ (742,544)	
Add: deferred delinquent property taxes and other deferred June 30, 2011	<u>460,042</u>	(282,502)
(2) 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	\$ (14,682)	
Change in other postemployment benefits liability	<u>(843,075)</u>	<u>(857,757)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 744,063</u>

Exhibit I-6

Marshall County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2011

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,162	\$ 2,162
Equity in Pooled Cash and Investments	409,265	250,638	659,903
Accounts Receivable	0	364	364
Due from Other Governments	170,924	170,612	341,536
Total Assets	\$ 580,189	\$ 423,776	\$ 1,003,965
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 206,649	\$ 0	\$ 206,649
Other Deferred Revenues	37,595	0	37,595
Total Liabilities	\$ 244,244	\$ 0	\$ 244,244
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 335,945	\$ 423,776	\$ 759,721
Total Fund Balances	\$ 335,945	\$ 423,776	\$ 759,721
Total Liabilities and Fund Balances	\$ 580,189	\$ 423,776	\$ 1,003,965

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, 2011

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,025,466	\$ 1,025,466
Other Local Revenues	0	29	29
State of Tennessee	0	28,781	28,781
Federal Government	4,136,110	1,808,988	5,945,098
Total Revenues	<u>\$ 4,136,110</u>	<u>\$ 2,863,264</u>	<u>\$ 6,999,374</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,059,087	\$ 0	\$ 3,059,087
Support Services	732,824	0	732,824
Operation of Non-Instructional Services	29,709	2,677,434	2,707,143
Total Expenditures	<u>\$ 3,821,620</u>	<u>\$ 2,677,434</u>	<u>\$ 6,499,054</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 314,490</u>	<u>\$ 185,830</u>	<u>\$ 500,320</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (12,482)	\$ 0	\$ (12,482)
Total Other Financing Sources (Uses)	<u>\$ (12,482)</u>	<u>\$ 0</u>	<u>\$ (12,482)</u>
Net Change in Fund Balances	\$ 302,008	\$ 185,830	\$ 487,838
Fund Balance, July 1, 2010	33,937	237,946	271,883
Fund Balance, June 30, 2011	<u>\$ 335,945</u>	<u>\$ 423,776</u>	<u>\$ 759,721</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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,124,389	\$ 0	\$ 0	\$ 11,124,389	\$ 10,920,000	\$ 10,920,000	\$ 204,389
Licenses and Permits	2,166	0	0	2,166	3,000	3,000	(834)
Charges for Current Services	82,544	0	0	82,544	60,750	60,750	21,794
Other Local Revenues	138,142	0	0	138,142	149,371	149,371	(11,229)
State of Tennessee	23,534,393	0	0	23,534,393	23,293,731	23,375,864	158,529
Federal Government	462,509	0	0	462,509	342,000	391,536	70,973
Other Governments and Citizens Groups	106,891	0	0	106,891	0	0	106,891
Total Revenues	\$ 35,451,034	\$ 0	\$ 0	\$ 35,451,034	\$ 34,768,852	\$ 34,900,521	\$ 550,513
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 18,498,910	\$ (45,076)	\$ 423,961	\$ 18,877,795	\$ 19,804,680	\$ 19,804,680	\$ 926,885
Alternative Instruction Program	103,564	0	0	103,564	103,497	103,497	(67)
Special Education Program	1,826,306	0	0	1,826,306	1,844,937	1,844,937	18,631
Vocational Education Program	1,496,395	(6,471)	0	1,489,924	1,527,132	1,527,132	37,208
<u>Support Services</u>							
Attendance	215,386	0	0	215,386	153,060	153,060	(62,326)
Health Services	220,915	0	23,086	244,001	221,020	221,020	(22,981)
Other Student Support	807,236	0	1,292	808,528	785,394	785,394	(23,134)
Regular Instruction Program	1,281,449	0	520	1,281,969	1,372,206	1,372,206	90,237
Special Education Program	1,636	0	0	1,636	1,500	1,500	(136)
Vocational Education Program	67,204	0	0	67,204	66,380	66,380	(824)
Other Programs	131,669	0	0	131,669	0	131,669	0
Board of Education	497,445	(636)	0	496,809	430,495	430,495	(66,314)

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 209,878	\$ 0	\$ 0	\$ 209,878	\$ 254,059	\$ 254,059	\$ 44,181
Office of the Principal	2,103,358	(1,500)	1,248	2,103,106	2,157,156	2,157,156	54,050
Fiscal Services	261,633	0	310	261,943	253,902	253,902	(8,041)
Operation of Plant	3,311,796	0	8	3,311,804	3,245,558	3,245,558	(66,246)
Maintenance of Plant	1,117,455	(5,093)	17,513	1,129,875	1,134,414	1,134,414	4,539
Transportation	1,500,357	0	0	1,500,357	1,407,307	1,407,307	(93,050)
Central and Other	200,909	0	0	200,909	195,000	195,000	(5,909)
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	132,584	(5,782)	10,370	137,172	178,600	178,600	41,428
<u>Capital Outlay</u>							
Regular Capital Outlay	93,694	0	12,044	105,738	296,038	296,038	190,300
Total Expenditures	\$ 34,079,779	\$ (64,558)	\$ 490,352	\$ 34,505,573	\$ 35,432,335	\$ 35,564,004	\$ 1,058,431
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,371,255	\$ 64,558	\$ (490,352)	\$ 945,461	\$ (663,483)	\$ (663,483)	\$ 1,608,944
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 12,747	\$ 0	\$ 0	\$ 12,747	\$ 3,000	\$ 3,000	\$ 9,747
Transfers In	12,482	0	0	12,482	28,730	28,730	(16,248)
Total Other Financing Sources (Uses)	\$ 25,229	\$ 0	\$ 0	\$ 25,229	\$ 31,730	\$ 31,730	\$ (6,501)
Net Change in Fund Balance	\$ 1,396,484	\$ 64,558	\$ (490,352)	\$ 970,690	\$ (631,753)	\$ (631,753)	\$ 1,602,443
Fund Balance, July 1, 2010	2,765,464	(64,558)	0	2,700,906	2,637,896	2,637,896	63,010
Fund Balance, June 30, 2011	\$ 4,161,948	\$ 0	\$ (490,352)	\$ 3,671,596	\$ 2,006,143	\$ 2,006,143	\$ 1,665,453

Exhibit I-9

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Marshall County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 4,136,110	\$ 0	\$ 4,136,110	\$ 4,822,768	\$ 4,844,382	\$ (708,272)
Total Revenues	\$ 4,136,110	\$ 0	\$ 4,136,110	\$ 4,822,768	\$ 4,844,382	\$ (708,272)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,790,960	\$ 0	\$ 1,790,960	\$ 1,968,270	\$ 2,051,937	\$ 260,977
Special Education Program	1,118,529	0	1,118,529	1,698,898	1,676,286	557,757
Vocational Education Program	149,598	0	149,598	149,112	149,112	(486)
<u>Support Services</u>						
Health Services	6,085	0	6,085	6,085	6,085	0
Other Student Support	87,621	811	88,432	92,528	106,728	18,296
Regular Instruction Program	238,131	0	238,131	435,585	372,896	134,765
Special Education Program	262,228	0	262,228	305,348	297,551	35,323
Vocational Education Program	9,687	0	9,687	4,167	4,167	(5,520)
Office of the Principal	29,803	0	29,803	29,803	29,803	0
Operation of Plant	23,842	0	23,842	23,842	23,842	0
Transportation	75,427	0	75,427	69,971	91,366	15,939
<u>Operation of Non-Instructional Services</u>						
Early Childhood Education	29,709	0	29,709	29,709	29,709	0
Total Expenditures	\$ 3,821,620	\$ 811	\$ 3,822,431	\$ 4,813,318	\$ 4,839,482	\$ 1,017,051
Excess (Deficiency) of Revenues Over Expenditures	\$ 314,490	\$ (811)	\$ 313,679	\$ 9,450	\$ 4,900	\$ 308,779

(Continued)

Exhibit I-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 176,016	\$ 24,885	\$ (24,885)
Transfers Out	(12,482)	0	(12,482)	(212,679)	(60,862)	48,380
Total Other Financing Sources (Uses)	\$ (12,482)	\$ 0	\$ (12,482)	\$ (36,663)	\$ (35,977)	\$ 23,495
Net Change in Fund Balance	\$ 302,008	\$ (811)	\$ 301,197	\$ (27,213)	\$ (31,077)	\$ 332,274
Fund Balance, July 1, 2010	33,937	0	33,937	33,937	33,937	0
Fund Balance, June 30, 2011	\$ 335,945	\$ (811)	\$ 335,134	\$ 6,724	\$ 2,860	\$ 332,274

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,025,466	\$ 1,150,605	\$ 1,150,605	\$ (125,139)
Other Local Revenues	29	20	20	9
State of Tennessee	28,781	27,926	27,926	855
Federal Government	1,808,988	1,613,001	1,884,045	(75,057)
Total Revenues	<u>\$ 2,863,264</u>	<u>\$ 2,791,552</u>	<u>\$ 3,062,596</u>	<u>\$ (199,332)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,677,434	\$ 2,597,300	\$ 2,868,344	\$ 190,910
Total Expenditures	<u>\$ 2,677,434</u>	<u>\$ 2,597,300</u>	<u>\$ 2,868,344</u>	<u>\$ 190,910</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 185,830</u>	<u>\$ 194,252</u>	<u>\$ 194,252</u>	<u>\$ (8,422)</u>
Net Change in Fund Balance	\$ 185,830	\$ 194,252	\$ 194,252	\$ (8,422)
Fund Balance, July 1, 2010	<u>237,946</u>	<u>138,952</u>	<u>138,952</u>	<u>98,994</u>
Fund Balance, June 30, 2011	<u>\$ 423,776</u>	<u>\$ 333,204</u>	<u>\$ 333,204</u>	<u>\$ 90,572</u>

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, 2011

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,864
Equity in Pooled Cash and Investments	1,494,960
Inventories	76,882
Accounts Receivable	206,535
Due from Other Governments	357,638
Restricted Assets:	
Customer Deposits	69,576
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	105,997
Construction in Progress	2,483,848
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	750,919
Infrastructure	11,288,791
Other Capital Assets	1,044,217
Total Assets	<u>\$ 17,881,227</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 19,194
Accrued Payroll	30,239
Contracts Payable	221,150
Retainage Payable	51,567
Accrued Interest Payable	20,621
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	34,994
Other Payables from Restricted Assets	34,582
Noncurrent Liabilities:	
Due Within One Year	1,584,344
Due in More Than One Year	3,248,730
Total Liabilities	<u>\$ 5,245,421</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ 10,862,025 <u>1,773,781</u>
Total Net Assets	<u>\$ 12,635,806</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, 2011

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,736,531
Other Local Revenues	6,135
Total Operating Revenues	<u>\$ 1,742,666</u>
<u>Operating Expenses</u>	
Other Economic and Community Development	\$ 1,351,904
Depreciation	546,272
Total Operating Expenses	<u>\$ 1,898,176</u>
Operating Income (Loss)	<u>\$ (155,510)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 50,803
Contribution and Gifts	24,440
Grants	246,610
Interest on Bonds	(144,509)
Interest on Notes	(15,829)
Total Nonoperating Revenues (Expenses)	<u>\$ 161,515</u>
Income (Loss) Before Contributions	\$ 6,005
Capital Contributions	33,636
Change in Net Assets	<u>\$ 39,641</u>
Net Assets, July 1, 2010	18,367,858
Prior-period Adjustment	<u>(5,771,693)</u>
Net Assets, June 30, 2011	<u><u>\$ 12,635,806</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, 2011

	<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	\$ 1,703,879
Other Receipts (Payments)	6,135
Payments to Vendors	(547,797)
Payments to Employees	(389,064)
Payments to Fringe Benefits	(133,967)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 639,186</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Proceeds from Capital Debt	\$ 1,166,805
Acquisition and Construction of Capital Assets	(1,752,035)
Capital Contributions	33,636
Principal Paid on Notes	(3,857,000)
Interest Paid on Notes	(15,829)
Principal Paid on Bonds	(97,580)
Interest Paid on Bonds	(144,509)
Proceeds from Capital Grant	240,622
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (4,425,890)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Contribution and Gifts	<u>\$ 24,440</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 24,440</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 50,803</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 50,803</u>
Increase (Decrease) in Cash	\$ (3,711,461)
Cash, July 1, 2010	<u>5,277,861</u>
Cash, June 30, 2011	<u><u>\$ 1,566,400</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)	\$ (155,510)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	546,272
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(32,652)
(Increase) Decrease in Inventories	(23,789)
Increase (Decrease) in Accounts Payable	2,563
Increase (Decrease) in Accrued Payroll	(2,662)
Increase (Decrease) in Payroll Deductions Payable	(1,370)
Increase (Decrease) in Contracts Payable	221,150
Increase (Decrease) in Retainage Payable	51,567
Increase (Decrease) in Accrued Interest Payable	18,690
Increase (Decrease) in Customer Deposits	12,795
Increase (Decrease) in Other Payables from Restricted Assets	(418)
Increase (Decrease) in Accrued Leave	2,550
	<hr/>
Net Cash Provided By (Used In) Operating Activities	\$ 639,186
	<hr/> <hr/>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 1,864
Equity in Pooled Cash and Investments per Net Assets	1,494,960
Restricted Customer Deposits	69,576
	<hr/>
Cash, June 30, 2011	\$ 1,566,400
	<hr/> <hr/>

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, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
School Refunding	\$ 1,050,000	4.15 %	12-1-01	5-1-12	\$ 225,000	0 \$	110,000 \$	0 \$	115,000
General Projects, Education, and Highway	2,700,000	3.36	12-1-02	12-14-14	1,250,000	0	230,000	0	1,020,000
General Projects, Education, and Highway	1,275,000	3.9	3-10-06	6-20-11	915,000	0	100,000	815,000	0
General Project Highway	1,200,000	3.32	4-1-08	6-20-11	990,000	0	110,000	880,000	0
General Project Schools	1,225,000	2.94	5-23-08	5-1-13	755,000	0	245,000	0	510,000
Solid Waste Projects	425,000	4.26	10-22-08	6-20-11	390,000	0	35,000	355,000	0
Energy Efficient Schools Initiative	(1)	.75	3-28-11	3-28-20	0	1,914,001	0	0	1,914,001
Total Notes Payable					\$ 4,525,000	\$ 1,914,001	\$ 830,000	\$ 2,050,000	\$ 3,559,001

OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Schools	1,980,000	variable	11-25-1996	5-25-11	\$ 196,000	0 \$	196,000 \$	0 \$	0
Courthouse Renovations	1,500,000	variable	1-22-1998	5-25-13	399,000	0	126,000	0	273,000
Schools, Highway, and EMS Projects	2,000,000	variable	6-16-05	6-23-11	1,473,000	0	49,000	1,424,000	0
Total Other Loans Payable					\$ 2,068,000	\$ 0	\$ 371,000	\$ 1,424,000	\$ 273,000

BONDS PAYABLE									
Payable through General Debt Service Fund									
School Bonds	2,430,000	3.25 to 4	9-1-01	9-1-13	\$ 1,350,000	0 \$	315,000 \$	0 \$	1,035,000
General Obligation Bond	8,000,000	2 to 4.5	9-1-03	3-1-28	6,300,000	0	240,000	5,810,000	250,000
School Refunding	4,995,000	2.1 to 4.25	7-7-04	4-1-13	1,335,000	0	580,000	0	755,000
School Refunding	7,975,000	3.47	3-17-05	6-1-20	7,245,000	0	550,000	0	6,695,000
School Bonds	7,050,000	3.7	1-1-06	5-1-31	6,465,000	0	205,000	0	6,260,000
General Obligation Bond	5,000,000	3.63 to 4	6-1-07	6-1-31	4,485,000	0	140,000	0	4,345,000
School Refunding	5,115,000	3.8	9-11-08	11-1-20	4,785,000	0	345,000	0	4,440,000
GO Public Improvement Refunding Bonds, Series 2011	6,160,000	3.318	3-15-11	9-1-27	0	6,160,000	0	0	6,160,000
GO Refunding Bonds, Series 2011	3,580,000	2.04	6-23-11	5-1-24	0	3,580,000	0	0	3,580,000
GO Improvement Bonds, Series 2011	1,020,000	2.04	6-23-11	5-1-24	0	1,020,000	0	0	1,020,000
Total Bonds Payable					\$ 31,965,000	\$ 10,760,000	\$ 2,375,000	\$ 5,810,000	\$ 34,540,000

(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 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
DISCRETELY PRESENTED MARSHALL COUNTY BOARD OF PUBLIC UTILITIES									
NOTES PAYABLE									
Water Revenue and Tax Bond Anticipation Note	(2) \$ 3,857,000	1.9 %	12-23-09	12-23-10	\$ 3,857,000	\$ 0	\$ 3,857,000	\$ 0	\$ 0
Water Revenue and Tax Bond Anticipation Note	(3)	3	12-22-10	12-22-11	0	1,518,455	0	0	1,518,455
Total Notes Payable					<u>\$ 3,857,000</u>	<u>\$ 1,518,455</u>	<u>\$ 3,857,000</u>	<u>\$ 0</u>	<u>\$ 1,518,455</u>
BONDS PAYABLE									
Water Revenue and Tax Bonds, Series 2002	188,000	4.63	2-20-03	1-18-11	\$ 51,958	\$ 0	\$ 51,958	\$ 0	\$ 0
Water Revenue and Tax Bonds, Series 2003	849,000	4.38	6-22-04	6-22-42	788,595	0	11,679	0	776,916
Water Revenue and Tax Bonds, Series 2005	667,000	4.5	3-17-06	3-17-44	635,626	0	11,230	0	624,396
Water Revenue and Tax Bonds, Series 2007	(4) 1,940,000	4.13	4-16-09	4-16-47	1,914,693	0	22,713	0	1,891,980
Total Bonds Payable					<u>\$ 3,390,872</u>	<u>\$ 0</u>	<u>\$ 97,580</u>	<u>\$ 0</u>	<u>\$ 3,293,292</u>

(1) Total amount approved was \$2,972,357, of which \$1,058,356 remains available for draws as of June 30, 2011.

(2) In prior years, this note was paid from the General Debt Service Fund.

(3) Total amount approved was \$3,857,000, of which \$2,338,545 remains available for draws as of June 30, 2011.

(4) In prior years, this bond was paid from the General Debt Service Fund.

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		Total
	Principal	Interest	
2012	\$ 704,115	\$ 59,202	\$ 763,317
2013	749,136	50,460	799,596
2014	500,936	32,448	533,384
2015	512,760	21,720	534,480
2016	244,584	15,360	259,944
2017	246,420	13,524	259,944
2018	248,280	11,664	259,944
2019	250,140	9,804	259,944
2020	102,630	3,960	106,590
Total	\$ 3,559,001	\$ 218,142	\$ 3,777,143

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 133,000	\$ 1,243	\$ 1,907	\$ 136,150
2013	140,000	638	1,475	142,113
Total	\$ 273,000	\$ 1,881	\$ 3,382	\$ 278,263

(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		
	Principal	Interest	Total
2012	\$ 3,045,000	\$ 1,119,436	\$ 4,164,436
2013	2,740,000	1,038,011	3,778,011
2014	2,675,000	951,156	3,626,156
2015	2,245,000	873,690	3,118,690
2016	2,295,000	804,483	3,099,483
2017	2,370,000	733,012	3,103,012
2018	2,445,000	658,514	3,103,514
2019	2,245,000	577,847	2,822,847
2020	2,300,000	499,420	2,799,420
2021	2,360,000	418,383	2,778,383
2022	1,115,000	358,884	1,473,884
2023	1,150,000	320,010	1,470,010
2024	1,195,000	278,799	1,473,799
2025	1,050,000	234,641	1,284,641
2026	1,090,000	194,166	1,284,166
2027	1,145,000	151,559	1,296,559
2028	885,000	112,930	997,930
2029	700,000	83,358	783,358
2030	730,000	56,960	786,960
2031	760,000	29,050	789,050
Total	\$ 34,540,000	\$ 9,494,309	\$ 44,034,309

DISCRETELY PRESENTED MARSHALL
COUNTY BOARD OF PUBLIC UTILITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 1,518,455	\$ 33,428	\$ 1,551,883
Total	\$ 1,518,455	\$ 33,428	\$ 1,551,883

(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 (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 44,562	\$ 139,398	\$ 183,960
2013	46,500	137,460	183,960
2014	48,524	135,436	183,960
2015	50,636	133,324	183,960
2016	52,840	131,120	183,960
2017	55,139	128,821	183,960
2018	57,539	126,421	183,960
2019	60,042	123,918	183,960
2020	62,657	121,303	183,960
2021	65,384	118,576	183,960
2022	68,230	115,730	183,960
2023	71,201	112,759	183,960
2024	74,301	109,659	183,960
2025	77,536	106,424	183,960
2026	80,913	103,047	183,960
2027	84,436	99,524	183,960
2028	88,114	95,846	183,960
2029	91,952	92,008	183,960
2030	95,956	88,004	183,960
2031	100,135	83,825	183,960
2032	104,498	79,462	183,960
2033	109,049	74,911	183,960
2034	113,801	70,159	183,960
2035	118,759	65,201	183,960
2036	123,933	60,027	183,960
2037	129,333	54,627	183,960
2038	134,969	48,991	183,960
2039	140,850	43,110	183,960
2040	146,988	36,972	183,960
2041	153,395	30,565	183,960
2042	151,985	23,897	175,882
2043	119,817	18,195	138,012
2044	105,522	13,158	118,680
2045	92,115	9,153	101,268
2046	95,987	5,281	101,268
2047	75,694	1,325	77,019
Total	\$ 3,293,292	\$ 2,937,637	\$ 6,230,929

Exhibit K-3

Marshall County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marshall County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Solid Waste/Sanitation	General Debt Service	Debt payment	\$ 50,831
Total Transfers Primary Government			<u>\$ 50,831</u>
<u>DISCRETELY PRESENTED MARSHALL COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 12,482
Total Transfers Discretely Presented Marshall County School Department			<u>\$ 12,482</u>

Exhibit K-4

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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,952	\$ 50,000	Auto Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, TCA	67,927	100,000	"
Director of Schools	State Board of Education and County Board of Education	112,000 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	61,751	1,400,000	Auto Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, TCA	61,751	25,000	"
County Clerk	Section 8-24-102, TCA	61,751	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	61,751	65,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	61,751	100,000	"
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff:				
Leslie Helton (7-1-10 through 8-31-10)	Section 8-24-102, TCA	13,934	25,000	"
Norman Dalton (9-1-10 through 6-30-11)	Section 8-24-102, TCA	56,606	25,000	"
Director of Accounts and Budgets	Chapter 17, Private Acts of 2005, and County Commission	63,243 (2)	700,000	"
Board of Public Utilities Manager	Board of Public Utilities	50,676	(3)	
<u>Employee Blanket Bonds</u>				
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 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.
- (2) Does not include longevity pay of \$1,000.
- (3) Included in the public employee blanket bond of the utility.

Exhibit K-5

Marshall County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2011

	Special Revenue Funds						Highway / Public Works
	General	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitu- tional Officers - Fees	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 4,753,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	408,116
Trustee's Collections - Prior Year	215,552	0	0	0	0	0	19,369
Trustee's Collections - Bankruptcy	27,765	0	0	0	0	0	2,388
Circuit/Clerk & Master Collections - Prior Years	116,676	0	0	0	0	0	10,037
Interest and Penalty	37,649	0	0	0	0	0	3,177
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	0
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>							
Local Option Sales Tax	138,111	0	0	0	0	0	0
Hotel/Motel Tax	65,265	0	0	55,842	0	0	0
Wheel Tax	63,371	0	0	0	0	0	190,113
Litigation Tax - General	96,895	0	0	0	0	0	0
Litigation Tax - Special Purpose	19,998	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0
Litigation Tax - Courtroom Security	68,962	0	0	0	0	0	0
Business Tax	195,497	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	160,584
Adequate Facilities/Development Tax	65,242	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	0
Wholesale Beer Tax	91,910	0	0	0	0	0	0
Interstate Telecommunications Tax	1,030	0	0	0	0	0	0
Total Local Taxes	\$ 5,957,873	\$ 0	\$ 0	\$ 55,842	\$ 0	\$ 0	\$ 793,784
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 11,480	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>							
Beer Permits	1,282	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						
	General	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>							
<u>Permits (Cont.)</u>							
Building Permits	\$ 89,046	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	2,220	0	0	0	0	0	0
Total Licenses and Permits	\$ 104,028	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,938	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	753	0	0
Jail Fees	0	0	0	0	48	0	0
DUI Treatment Fines	382	0	0	0	0	0	0
Data Entry Fee - Circuit Court	2,496	0	0	0	0	0	0
Courtroom Security Fee	1,240	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	20,626	0	0	0	0	0	0
Officers Costs	33,313	0	0	0	0	0	0
Game and Fish Fines	405	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	2,680	0	0
Jail Fees	0	0	0	0	3,352	0	0
Interpreter Fees	250	0	0	0	0	0	0
DUI Treatment Fines	5,353	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	4,989	0	0	0	0	0	0
Courtroom Security Fee	384	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,949	0	0	0	0	0	0
Officers Costs	3,631	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,024	0	0	0	0	0	0
Courtroom Security Fee	44	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	2,104	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						
	General	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Chancery Court (Cont.)</u>							
Data Entry Fee - Chancery Court	\$ 3,148	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Courts - In-county	0	67,349	0	0	0	0	0
<u>Fines</u>							
Other Fines, Forfeitures, and Penalties	1,964	0	0	0	0	0	0
Proceeds from Confiscated Property	6,175	0	0	0	0	0	0
Other Fines, Forfeitures, and Penalties							
Total Fines, Forfeitures, and Penalties	\$ 92,191	\$ 67,349	\$ 0	\$ 0	\$ 6,833	\$ 0	\$ 0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Surcharge - Host Agency	\$ 0	\$ 0	\$ 37,563	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - General	0	0	5,678	0	0	0	0
Patient Charges	1,232,188	0	0	0	0	0	0
Zoning Studies	7,080	0	0	0	0	0	0
Work Release Charges for Board	8,500	0	0	0	0	0	0
Water Sales	36,669	0	0	0	0	0	0
Service Charges	80	0	0	0	0	0	0
<u>Fees</u>							
Copy Fees	8,942	0	0	0	0	0	0
Library Fees	5,792	0	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0	0
Telephone Commissions	34,301	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	100	0
Data Processing Fee - Register	9,944	0	0	0	0	0	0
Data Processing Fee - Sheriff	4,020	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,000	0	0	0	0	0	0
Data Processing Fee - County Clerk	2,488	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,352,054	\$ 0	\$ 43,241	\$ 0	\$ 0	\$ 100	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	14,400	0	0	0	0	0	0
Sale of Materials and Supplies	2,845	0	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0	42,631
Sale of Maps	1,004	0	0	0	0	0	0
Sale of Recycled Materials	268	0	291,739	0	0	0	0
Miscellaneous Refunds	11,419	0	0	0	60	0	20
Expenditure Credits	111,030	0	0	0	0	0	599
<u>Nonrecurring Items</u>							
Sale of Equipment	10,930	0	5,999	0	0	0	0
Damages Recovered from Individuals	1,907	0	0	0	0	0	0
Contributions and Gifts	49,562	0	0	0	4,658	0	64,469
Performance Bond Forfeitures	0	0	0	0	0	0	15,143
<u>Other Local Revenues</u>							
Other Local Revenues	5,710	0	0	0	0	0	0
Total Other Local Revenues	\$ 209,075	\$ 0	\$ 297,738	\$ 0	\$ 4,718	\$ 0	\$ 122,862
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 313,868	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	70,975	0	0	0	0	0	0
General Sessions Court Clerk	163,301	0	0	0	0	0	0
Clerk and Master	181,713	0	0	0	0	0	0
Juvenile Court Clerk	25,065	0	0	0	0	0	0
Register	110,614	0	0	0	0	0	0
Sheriff	14,104	0	0	0	0	0	0
Trustee	530,053	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,409,693	\$ 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						
	General	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 10,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	14,500	0	0	0	0
On-Behalf Contributions for OPEB	2,037	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	12,000	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	83,129	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	82,547
State Aid Program	0	0	0	0	0	0	424,698
Litter Program	0	0	29,493	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	42,565	0	0	0	0	0	0
Beer Tax	18,724	0	0	0	0	0	0
Alcoholic Beverage Tax	45,913	0	0	0	0	0	0
Mixed Drink Tax	384	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	162,771	0	0	0	0	0	14,002
Contracted Prisoner Boarding	427,910	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,620,301
Petroleum Special Tax	0	0	0	0	0	0	19,706
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
State Shared Sales Tax - Cities	2,230	0	0	0	0	0	0
Other State Revenues	1,000	0	0	0	0	0	0
Total State of Tennessee	\$ 824,227	\$ 0	\$ 43,993	\$ 0	\$ 0	\$ 0	\$ 2,161,254
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,537
Homeland Security Grants	130,395	0	0	0	0	0	0
ARRA Grant No. 2	20,471	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						
	General	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>							
<u>Federal Through State (Cont.)</u>							
Other Federal through State	\$ 152,980	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>							
Medicare	3,200	0	0	0	0	0	0
Other Direct Federal Revenue	12,119	0	0	0	0	0	239,479
<u>Total Federal Government</u>	<u>\$ 319,165</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 327,016</u>
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	21,660	0	0	0	0	0	0
Contributions	41,659	0	0	26,158	0	0	0
Contracted Services	8,025	0	0	0	0	0	0
<u>Citizens Groups</u>							
Donations	4,173	0	0	0	0	0	0
<u>Other</u>							
Other	18,672	0	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 94,189</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,158</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Total</u>	<u>\$ 10,362,495</u>	<u>\$ 67,349</u>	<u>\$ 384,972</u>	<u>\$ 82,000</u>	<u>\$ 11,551</u>	<u>\$ 100</u>	<u>\$ 3,404,916</u>

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,040,579	\$ 0	\$ 0	\$ 0	\$ 51,009	\$ 7,253,654
Trustee's Collections - Prior Year	96,845	0	0	0	2,420	334,186
Trustee's Collections - Bankruptcy	11,942	0	0	0	299	42,394
Circuit/Clerk & Master Collections - Prior Years	50,183	0	0	0	1,254	178,150
Interest and Penalty	15,887	0	0	0	398	57,111
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	6,945	6,945
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	109,099	109,099
Payments in-Lieu-of Taxes - Other	0	0	0	0	16,230	16,230
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,769,402	0	0	0	0	1,907,513
Hotel/Motel Tax	0	0	0	0	0	121,107
Wheel Tax	1,013,937	0	0	0	0	1,267,421
Litigation Tax - General	0	0	0	0	0	96,895
Litigation Tax - Special Purpose	0	0	0	0	0	19,998
Litigation Tax - Jail, Workhouse, or Courthouse	70,437	0	0	0	0	70,437
Litigation Tax - Courtroom Security	0	0	0	0	0	68,962
Business Tax	0	0	0	0	0	195,497
Mineral Severance Tax	0	0	0	0	0	160,584
Adequate Facilities/Development Tax	0	0	0	0	0	65,242
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	5,696	5,696
Wholesale Beer Tax	0	0	0	0	0	91,910
Interstate Telecommunications Tax	0	0	0	0	0	1,030
Total Local Taxes	\$ 5,069,212	\$ 0	\$ 0	\$ 0	\$ 193,350	\$ 12,070,061
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,480
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,282

(Continued)

Exhibit K-5

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

	Debt Service Fund				Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects					
<u>Licenses and Permits (Cont.)</u>									
<u>Permits (Cont.)</u>									
Building Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,046
Other Permits	0	0	0	0	0	0	0	0	2,220
<u>Total Licenses and Permits</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 104,028</u>
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 776
Officers Costs	0	0	0	0	0	0	0	0	1,938
Drug Control Fines	0	0	0	0	0	0	0	0	753
Jail Fees	0	0	0	0	0	0	0	0	48
DUI Treatment Fines	0	0	0	0	0	0	0	0	382
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	2,496
Courtroom Security Fee	0	0	0	0	0	0	0	0	1,240
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	20,626
Officers Costs	0	0	0	0	0	0	0	0	33,313
Game and Fish Fines	0	0	0	0	0	0	0	0	405
Drug Control Fines	0	0	0	0	0	0	0	0	2,680
Jail Fees	0	0	0	0	0	0	0	0	3,352
Interpreter Fees	0	0	0	0	0	0	0	0	250
DUI Treatment Fines	0	0	0	0	0	0	0	0	5,353
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	4,989
Courtroom Security Fee	0	0	0	0	0	0	0	0	384
<u>Juvenile Court</u>									
Fines	0	0	0	0	0	0	0	0	1,949
Officers Costs	0	0	0	0	0	0	0	0	3,631
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	1,024
Courtroom Security Fee	0	0	0	0	0	0	0	0	44
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	2,104

(Continued)

Exhibit K-5

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

	Debt Service Fund					Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects		General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Chancery Court (Cont.)</u>									
Data Entry Fee - Chancery Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,148
Other Courts - In-county	0	0	0	0	0	0	0	0	67,349
Fines	0	0	0	0	0	0	0	0	1,964
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	6,175
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	166,373
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 166,373
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,563
Surcharge - General	0	0	0	0	0	0	0	0	5,678
Patient Charges	0	0	0	0	0	0	0	0	1,232,188
Zoning Studies	0	0	0	0	0	0	0	0	7,080
Work Release Charges for Board	0	0	0	0	0	0	0	0	8,500
Water Sales	0	0	0	0	0	0	0	0	36,669
Service Charges	0	0	0	0	0	0	0	0	80
Fees									
Copy Fees	0	0	0	0	0	0	0	0	8,942
Library Fees	0	0	0	0	0	0	0	0	5,792
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	50
Telephone Commissions	0	0	0	0	0	0	0	0	34,301
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0	0	100
Data Processing Fee - Register	0	0	0	0	0	0	0	0	9,944
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	4,020
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	2,000
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	2,488
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,395,395

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 43,727	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 193,727
Lease/Rentals	0	0	0	0	0	14,400
Sale of Materials and Supplies	0	0	0	0	0	2,845
Sale of Gasoline	0	0	0	0	0	42,631
Sale of Maps	0	0	0	0	0	1,004
Sale of Recycled Materials	0	0	0	0	0	292,007
Miscellaneous Refunds	0	0	0	0	0	11,499
Expenditure Credits	0	0	0	0	0	111,629
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	16,929
Damages Recovered from Individuals	0	0	0	0	0	1,907
Contributions and Gifts	0	0	0	0	0	118,689
Performance Bond Forfeitures	0	0	0	0	0	15,143
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	5,710
Total Other Local Revenues	\$ 43,727	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 828,120
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0	0	0	0	0	313,868
Circuit Court Clerk	0	0	0	0	0	70,975
General Sessions Court Clerk	0	0	0	0	0	163,301
Clerk and Master	0	0	0	0	0	181,713
Juvenile Court Clerk	0	0	0	0	0	25,065
Register	0	0	0	0	0	110,614
Sheriff	0	0	0	0	0	14,104
Trustee	0	0	0	0	0	530,053
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,409,693

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	General Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,400
Solid Waste Grants	0	0	0	0	0	14,500
On-Behalf Contributions for OPEB	0	0	0	0	0	2,037
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	12,000
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	0	0	0	0	0	83,129
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	82,547
State Aid Program	0	0	0	0	0	424,698
Litter Program	0	0	0	0	0	29,493
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	42,565
Beer Tax	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	45,913
Mixed Drink Tax	0	0	0	0	0	384
State Revenue Sharing - T.V.A.	70,009	0	0	0	1,750	248,532
Contracted Prisoner Boarding	0	0	0	0	0	427,910
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,620,301
Petroleum Special Tax	0	0	0	0	0	19,706
Registrar's Salary Supplement	0	0	0	0	0	15,164
State Shared Sales Tax - Cities	0	0	0	0	0	2,230
Other State Revenues	0	0	0	0	0	1,000
Total State of Tennessee	\$ 70,009	\$ 0	\$ 0	\$ 0	\$ 1,750	\$ 3,101,233
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	87,537
Homeland Security Grants	0	0	0	0	0	130,395
ARRA Grant No. 2	0	0	0	0	0	20,471

(Continued)

Exhibit K-5

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

	Capital Projects Funds					Total
	Debt Service Fund	General Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Other Federal through State						
<u>Direct Federal Revenue</u>						
Medicare						
Other Direct Federal Revenue						
Total Federal Government	\$ 0	\$ 56,000	\$ 0	\$ 0	\$ 0	\$ 208,980
	\$ 0	0	0	0	0	3,200
	0	0	0	0	0	251,598
	\$ 0	\$ 56,000	\$ 0	\$ 0	\$ 0	\$ 702,181
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board						
Contributions						
Contracted Services						
Citizens Groups						
Donations						
Other						
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,672
	\$ 0	0	0	0	0	120,347
	\$ 5,182,948	\$ 56,000	\$ 150,000	\$ 195,100	\$ 19,897,431	
Total						

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,537,735	\$ 0	\$ 0	\$ 0	\$ 8,537,735
Trustee's Collections - Prior Year	393,622	0	0	0	393,622
Trustee's Collections - Bankruptcy	49,467	0	0	0	49,467
Circuit/Clerk & Master Collections - Prior Years	232,811	0	0	0	232,811
Interest and Penalty	65,757	0	0	0	65,757
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,842,838	0	0	0	1,842,838
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	2,159	0	0	0	2,159
Total Local Taxes	\$ 11,124,389	\$ 0	\$ 0	\$ 0	\$ 11,124,389
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,166	\$ 0	\$ 0	\$ 0	\$ 2,166
Total Licenses and Permits	\$ 2,166	\$ 0	\$ 0	\$ 0	\$ 2,166
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 591,222	\$ 0	\$ 591,222
Lunch Payments - Adults	0	0	58,786	0	58,786
Income from Breakfast	0	0	55,090	0	55,090
A la carte Sales	0	0	320,368	0	320,368
Receipts from Individual Schools	74,284	0	0	0	74,284
TBI Criminal Background Fees	8,260	0	0	0	8,260
Total Charges for Current Services	\$ 82,544	\$ 0	\$ 1,025,466	\$ 0	\$ 1,108,010
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 29	\$ 4	\$ 33
Sale of Materials and Supplies	10,165	0	0	0	10,165
Refund of Telecommunication and Internet Fees (E-Rate)	52,133	0	0	0	52,133
Miscellaneous Refunds	74,151	0	0	0	74,151
<u>Nonrecurring Items</u>					
Sale of Equipment	1,404	0	0	0	1,404
Damages Recovered from Individuals	289	0	0	0	289
Total Other Local Revenues	\$ 138,142	\$ 0	\$ 29	\$ 4	\$ 138,175
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 131,669	\$ 0	\$ 0	\$ 0	\$ 131,669
<u>State Education Funds</u>					
Basic Education Program	20,346,364	0	0	0	20,346,364
Basic Education Program - ARRA	2,268,636	0	0	0	2,268,636
Early Childhood Education	64,500	0	0	0	64,500
School Food Service	0	0	28,781	0	28,781
Driver Education	11,788	0	0	0	11,788
Other State Education Funds	3,810	0	0	0	3,810
Coordinated School Health - ARRA	91,443	0	0	0	91,443

(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	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Internet Connectivity - ARRA	\$ 15,735	\$ 0	\$ 0	\$ 0	\$ 15,735
Statewide Student Management System (SSMS) - ARRA	13,054	0	0	0	13,054
Career Ladder Program	228,520	0	0	0	228,520
Career Ladder - Extended Contract - ARRA	38,387	0	0	0	38,387
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	292,287	0	0	0	292,287
Safe Schools - ARRA	28,200	0	0	0	28,200
Total State of Tennessee	\$ 23,534,393	\$ 0	\$ 28,781	\$ 0	\$ 23,563,174
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,144,772	\$ 0	\$ 1,144,772
USDA - Commodities	0	0	271,044	0	271,044
Breakfast	0	0	387,030	0	387,030
USDA - Other	0	0	6,142	0	6,142
Vocational Education - Basic Grants to States	0	80,013	0	0	80,013
Other Vocational	0	89,046	0	0	89,046
Title I Grants to Local Education Agencies	0	1,335,098	0	0	1,335,098
Special Education - Grants to States	0	1,502,623	0	0	1,502,623
Special Education Preschool Grants	0	53,262	0	0	53,262
English Language Acquisition Grants	0	23,456	0	0	23,456
Safe and Drug-free Schools - State Grants	0	6,498	0	0	6,498
Rural Education	0	100,975	0	0	100,975
Eisenhower Professional Development State Grants	0	255,780	0	0	255,780
Race-to-the-Top - ARRA	0	40,301	0	0	40,301
Other Federal through State	462,509	649,058	0	0	1,111,567
Total Federal Government	\$ 462,509	\$ 4,136,110	\$ 1,808,988	\$ 0	\$ 6,407,607
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 106,891	\$ 0	\$ 0	\$ 1,914,001	\$ 2,020,892
Total Other Governments and Citizens Groups	\$ 106,891	\$ 0	\$ 0	\$ 1,914,001	\$ 2,020,892
Total	\$ 35,451,034	\$ 4,136,110	\$ 2,863,264	\$ 1,914,005	\$ 44,364,413

Exhibit K-7

Marshall County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	66,257	
Social Security		4,221	
Extension Service Medicare		961	
Audit Services		17,530	
Communication		1,604	
Contracts with Private Agencies		4,507	
Dues and Memberships		3,003	
Legal Notices, Recording, and Court Costs		1,255	
Postal Charges		299	
Printing, Stationery, and Forms		849	
Royalties		20	
Travel		51	
Liability Insurance		16,926	
Workers' Compensation Insurance		108	
Liability Claims		11,569	
Total County Commission			\$ 129,160

Board of Equalization

Board and Committee Members Fees	\$	1,050	
Social Security		65	
Extension Service Medicare		15	
Travel		96	
Liability Insurance		877	
Workers' Compensation Insurance		30	
Total Board of Equalization			2,133

Other Boards and Committees

Board and Committee Members Fees	\$	4,300	
Social Security		267	
Extension Service Medicare		62	
Liability Insurance		827	
Workers' Compensation Insurance		50	
Total Other Boards and Committees			5,506

County Mayor/Executive

County Official/Administrative Officer	\$	71,952	
Secretary(ies)		27,629	
Longevity Pay		1,000	
Social Security		6,138	
Extension Service Medicare		1,435	

(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.)

State Retirement	\$	9,433	
Employee and Dependent Insurance		4,929	
On-Behalf Payments to OPEB		843	
Communication		1,907	
Dues and Memberships		1,350	
Evaluation and Testing		63	
Postal Charges		419	
Travel		250	
Office Supplies		1,032	
Liability Insurance		506	
Premiums on Corporate Surety Bonds		400	
Workers' Compensation Insurance		258	
Other Charges		15	
Office Equipment		870	
Total County Mayor/Executive			\$ 130,429

County Attorney

Legal Services	\$	22,094	
Total County Attorney			22,094

Election Commission

Supervisor/Director	\$	58,781	
Deputy(ies)		24,628	
Part-time Personnel		3,437	
Longevity Pay		350	
Election Commission		2,530	
Election Workers		26,170	
In-Service Training		1,080	
Social Security		5,350	
Extension Service Medicare		1,251	
State Retirement		8,339	
Employee and Dependent Insurance		16,697	
Communication		1,621	
Data Processing Services		18,739	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		4,721	
Maintenance and Repair Services - Equipment		5,500	
Maintenance and Repair Services - Office Equipment		282	
Postal Charges		2,524	
Printing, Stationery, and Forms		3,268	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Travel	\$	494	
Office Supplies		767	
Liability Insurance		1,767	
Workers' Compensation Insurance		288	
Other Equipment		35,000	
Total Election Commission			\$ 223,809

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,837	
Longevity Pay		550	
In-Service Training		990	
Social Security		6,242	
Extension Service Medicare		1,460	
State Retirement		11,532	
Employee and Dependent Insurance		19,076	
Communication		1,111	
Contracts with Government Agencies		635	
Data Processing Services		13,776	
Dues and Memberships		851	
Maintenance and Repair Services - Office Equipment		848	
Postal Charges		636	
Office Supplies		2,502	
Liability Insurance		835	
Premiums on Corporate Surety Bonds		400	
Workers' Compensation Insurance		344	
Total Register of Deeds			176,376

Planning

Contracts with Government Agencies	\$	2,312	
Total Planning			2,312

Building

Assistant(s)	\$	27,090	
Supervisor/Director		46,594	
Secretary(ies)		22,271	
Longevity Pay		300	
In-Service Training		1,457	
Social Security		5,354	
Extension Service Medicare		1,252	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

State Retirement	\$	9,591	
Employee and Dependent Insurance		12,765	
Communication		2,386	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		683	
Licenses		35	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		1,027	
Postal Charges		690	
Printing, Stationery, and Forms		96	
Travel		258	
Gasoline		2,947	
Office Supplies		672	
Liability Insurance		1,146	
Vehicle and Equipment Insurance		943	
Workers' Compensation Insurance		3,429	
Other Charges		76	
Total Building			\$ 141,952

County Buildings

Contributions	\$	106,892	
Janitorial Services		22,878	
Maintenance and Repair Services - Buildings		180,890	
Maintenance and Repair Services - Vehicles		1,536	
Pest Control		1,816	
Disposal Fees		2,870	
Custodial Supplies		2,998	
Electricity		92,829	
Gasoline		586	
Natural Gas		20,733	
Water and Sewer		3,171	
Trustee's Commission		789	
Vehicle and Equipment Insurance		1,361	
Total County Buildings			439,349

Finance

Accounting and Budgeting

Supervisor/Director	\$	63,243
Accountants/Bookkeepers		150,419
Temporary Personnel		12,103

(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.)

Longevity Pay	\$	3,550	
In-Service Training		675	
Social Security		13,621	
Extension Service Medicare		3,185	
State Retirement		21,615	
Employee and Dependent Insurance		24,019	
Communication		1,670	
Contracts with Private Agencies		7,140	
Maintenance and Repair Services - Office Equipment		3,715	
Postal Charges		6,102	
Office Supplies		4,920	
Liability Insurance		1,229	
Premiums on Corporate Surety Bonds		3,785	
Workers' Compensation Insurance		535	
Office Equipment		797	
Total Accounting and Budgeting			\$ 322,323

Property Assessor's Office

County Official/Administrative Officer	\$	61,751
Deputy(ies)		82,843
Secretary(ies)		13,107
Temporary Personnel		3,456
Longevity Pay		2,950
Other Salaries and Wages		1,000
In-Service Training		425
Social Security		9,796
Extension Service Medicare		2,290
State Retirement		15,942
Employee and Dependent Insurance		19,231
Advertising		51
Communication		1,398
Data Processing Services		10,714
Dues and Memberships		670
Evaluation and Testing		126
Legal Services		100
Legal Notices, Recording, and Court Costs		221
Maintenance and Repair Services - Office Equipment		780
Postal Charges		1,334
Rentals		274
Travel		874

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Supplies	\$	864	
Other Supplies and Materials		3,576	
Liability Insurance		1,383	
Workers' Compensation Insurance		1,157	
Office Equipment		165	
Total Property Assessor's Office			\$ 236,478

Reappraisal Program

Assistant(s)	\$	30,191	
Deputy(ies)		16,501	
Secretary(ies)		10,628	
Social Security		3,325	
Extension Service Medicare		778	
State Retirement		5,661	
Employee and Dependent Insurance		6,929	
Data Processing Services		3,530	
Maintenance and Repair Services - Vehicles		381	
Postal Charges		797	
Gasoline		1,796	
Office Supplies		270	
Liability Insurance		175	
Vehicle and Equipment Insurance		496	
Workers' Compensation Insurance		1,169	
Total Reappraisal Program			82,627

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,664	
Longevity Pay		950	
In-Service Training		150	
Social Security		6,608	
Extension Service Medicare		1,545	
State Retirement		11,555	
Employee and Dependent Insurance		16,520	
Communication		1,392	
Contracts with Private Agencies		4,500	
Dues and Memberships		125	
Legal Services		1,430	
Legal Notices, Recording, and Court Costs		25	
Maintenance and Repair Services - Office Equipment		1,666	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Postal Charges	\$	4,774	
Office Supplies		1,392	
Liability Insurance		372	
Premiums on Corporate Surety Bonds		7,433	
Workers' Compensation Insurance		280	
Office Equipment		170	
Total County Trustee's Office			\$ 175,302

County Clerk's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		134,578	
Longevity Pay		2,000	
In-Service Training		230	
Social Security		11,524	
Extension Service Medicare		2,695	
State Retirement		19,893	
Employee and Dependent Insurance		35,065	
Unemployment Compensation		3,776	
Communication		1,935	
Data Processing Services		11,005	
Dues and Memberships		526	
Maintenance and Repair Services - Office Equipment		603	
Postal Charges		7,179	
Office Supplies		5,565	
Liability Insurance		1,249	
Premiums on Corporate Surety Bonds		400	
Workers' Compensation Insurance		512	
Other Charges		175	
Office Equipment		133	
Total County Clerk's Office			300,794

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		144,040	
Attendants		4,250	
Longevity Pay		2,050	
Jury and Witness Expense		13,717	
In-Service Training		390	
Social Security		12,083	

(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.)

Extension Service Medicare	\$	2,826	
State Retirement		20,401	
Employee and Dependent Insurance		40,600	
Unemployment Compensation		4,125	
Communication		4,134	
Data Processing Services		13,422	
Dues and Memberships		816	
Evaluation and Testing		63	
Maintenance and Repair Services - Office Equipment		2,454	
Postal Charges		3,727	
Other Contracted Services		400	
Office Supplies		6,933	
Liability Insurance		1,074	
Premiums on Corporate Surety Bonds		800	
Workers' Compensation Insurance		509	
Office Equipment		364	
Total Circuit Court			\$ 340,929

General Sessions Court

Judge(s)	\$	131,369	
Part-time Personnel		11,171	
Other Salaries and Wages		13,934	
Social Security		9,271	
Extension Service Medicare		2,168	
State Retirement		12,430	
Communication		846	
Evaluation and Testing		63	
Travel		817	
Office Supplies		71	
Liability Insurance		702	
Workers' Compensation Insurance		740	
Total General Sessions Court			183,582

Chancery Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		82,489	
Longevity Pay		1,000	
In-Service Training		894	
Social Security		8,397	
Extension Service Medicare		1,964	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

State Retirement	\$	14,306	
Employee and Dependent Insurance		27,411	
Unemployment Compensation		990	
Communication		1,865	
Contracts with Private Agencies		6,757	
Dues and Memberships		536	
Legal Services		50	
Legal Notices, Recording, and Court Costs		1,500	
Maintenance and Repair Services - Office Equipment		835	
Postal Charges		4,037	
Office Supplies		3,201	
Liability Insurance		867	
Workers' Compensation Insurance		784	
Office Equipment		30	
Total Chancery Court			\$ 219,664

Juvenile Court

Probation Officer(s)	\$	31,340	
Youth Service Officer(s)		35,024	
Guidance Personnel		41,637	
Longevity Pay		1,350	
Overtime Pay		2,600	
In-Service Training		750	
Social Security		6,886	
Extension Service Medicare		1,611	
State Retirement		11,246	
Employee and Dependent Insurance		10,449	
Communication		2,011	
Dues and Memberships		90	
Maintenance and Repair Services - Office Equipment		678	
Postal Charges		583	
Travel		2,429	
Office Supplies		1,320	
Liability Insurance		681	
Workers' Compensation Insurance		274	
Other Charges		7,515	
Office Equipment		322	
Total Juvenile Court			158,796

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,540
Assistant(s)		47,371
Deputy(ies)		588,042
Investigator(s)		33,350
Accountants/Bookkeepers		28,522
Salary Supplements		20,931
Dispatchers/Radio Operators		117,849
Longevity Pay		9,100
Overtime Pay		97,050
In-Service Training		12,000
Social Security		61,347
Extension Service Medicare		14,347
State Retirement		93,591
Employee and Dependent Insurance		151,697
Unemployment Compensation		628
On-Behalf Payments to OPEB		2,211
Communication		3,262
Contracts with Private Agencies		4,396
Data Processing Services		4,536
Dues and Memberships		2,420
Evaluation and Testing		3,219
Legal Services		750
Maintenance and Repair Services - Equipment		4,571
Maintenance and Repair Services - Office Equipment		356
Maintenance and Repair Services - Vehicles		26,145
Pest Control		688
Postal Charges		2,344
Transportation - Other than Students		672
Travel		3,766
Tuition		3,250
Disposal Fees		997
Other Contracted Services		14,299
Electricity		21,015
Gasoline		66,802
Law Enforcement Supplies		6,969
Natural Gas		3,273
Office Supplies		3,687
Tires and Tubes		5,817
Uniforms		13,000
Water and Sewer		9,855

(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.)

Liability Insurance	\$	60,320	
Premiums on Corporate Surety Bonds		466	
Vehicle and Equipment Insurance		15,450	
Workers' Compensation Insurance		31,849	
Other Charges		8,855	
Law Enforcement Equipment		4,990	
Motor Vehicles		16,747	
Office Equipment		1,424	
Total Sheriff's Department			\$ 1,694,766

Jail

Supervisor/Director	\$	31,712
Salary Supplements		13,008
Guards		390,165
Clerical Personnel		25,113
Cafeteria Personnel		21,755
Longevity Pay		3,150
Overtime Pay		31,187
In-Service Training		360
Social Security		29,948
Extension Service Medicare		7,004
State Retirement		45,778
Employee and Dependent Insurance		114,858
Unemployment Compensation		3,897
Communication		3,924
Contracts with Private Agencies		5,916
Data Processing Services		11,251
Evaluation and Testing		2,154
Legal Services		405
Maintenance and Repair Services - Equipment		1,602
Maintenance and Repair Services - Office Equipment		252
Medical and Dental Services		130,032
Pest Control		252
Postal Charges		1,224
Travel		654
Disposal Fees		2,992
Electricity		62,205
Food Supplies		191,271
Natural Gas		36,057
Office Supplies		2,671

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Prisoners Clothing	\$	8,389	
Uniforms		3,141	
Water and Sewer		22,924	
Other Supplies and Materials		43,701	
Liability Insurance		9,627	
Vehicle and Equipment Insurance		1,352	
Workers' Compensation Insurance		21,762	
Communication Equipment		155	
Office Equipment		47	
Other Equipment		10,692	
Total Jail			\$ 1,292,587

Rural Fire Protection

In-Service Training	\$	155	
Maintenance and Repair Services - Vehicles		16,876	
Other Contracted Services		15,750	
Diesel Fuel		6,212	
Electricity		12,630	
Gasoline		3,515	
Natural Gas		10,539	
Water and Sewer		1,170	
Excess Risk Insurance		8,027	
Liability Insurance		27,090	
Vehicle and Equipment Insurance		16,281	
Workers' Compensation Insurance		2,731	
Total Rural Fire Protection			120,976

Civil Defense

Supervisor/Director	\$	37,166	
Truck Drivers		15,420	
Secretary(ies)		28,044	
Temporary Personnel		4,271	
Part-time Personnel		11,990	
Longevity Pay		1,450	
Social Security		5,996	
Extension Service Medicare		1,402	
State Retirement		6,696	
Employee and Dependent Insurance		10,584	
Communication		1,559	
Contracts with Government Agencies		489	

(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.)

Data Processing Services	\$	953	
Dues and Memberships		50	
Evaluation and Testing		115	
Maintenance and Repair Services - Equipment		950	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		7,907	
Postal Charges		391	
Travel		39	
Diesel Fuel		5,858	
Gasoline		1,773	
Ice		5,141	
Office Supplies		250	
Other Supplies and Materials		130,356	
Liability Insurance		2,311	
Vehicle and Equipment Insurance		5,579	
Workers' Compensation Insurance		347	
Other Charges		18	
Motor Vehicles		45,599	
Total Civil Defense			\$ 333,244

Other Emergency Management

Other Supplies and Materials	\$	1,146	
Total Other Emergency Management			1,146

County Coroner/Medical Examiner

Assistant(s)	\$	1,719	
Supervisor/Director		5,000	
Social Security		413	
Extension Service Medicare		97	
State Retirement		173	
Employee and Dependent Insurance		84	
Other Contracted Services		35,924	
Liability Insurance		877	
Workers' Compensation Insurance		15	
Total County Coroner/Medical Examiner			44,302

Other Public Safety

Communication	\$	569	
Total Other Public Safety			569

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Communication	\$	5,775	
Contracts with Private Agencies		534	
Janitorial Services		14,192	
Pest Control		264	
Disposal Fees		750	
Custodial Supplies		22	
Drugs and Medical Supplies		184	
Electricity		9,516	
Natural Gas		3,020	
Office Supplies		202	
Water and Sewer		482	
Other Charges		886	
Building Improvements		20,348	
Other Equipment		1,008	
Total Local Health Center			\$ 57,183

Rabies and Animal Control

Assistant(s)	\$	10,839	
Overtime Pay		2,192	
Social Security		796	
Extension Service Medicare		186	
Employee and Dependent Insurance		2,658	
Communication		463	
Contracts with Government Agencies		10,263	
Evaluation and Testing		63	
Maintenance and Repair Services - Vehicles		2,653	
Gasoline		1,993	
Uniforms		1,222	
Other Supplies and Materials		214	
Liability Insurance		175	
Vehicle and Equipment Insurance		449	
Workers' Compensation Insurance		2,558	
Total Rabies and Animal Control			36,724

Ambulance/Emergency Medical Services

Supervisor/Director	\$	55,207	
Medical Personnel		11,000	
Paraprofessionals		1,321,217	
Longevity Pay		9,250	
In-Service Training		2,638	

(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.)

Social Security	\$	82,804	
Extension Service Medicare		19,365	
State Retirement		132,846	
Employee and Dependent Insurance		153,243	
Unemployment Compensation		5,316	
Communication		6,926	
Contracts with Government Agencies		3,000	
Contracts with Private Agencies		2,241	
Dues and Memberships		560	
Evaluation and Testing		717	
Legal Services		300	
Licenses		2,150	
Maintenance and Repair Services - Buildings		610	
Maintenance and Repair Services - Equipment		4,834	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		34,911	
Pest Control		540	
Postal Charges		416	
Travel		240	
Disposal Fees		857	
Custodial Supplies		1,848	
Diesel Fuel		52,360	
Drugs and Medical Supplies		44,656	
Electricity		22,533	
Gasoline		4,345	
Natural Gas		6,255	
Office Supplies		3,082	
Tires and Tubes		5,112	
Uniforms		3,982	
Water and Sewer		347	
Other Supplies and Materials		384	
Liability Insurance		10,994	
Vehicle and Equipment Insurance		10,208	
Workers' Compensation Insurance		32,580	
Office Equipment		700	
Other Equipment		24,335	
Total Ambulance/Emergency Medical Services			\$ 2,075,449

Maternal and Child Health Services

Contracts with Government Agencies	\$	4,050
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(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 (Cont.)

Contracts with Other Public Agencies	\$ 3,477	
Total Maternal and Child Health Services		\$ 7,527

Other Local Health Services

Paraprofessionals	\$ 75,086	
Secretary(ies)	51,460	
Longevity Pay	300	
Social Security	7,538	
Extension Service Medicare	1,763	
State Retirement	11,527	
Employee and Dependent Insurance	17,655	
Evaluation and Testing	63	
Travel	3,437	
Liability Insurance	1,907	
Workers' Compensation Insurance	830	
Other Charges	128	
Total Other Local Health Services		171,694

Regional Mental Health Center

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

Appropriation to State

Contracts with Government Agencies	\$ 20,100	
Total Appropriation to State		20,100

Other Public Health and Welfare

Contributions	\$ 40,000	
Total Other Public Health and Welfare		40,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 68,850	
Total Senior Citizens Assistance		68,850

Libraries

Assistant(s)	\$ 29,243	
Supervisor/Director	40,215	
Librarians	49,582	

(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 (Cont.)

Temporary Personnel	\$	1,051	
Part-time Personnel		25,810	
Longevity Pay		1,750	
Social Security		8,879	
Extension Service Medicare		2,077	
State Retirement		12,299	
Employee and Dependent Insurance		15,139	
Unemployment Compensation		1,067	
Communication		1,016	
Contracts with Private Agencies		2,057	
Data Processing Services		3,363	
Dues and Memberships		340	
Evaluation and Testing		366	
Janitorial Services		3,724	
Maintenance and Repair Services - Equipment		215	
Pest Control		300	
Postal Charges		1,259	
Disposal Fees		240	
Custodial Supplies		352	
Electricity		14,605	
Library Books/Media		8,190	
Natural Gas		2,864	
Office Supplies		588	
Periodicals		750	
Water and Sewer		594	
Other Supplies and Materials		1,559	
Liability Insurance		4,779	
Trustee's Commission		171	
Workers' Compensation Insurance		418	
Other Charges		1,456	
Office Equipment		30	
Total Libraries			\$ 236,348

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)	\$	1,722	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Supervisor/Director	\$	13,856	
Secretary(ies)		6,813	
Educational Assistants		7,334	
Social Security		984	
Extension Service Medicare		431	
State Retirement		3,036	
Communication		1,778	
Dues and Memberships		190	
Janitorial Services		11,525	
Travel		625	
Custodial Supplies		1,707	
Electricity		5,800	
Natural Gas		3,700	
Office Supplies		47	
Water and Sewer		548	
Other Supplies and Materials		1,000	
Office Equipment		942	
Total Agriculture Extension Service			\$ 62,038

Forest Service

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

Soil Conservation

Assistant(s)	\$	28,044	
Longevity Pay		500	
Social Security		1,539	
Extension Service Medicare		360	
State Retirement		2,867	
Employee and Dependent Insurance		7,186	
Liability Insurance		175	
Workers' Compensation Insurance		69	
Total Soil Conservation			40,740

Other Operations

Tourism

Advertising	\$	1,149	
Contracts with Private Agencies		1,321	
Contributions		37,590	
Trustee's Commission		62	
Total Tourism			40,122

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Housing and Urban Development

Other Contracted Services	\$ 39,566	
Total Housing and Urban Development		\$ 39,566

Veterans' Services

Assistant(s)	\$ 8,335	
Supervisor/Director	13,921	
Temporary Personnel	3,668	
Social Security	1,604	
Extension Service Medicare	376	
Communication	1,230	
Dues and Memberships	129	
Postal Charges	430	
Transportation - Other than Students	2,195	
Travel	573	
Office Supplies	488	
Liability Insurance	1,497	
Vehicle and Equipment Insurance	482	
Workers' Compensation Insurance	55	
Office Equipment	990	
Total Veterans' Services		35,973

Employee Benefits

On-Behalf Payments to OPEB	\$ 2,037	
Total Employee Benefits		2,037

ARRA Grant # 2

Building Improvements	\$ 21,126	
Total ARRA Grant # 2		21,126

Miscellaneous

Bank Charges	\$ 1,063	
Fiscal Agent Charges	21	
Trustee's Commission	128,164	
Other Charges	11,649	
Total Miscellaneous		140,897

Total General Fund		\$ 9,906,479
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(Continued)

Exhibit K-7

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

Juvenile Services Fund

Administration of Justice

Juvenile Court

Probation Officer(s)	\$	30,000	
Other Fringe Benefits		30,000	
Penalties		2,106	
Trustee's Commission		675	
Motor Vehicles		28,815	
Total Juvenile Court			\$ 91,596

Total Juvenile Services Fund \$ 91,596

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	45,289	
Equipment Operators - Light		24,868	
Secretary(ies)		28,044	
Part-time Personnel		7,919	
Longevity Pay		1,050	
In-Service Training		750	
Social Security		6,493	
Extension Service Medicare		1,518	
State Retirement		8,614	
Employee and Dependent Insurance		16,367	
Advertising		39	
Communication		2,019	
Contracts with Private Agencies		8,596	
Contracts with Public Carriers		9,787	
Dues and Memberships		406	
Evaluation and Testing		172	
Maintenance and Repair Services - Buildings		7,407	
Maintenance and Repair Services - Equipment		28,189	
Maintenance and Repair Services - Vehicles		17,429	
Pest Control		480	
Postal Charges		439	
Printing, Stationery, and Forms		40	
Rentals		3,400	
Travel		1,927	
Remittance of Revenue Collected		18,778	
Disposal Fees		28,660	
Custodial Supplies		15	
Diesel Fuel		14,692	

(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.)

Electricity	\$	5,425	
Food Supplies		9,457	
Garage Supplies		11,061	
Gasoline		4,262	
Instructional Supplies and Materials		259	
Natural Gas		867	
Office Supplies		824	
Water and Sewer		692	
Other Supplies and Materials		593	
Liability Insurance		1,653	
Trustee's Commission		555	
Vehicle and Equipment Insurance		3,926	
Workers' Compensation Insurance		3,455	
Other Charges		332	
Office Equipment		140	
Other Equipment		1,255	
Other Capital Outlay		16,409	
Total Sanitation Management			\$ 344,552

Total Solid Waste/Sanitation Fund \$ 344,552

Industrial/Economic Development Fund

Other Operations

Other Economic and Community Development

Supervisor/Director	\$	47,936
In-Service Training		320
Social Security		2,813
Extension Service Medicare		658
State Retirement		4,815
Employee and Dependent Insurance		6,115
Advertising		1,425
Communication		1,520
Data Processing Services		2,504
Dues and Memberships		545
Maintenance and Repair Services - Office Equipment		23
Maintenance and Repair Services - Vehicles		222
Postal Charges		505
Travel		4,299
Gasoline		763
Office Supplies		553

(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.)

Liability Insurance	\$	175	
Vehicle and Equipment Insurance		434	
Workers' Compensation Insurance		110	
Other Charges		680	
Office Equipment		817	
Total Other Economic and Community Development			\$ 77,232

Total Industrial/Economic Development Fund \$ 77,232

Drug Control Fund

Public Safety

Drug Enforcement

Other Supplies and Materials	\$	10,310	
Trustee's Commission		141	
Total Drug Enforcement			\$ 10,451

Total Drug Control Fund 10,451

Constitutional Officers - Fees Fund

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	100	
Total Sheriff's Department			\$ 100

Total Constitutional Officers - Fees Fund 100

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Assistant(s)		32,834	
Accountants/Bookkeepers		32,834	
Salary Supplements		6,000	
Temporary Personnel		40,645	
Longevity Pay		2,000	
Overtime Pay		5,300	
Social Security		10,591	
Extension Service Medicare		2,739	
State Retirement		14,116	
Employee and Dependent Insurance		16,640	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Dues and Memberships	\$	3,326	
Legal Services		50	
Legal Notices, Recording, and Court Costs		795	
Maintenance and Repair Services - Equipment		1,151	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		440	
Travel		1,813	
Office Supplies		2,076	
Liability Insurance		991	
Other Charges		723	
Office Equipment		787	
Total Administration			\$ 244,278

Highway and Bridge Maintenance

Foremen	\$	76,264	
Equipment Operators		409,131	
Truck Drivers		165,978	
Laborers		86,651	
Longevity Pay		11,600	
Overtime Pay		33,013	
Social Security		47,072	
Extension Service Medicare		10,941	
State Retirement		75,485	
Employee and Dependent Insurance		135,144	
Asphalt		149,911	
Crushed Stone		139,118	
Fertilizer, Lime, and Seed		7,441	
General Construction Materials		4,460	
Pipe		49,546	
Road Signs		11,097	
Salt		8,039	
Wood Products		560	
Total Highway and Bridge Maintenance			1,421,451

Operation and Maintenance of Equipment

Foremen	\$	43,158	
Mechanic(s)		98,209	
Longevity Pay		2,650	
Overtime Pay		818	
Social Security		7,823	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Extension Service Medicare	\$	1,972	
State Retirement		14,553	
Employee and Dependent Insurance		24,653	
Laundry Service		9,926	
Diesel Fuel		100,855	
Equipment and Machinery Parts		229,113	
Garage Supplies		24,354	
Gasoline		95,562	
Lubricants		8,790	
Tires and Tubes		55,379	
Other Supplies and Materials		17,386	
Total Operation and Maintenance of Equipment			\$ 735,201

Other Charges

Communication	\$	5,180	
Electricity		11,078	
Water and Sewer		1,997	
Liability Insurance		8,392	
Premiums on Corporate Surety Bonds		792	
Trustee's Commission		28,980	
Vehicle and Equipment Insurance		18,264	
Total Other Charges			74,683

Employee Benefits

Workers' Compensation Insurance	\$	68,592	
Total Employee Benefits			68,592

Capital Outlay

Bridge Construction	\$	109,287	
Highway Construction		99,842	
Highway Equipment		27,700	
Motor Vehicles		99,070	
Plant Operation Equipment		3,240	
State Aid Projects		504,445	
Total Capital Outlay			843,584

Total Highway/Public Works Fund \$ 3,387,789

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	275,000	
Principal on Notes		184,719	
Principal on Other Loans		158,667	
Total General Government			\$ 618,386

Highways and Streets

Principal on Notes	\$	185,050	
Principal on Other Loans		16,333	
Total Highways and Streets			201,383

Education

Principal on Bonds	\$	2,100,000	
Principal on Notes		460,231	
Principal on Other Loans		196,000	
Total Education			2,756,231

Interest on Debt

General Government

Interest on Bonds	\$	304,216	
Interest on Notes		45,975	
Interest on Other Loans		11,095	
Total General Government			361,286

Highways and Streets

Interest on Notes	\$	49,821	
Interest on Other Loans		3,990	
Total Highways and Streets			53,811

Education

Interest on Bonds	\$	876,345	
Interest on Notes		58,139	
Interest on Other Loans		1,631	
Total Education			936,115

Other Debt Service

General Government

Contracts with Private Agencies	\$	2,868	
Trustee's Commission		74,253	
Underwriter's Discount		60,000	
Other Debt Issuance Charges		87,653	
Total General Government			224,774

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service (Cont.)</u>			
<u>Highways and Streets</u>			
Contracts with Private Agencies	\$	556	
Other Debt Issuance Charges		<u>36,659</u>	
Total Highways and Streets	\$		37,215
<u>Education</u>			
Contracts with Private Agencies	\$	2,851	
Other Debt Issuance Charges		<u>8,486</u>	
Total Education			<u>11,337</u>
Total General Debt Service Fund			\$ 5,200,538
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Architects	\$	<u>4,085</u>	
Total General Administration Projects	\$		4,085
<u>Public Health and Welfare Projects</u>			
Building Construction	\$	<u>52,395</u>	
Total Public Health and Welfare Projects			52,395
<u>Education Capital Projects</u>			
Contributions	\$	<u>1,914,001</u>	
Total Education Capital Projects			<u>1,914,001</u>
Total General Capital Projects Fund			1,970,481
<u>Highway Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Highways and Streets</u>			
Other Debt Issuance Charges	\$	<u>425</u>	
Total Highways and Streets	\$		425
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Trustee's Commission	\$	1,500	
Highway Equipment		<u>85,249</u>	
Total Highway and Street Capital Projects			<u>86,749</u>
Total Highway Capital Projects Fund			87,174
<u>Other Capital Projects Fund</u>			
<u>Support Services</u>			
<u>Transportation</u>			
Trustee's Commission	\$	<u>3,838</u>	
Total Transportation	\$		<u>3,838</u>
Total Other Capital Projects Fund			\$ 3,838
Total Governmental Funds - Primary Government			<u>\$ 21,080,230</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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,916,340	
Career Ladder Program	112,662	
Career Ladder Extended Contracts	64,895	
Homebound Teachers	38,004	
Educational Assistants	753,460	
Other Salaries and Wages	24,012	
Certified Substitute Teachers	94,513	
Non-certified Substitute Teachers	123,964	
Social Security	761,577	
State Retirement	1,169,394	
Medical Insurance	2,483,244	
Dental Insurance	9,962	
Unemployment Compensation	32,876	
Employer Medicare	179,216	
Maintenance and Repair Services - Equipment	36,515	
Travel	7,646	
Tuition	9,000	
Other Contracted Services	12,957	
Instructional Supplies and Materials	326,480	
Textbooks	36,947	
Other Charges	88,358	
Regular Instruction Equipment	216,888	
Total Regular Instruction Program		\$ 18,498,910

Alternative Instruction Program

Teachers	\$ 77,718	
Certified Substitute Teachers	81	
Non-certified Substitute Teachers	874	
Social Security	4,613	
State Retirement	7,034	
Medical Insurance	11,714	
Dental Insurance	91	
Unemployment Compensation	190	
Employer Medicare	1,079	
Instructional Supplies and Materials	170	
Total Alternative Instruction Program		103,564

Special Education Program

Teachers	\$ 999,828	
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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.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	18,592	
Homebound Teachers		1,966	
Educational Assistants		212,710	
Speech Pathologist		37,651	
Non-certified Substitute Teachers		19,553	
Social Security		76,483	
State Retirement		117,774	
Medical Insurance		295,118	
Dental Insurance		1,218	
Unemployment Compensation		3,800	
Employer Medicare		17,919	
Instructional Supplies and Materials		4,947	
Other Charges		18,747	
Total Special Education Program			\$ 1,826,306

Vocational Education Program

Teachers	\$	1,044,625	
Career Ladder Program		8,955	
Certified Substitute Teachers		1,026	
Non-certified Substitute Teachers		18,723	
Social Security		62,937	
State Retirement		95,412	
Medical Insurance		182,797	
Dental Insurance		790	
Unemployment Compensation		2,546	
Employer Medicare		14,725	
Maintenance and Repair Services - Equipment		1,000	
Instructional Supplies and Materials		22,952	
Textbooks		2,000	
Other Charges		1,500	
Regular Instruction Equipment		6,407	
Vocational Instruction Equipment		30,000	
Total Vocational Education Program			1,496,395

Support Services

Attendance

Supervisor/Director	\$	82,944	
Career Ladder Program		3,000	
Social Workers		59,648	

(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.)

Social Security	\$	8,562	
State Retirement		13,737	
Medical Insurance		20,864	
Dental Insurance		91	
Unemployment Compensation		270	
Employer Medicare		2,003	
Maintenance Agreements		13,064	
Travel		5,081	
Other Supplies and Materials		4,464	
In Service/Staff Development		155	
Attendance Equipment		1,503	
Total Attendance			\$ 215,386

Health Services

Medical Personnel	\$	90,562	
Other Salaries and Wages		51,238	
Social Security		8,471	
State Retirement		13,683	
Medical Insurance		16,289	
Dental Insurance		100	
Unemployment Compensation		676	
Employer Medicare		1,981	
Contracts with Private Agencies		2,500	
Travel		2,030	
Other Supplies and Materials		24,926	
In Service/Staff Development		3,865	
Other Charges		4,594	
Total Health Services			220,915

Other Student Support

Career Ladder Program	\$	6,590	
Guidance Personnel		485,673	
Attendants		21,474	
Other Salaries and Wages		2,931	
Social Security		28,600	
State Retirement		43,921	
Medical Insurance		114,164	
Dental Insurance		365	
Unemployment Compensation		1,435	

(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.)

Employer Medicare	\$	7,131	
Contracts with Government Agencies		57,098	
Evaluation and Testing		33,577	
Other Supplies and Materials		2,569	
Other Charges		1,708	
Total Other Student Support			\$ 807,236

Regular Instruction Program

Supervisor/Director	\$	209,779	
Career Ladder Program		13,000	
Librarians		409,941	
Education Media Personnel		113,910	
Instructional Computer Personnel		70,748	
Secretary(ies)		40,905	
Other Salaries and Wages		69,962	
Social Security		51,014	
State Retirement		80,037	
Medical Insurance		144,878	
Dental Insurance		537	
Unemployment Compensation		751	
Employer Medicare		12,609	
Communication		5,396	
Travel		11,911	
Other Contracted Services		4,998	
Library Books/Media		32,599	
Other Supplies and Materials		5,319	
In Service/Staff Development		155	
Other Charges		3,000	
Total Regular Instruction Program			1,281,449

Special Education Program

Communication	\$	875	
Travel		761	
Total Special Education Program			1,636

Vocational Education Program

Supervisor/Director	\$	37,278	
Secretary(ies)		9,240	
Social Security		2,784	

(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.)

State Retirement	\$	4,297	
Medical Insurance		5,828	
Dental Insurance		23	
Unemployment Compensation		90	
Employer Medicare		651	
Communication		1,906	
Travel		1,319	
Other Contracted Services		2,499	
Other Charges		1,289	
Total Vocational Education Program			\$ 67,204

Other Programs

On-Behalf Payments to OPEB	\$	131,669	
Total Other Programs			131,669

Board of Education

Board and Committee Members Fees	\$	10,925	
Social Security		677	
Employer Medicare		158	
Dues and Memberships		6,328	
Legal Services		85,943	
Travel		1,606	
Other Contracted Services		2,500	
Liability Insurance		35,863	
Trustee's Commission		255,484	
Workers' Compensation Insurance		85,838	
In Service/Staff Development		672	
Criminal Investigation of Applicants - TBI		7,488	
Other Charges		3,963	
Total Board of Education			497,445

Director of Schools

County Official/Administrative Officer	\$	112,000	
Secretary(ies)		38,148	
Social Security		10,500	
State Retirement		19,553	
Life Insurance		50	
Medical Insurance		10,449	
Dental Insurance		279	

(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.)

Unemployment Compensation	\$	180	
Employer Medicare		2,552	
Communication		6,409	
Dues and Memberships		2,103	
Travel		1,038	
Office Supplies		1,009	
In Service/Staff Development		1,608	
Other Charges		1,500	
Administration Equipment		2,500	
Total Director of Schools			\$ 209,878

Office of the Principal

Principals	\$	647,301	
Career Ladder Program		15,500	
Assistant Principals		426,983	
Secretary(ies)		195,975	
Clerical Personnel		187,235	
Social Security		87,390	
State Retirement		136,908	
Medical Insurance		206,364	
Dental Insurance		930	
Unemployment Compensation		2,740	
Employer Medicare		20,438	
Communication		1,222	
Dues and Memberships		9,900	
Other Contracted Services		5,450	
Office Supplies		6,575	
Other Charges		140,448	
Administration Equipment		11,999	
Total Office of the Principal			2,103,358

Fiscal Services

Supervisor/Director	\$	72,743
Accountants/Bookkeepers		103,783
Social Security		9,557
State Retirement		16,128
Medical Insurance		31,888
Dental Insurance		137
Unemployment Compensation		450

(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.)

Employer Medicare	\$	2,454	
Travel		1,280	
Other Contracted Services		16,746	
Data Processing Supplies		2,030	
Office Supplies		3,972	
In Service/Staff Development		465	
Total Fiscal Services			\$ 261,633

Operation of Plant

Supervisor/Director	\$	51,820	
Secretary(ies)		34,026	
Custodial Personnel		764,306	
Social Security		48,902	
State Retirement		72,146	
Medical Insurance		214,120	
Dental Insurance		720	
Unemployment Compensation		3,736	
Employer Medicare		11,437	
Maintenance and Repair Services - Equipment		3,133	
Disposal Fees		65,271	
Custodial Supplies		204,812	
Electricity		1,360,193	
Natural Gas		137,834	
Water and Sewer		207,139	
Other Supplies and Materials		874	
Boiler Insurance		5,600	
Building and Contents Insurance		111,100	
Plant Operation Equipment		14,627	
Total Operation of Plant			3,311,796

Maintenance of Plant

Maintenance Personnel	\$	368,275	
Other Salaries and Wages		17,748	
Social Security		21,823	
State Retirement		32,685	
Medical Insurance		73,370	
Dental Insurance		380	
Unemployment Compensation		1,374	
Employer Medicare		5,260	

(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.)

Maintenance of Plant (Cont.)

Communication	\$	4,901	
Maintenance and Repair Services - Buildings		244,431	
Maintenance and Repair Services - Equipment		242,210	
Travel		572	
Other Contracted Services		65,943	
Other Supplies and Materials		10,634	
In Service/Staff Development		1,271	
Other Charges		1,041	
Maintenance Equipment		25,537	
Total Maintenance of Plant			\$ 1,117,455

Transportation

Supervisor/Director	\$	57,363	
Career Ladder Program		1,000	
Mechanic(s)		89,212	
Bus Drivers		478,736	
Clerical Personnel		21,382	
Other Salaries and Wages		4,187	
Social Security		35,374	
State Retirement		61,592	
Medical Insurance		291,510	
Dental Insurance		1,139	
Unemployment Compensation		4,264	
Employer Medicare		8,271	
Communication		1,662	
Medical and Dental Services		4,744	
Travel		456	
Diesel Fuel		191,913	
Gasoline		46,549	
Tires and Tubes		14,747	
Vehicle Parts		61,143	
Vehicle and Equipment Insurance		32,000	
Other Charges		42,613	
Transportation Equipment		50,500	
Total Transportation			1,500,357

Central and Other

Life Insurance	\$	14,353	
Medical Insurance		103,576	

(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.)

Central and Other (Cont.)

Other Fringe Benefits	\$	60,008	
Postal Charges		5,344	
Travel		171	
Office Supplies		2,000	
Other Supplies and Materials		2,775	
Other Charges		12,682	
Total Central and Other			\$ 200,909

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	60,238	
Educational Assistants		17,517	
Social Security		4,490	
State Retirement		7,074	
Medical Insurance		17,359	
Dental Insurance		100	
Unemployment Compensation		204	
Employer Medicare		1,050	
Travel		1,096	
Instructional Supplies and Materials		17,181	
Regular Instruction Equipment		6,275	
Total Early Childhood Education			132,584

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	93,694	
Total Regular Capital Outlay			93,694

Total General Purpose School Fund \$ 34,079,779

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	963,125	
Career Ladder Extended Contracts		1,000	
Educational Assistants		159,651	
Other Salaries and Wages		2,012	
Certified Substitute Teachers		5,265	
Non-certified Substitute Teachers		9,076	

(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.)

Regular Instruction Program (Cont.)

Social Security	\$	67,341	
State Retirement		100,603	
Medical Insurance		188,412	
Dental Insurance		780	
Unemployment Compensation		7,138	
Employer Medicare		15,745	
Instructional Supplies and Materials		124,220	
Other Supplies and Materials		31,928	
Other Charges		39,697	
Regular Instruction Equipment		74,967	
Total Regular Instruction Program			\$ 1,790,960

Special Education Program

Teachers	\$	208,190	
Homebound Teachers		4,406	
Educational Assistants		241,698	
Speech Pathologist		146,119	
Certified Substitute Teachers		5,751	
Non-certified Substitute Teachers		9,920	
Social Security		34,793	
State Retirement		57,282	
Medical Insurance		130,868	
Dental Insurance		830	
Unemployment Compensation		3,236	
Employer Medicare		8,137	
Contracts with Other Public Agencies		394	
Contracts with Private Agencies		138,161	
Maintenance and Repair Services - Equipment		928	
Instructional Supplies and Materials		80,856	
Other Charges		1,900	
Special Education Equipment		45,060	
Total Special Education Program			1,118,529

Vocational Education Program

Vocational Instruction Equipment	\$	149,598	
Total Vocational Education Program			149,598

(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

Health Services

Medical Personnel	\$	5,130	
Social Security		318	
State Retirement		512	
Unemployment Compensation		51	
Employer Medicare		74	
Total Health Services			\$ 6,085

Other Student Support

Guidance Personnel	\$	12,123	
Attendants		26,214	
Other Salaries and Wages		254	
Social Security		2,129	
State Retirement		3,092	
Medical Insurance		14,224	
Dental Insurance		46	
Unemployment Compensation		287	
Employer Medicare		565	
Travel		9,717	
Other Contracted Services		6,320	
Other Charges		12,471	
Other Equipment		179	
Total Other Student Support			87,621

Regular Instruction Program

Supervisor/Director	\$	74,585	
Librarians		11,157	
Secretary(ies)		35,300	
Other Salaries and Wages		447	
Social Security		7,220	
State Retirement		10,187	
Medical Insurance		16,289	
Dental Insurance		91	
Unemployment Compensation		351	
Employer Medicare		1,699	
Communication		2,150	
Other Supplies and Materials		1,867	
In Service/Staff Development		71,880	
Other Equipment		4,908	
Total Regular Instruction Program			238,131

(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.)

Special Education Program

Supervisor/Director	\$	63,367	
Psychological Personnel		49,200	
Assessment Personnel		17,656	
Secretary(ies)		34,900	
Clerical Personnel		27,610	
Social Security		11,700	
State Retirement		18,354	
Medical Insurance		18,221	
Dental Insurance		171	
Unemployment Compensation		922	
Employer Medicare		2,736	
Communication		20	
Travel		7,081	
In Service/Staff Development		6,767	
Other Charges		3,523	
Total Special Education Program			\$ 262,228

Vocational Education Program

Teachers	\$	3,653	
Social Security		226	
State Retirement		235	
Employer Medicare		53	
Travel		5,520	
Total Vocational Education Program			9,687

Office of the Principal

Principals	\$	17,712	
Secretary(ies)		7,549	
Social Security		1,566	
State Retirement		2,357	
Unemployment Compensation		253	
Employer Medicare		366	
Total Office of the Principal			29,803

Operation of Plant

Custodial Personnel	\$	20,820	
Social Security		1,291	
State Retirement		1,221	
Unemployment Compensation		208	

(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.)

Operation of Plant (Cont.)

Employer Medicare	\$ 302	
Total Operation of Plant		\$ 23,842

Transportation

Bus Drivers	\$ 33,448	
Social Security	1,981	
State Retirement	3,341	
Medical Insurance	4,575	
Dental Insurance	46	
Unemployment Compensation	176	
Employer Medicare	465	
Transportation Equipment	31,395	
Total Transportation		75,427

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$ 19,863	
Educational Assistants	5,336	
Social Security	1,562	
State Retirement	2,331	
Unemployment Compensation	252	
Employer Medicare	365	
Total Early Childhood Education		29,709

Total School Federal Projects Fund		\$ 3,821,620
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 53,525	
Clerical Personnel	32,912	
Cafeteria Personnel	828,435	
Social Security	51,471	
State Retirement	71,508	
Medical Insurance	278,268	
Dental Insurance	1,263	
Unemployment Compensation	5,993	
Employer Medicare	12,098	
Other Fringe Benefits	343	

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Communication	\$	5,339	
Transportation - Other than Students		28,876	
Travel		2,674	
Other Contracted Services		19,990	
Food Supplies		907,230	
Office Supplies		10,233	
Uniforms		1,293	
USDA - Commodities		271,044	
Other Supplies and Materials		62,032	
In Service/Staff Development		3,479	
Food Service Equipment		29,428	
Total Food Service			\$ 2,677,434

Total Central Cafeteria Fund \$ 2,677,434

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	1,914,005	
Total Education Capital Projects			\$ 1,914,005

Total Education Capital Projects Fund 1,914,005

Total Governmental Funds - Marshall County School Department \$ 42,492,838

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, 2011

Revenues

Operating Revenues

Charges for Current Services

General Service Charges

Sewer Fees	\$	4,402
Water Sales		1,566,870
Forfeited Discounts		28,441
Water Tap Sales		103,964
Service Charges		32,854
Total Charges for Current Services	\$	<u>1,736,531</u>

Other Local Revenues

Recurring Items

Sale of Recycled Materials	\$	3,380
Miscellaneous Refunds		2,755
Total Other Local Revenues	\$	<u>6,135</u>
Total Operating Revenues	\$	<u>1,742,666</u>

Nonoperating Revenues

Investment Income	\$	50,803
Contribution and Gifts		24,440
Grants		246,610
Total Nonoperating Revenues	\$	<u>321,853</u>

Total Revenues	\$	<u><u>2,064,519</u></u>
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Expenses

Operating Expenses

Other Economic and Community Development

Assistants	\$	36,227
Supervisor/Director		50,676
Accountants/Bookkeepers		83,041
Foremen		21,619
Equipment Operators		30,451
Laborers		110,374
Temporary Personnel		14,428
Part-time Personnel		20,849
Longevity Pay		5,000
Overtime Pay		16,399
Board and Committee Members Fees		2,600
Social Security		22,422
Employer Medicare		5,244
State Retirement		36,128
Employee and Dependent Insurance		70,173
Architects		1,987
Audit Services		1,650

(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	\$ 11,121
Contracts with Government Agencies	579,399
Data Processing Services	10,400
Debt Collection Services	91
Dues and Memberships	3,380
Evaluation and Testing	2,959
Janitorial Services	463
Legal Services	7,800
Legal Notices, Recording and Court Costs	1,186
Licenses	300
Maintenance and Repair Services - Equipment	4,840
Maintenance and Repair Services - Office Equipment	540
Maintenance and Repair Services - Vehicles	13,426
Pest Control	480
Postal Charges	12,612
Travel	2,798
Custodial Supplies	3,714
Diesel Fuel	775
Electricity	34,961
Fertilizer, Lime and Seed	1,844
Gasoline	28,416
General Construction Materials	41,727
Natural Gas	4,737
Office Supplies	4,253
Small Tools	2,114
Tires and Tubes	2,100
Uniforms	3,433
Water and Sewer	1,103
Liability Insurance	7,530
Premiums on Corporate Surety Bonds	1,411
Trustee's Commission	19,323
Vehicle and Equipment Insurance	3,020
Workers' Compensation Insurance	3,648
Depreciation	546,272
In-Service/Staff Development	1,735
Fines, Assessments, and Penalties	4,997
Total Other Economic and Community Development	<u>\$ 1,898,176</u>
Total Operating Expenses	<u>\$ 1,898,176</u>

Nonoperating Expenses

General Government Debt Service

Interest on Bonds	\$ 144,509
Interest on Notes	15,829
Total Nonoperating Expenses	<u>\$ 160,338</u>

Total Expenses	<u>\$ 2,058,514</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, 2011

Utility Rates in Effect

Dry Tap	\$ 17.48	per month
First 1,000 gallons	16.00	minimum
Over 1,000 to 24,999 gallons	7.80	per 1,000 gallons
All over 25,000 gallons	6.00	per 1,000 gallons
Horton Park	3.74	per 1,000 gallons
Town of Chapel Hill	3.49	per 1,000 gallons
Number of Customers	3,149	

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, 2011

(amounts in gallons)

Water Treated and Purchased:		
Water Pumped (potable)	0	
Water Purchased	<u>250,437,200</u>	
Total Water Treated and Purchased		250,437,200
Accounted for Water:		
Water Sold	(183,861,700)	
Metered for Consumption (in-house usage)	0	
Fire Departments Usage	(90,700)	
Flushing	(2,773,875)	
Tank Filling/Cleaning	0	
Street Cleaning	0	
Bulk Sales	0	
Water Bill Adjustments	<u>0</u>	
Total Accounted for Water		<u>(186,726,275)</u>
Unaccounted for Water		<u><u>63,710,925</u></u>
Percentage Unaccounted for Water		25.4%

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, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,567,125
Total Cash Receipts	<u>\$ 1,567,125</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,551,454
Trustee's Commission	<u>15,671</u>
Total Cash Disbursements	<u>\$ 1,567,125</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	 <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 23, 2012

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, 2011, which collectively comprise Marshall County's basic financial statements and have issued our report thereon dated February 23, 2012. Our report on the aggregate discretely presented component units expresses an adverse opinion because capital assets of the School Department did not present asset additions, deletions, and depreciation expense of the current year. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: item 11.02.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: items 11.05 and 11.06.

Compliance and Other Matters

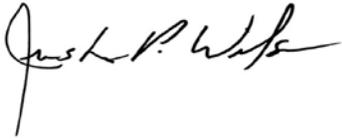
As part of obtaining reasonable assurance about whether Marshall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 11.01, 11.03, and 11.04.

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, director of accounts and budgets, 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 written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133

February 23, 2012

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 Schedule of Expenditures of Federal Awards of Marshall County, Tennessee for the year ended June 30, 2011. The schedule is the responsibility of Marshall County's management. Our responsibility is to express an opinion on Marshall County's Schedule of Expenditures of Federal Awards based on our audit.

We conducted our audit 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 the Schedule of Expenditures of Federal Awards is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Federal Awards. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Expenditures of Federal Awards presents fairly, in all material respects, the expenditures of federal awards of Marshall County 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 23, 2012, 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.

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, director of accounts and budgets, 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/sb



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
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 23, 2012

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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.

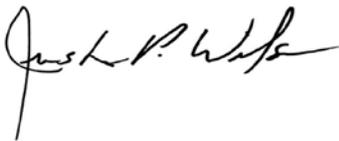
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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, director of accounts and budgets, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Marshall County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 1,518,455 (5)
Emergency Watershed Protection Program	10.923	N/A	239,479
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	387,030
National School Lunch Program	10.555	N/A	1,144,772 (4)
Summer Food Service Program for Children	10.559	N/A	6,142
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	271,004 (4)
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG11329560	56,000
Total U.S. Department of Agriculture			<u>\$ 3,622,882</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 12,119
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	GG-09-27755-00	246,610
Home Investment Partnerships Program	14.239	HM-07-26	27,924
Total U.S. Department of Housing and Urban Development			<u>\$ 286,653</u>
U.S. Department of Labor:			
Passed-through South Central Tennessee Workforce Alliance:			
WIA Youth Activities	17.259	(2)	\$ 58,883
Total U.S. Department of Labor			<u>\$ 58,883</u>
U.S. Department of Energy:			
Passed-through State Department of Economic and Community Development:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	(2)	\$ 20,471
Total U.S. Department of Energy			<u>\$ 20,471</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	\$ 966,923
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	192,306
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	677,509
Special Education - Preschool Grants	84.173	N/A	24,526
Special Education - Grants to States, Recovery Act	84.391	N/A	679,389
Special Education - Preschool Grants, Recovery Act	84.392	N/A	17,296
Career and Technical Education - Basic Grants to States	84.048	N/A	170,559
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	6,498
Twenty-first Century Community Learning Centers	84.287	(2)	239,622
Educational Technology State Grants	84.318	(2)	1,534
Rural Education	84.358	(2)	100,975
English Language Acquisition Grants	84.365	N/A	23,778
Improving Teacher Quality State Grants	84.367	N/A	248,842
State Fiscal Stabilization Funds Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	2,268,636
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	249,828
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	77,897
Education Jobs Fund	84.410	N/A	646,070
Total U.S. Department of Education			<u>\$ 6,592,188</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	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission: Passed-through Tennessee Secretary of State: Help America Vote Act Requirements Payments	90.401	(2)	\$ 35,000
Total U.S. Election Assistance Commission			<u>\$ 35,000</u>
U.S. Department of Health and Human Services: Passed-through State Department of Health: Grants to States for Operation of Offices of Rural Health	93.913	GG1132415	\$ 90,056
Total U.S. Department of Health and Human Services			<u>\$ 90,056</u>
U.S. Department of Homeland Security: Passed-through State Department of Military: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 87,537
Homeland Security Grant Program	97.067	(3)	130,395
Total U.S. Department of Homeland Security			<u>\$ 217,932</u>
Total Expenditures of Federal Awards			<u>\$ 10,924,065</u>

State Grants

		Contract Number	
Health Department Programs - State Department of Health	N/A	GG1132415	\$ 83,129
Early Childhood Education - State Department of Education	N/A	(2)	2,761
Internet Connectivity - State Department of Education	N/A	(2)	2,886
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-212982-02	14,500
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	10,400
Litter Program - State Department of Transportation	N/A	(2)	29,493
Total State Grants			<u>\$ 143,169</u>

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) 34101-000000908: \$80,501; 2009-HSGP-Z-3014: \$42,894; 2010-HSGP-Z-5865: \$7,000.
- (4) Total for CFDA No. 10.555 is \$1,415,776.
- (5) During the year, Marshall County Board of Public Utilities was approved for interim financing of \$3,857,000, of which \$1,518,455 was designated for community development.

Marshall County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which has not been corrected.

OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.04	190	Duties were not adequately segregated

MARSHALL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units expresses an adverse opinion. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Marshall County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements 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 no 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); 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); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. 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. The written response of the circuit, general sessions, and juvenile courts clerk is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 11.01 AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT
(Noncompliance Under *Government Auditing Standards*)

The county had a contract in excess of \$500,000 and did not deposit amounts withheld (\$94,872) from contractor payments into an escrow account. Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account for contracts of \$500,000 or more. Management advised that they were not aware that amounts withheld from contractor payments had to be deposited into an escrow account. This noncompliance could result in the loss of interest earnings for the contractor.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.02 CAPITAL ASSET RECORDS WERE NOT PROPERLY MAINTAINED
(Internal Control – Material Weakness Under *Government Auditing Standards*)

An adverse opinion was issued on the financial statements of the aggregate discretely presented component units because the capital asset records of the Marshall County School Department did not present asset additions, dispositions, or depreciation expense for the current year. Because capital assets records of the School Department were not properly maintained, we could not determine if all capital assets had been properly recorded and depreciated. Capital assets presented in the financial statements of this report are amounts at June 30, 2010. This deficiency can be attributed to a lack of management oversight.

RECOMMENDATION

Management should ensure that capital asset records are properly maintained on a current basis. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

FINDING 11.03 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission as noted below:

- A. Expenditures exceeded appropriations in several major appropriation categories (the legal level of control) of the following funds:

<u>Funds/Major Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Alternative Instruction Program	\$ 67
Attendance	62,326
Health Services	22,981
Other Student Support	23,134
Special Education Program	136
Vocational Education Program	824
Board of Education	66,314
Fiscal Services	8,041
Operation of Plant	66,246
Transportation	93,050
Central and Other	5,909
School Federal Projects:	
Instruction - Vocational Education	486
Support - Vocational Education	5,520

- B. Salaries exceeded line-item appropriations in the General Purpose School, School Federal Projects, and Central Cafeteria funds by amounts ranging from \$319 to \$64,895.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures

that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

FINDING 11.04 **THE SCHOOL DEPARTMENT VIOLATED THE CONFLICT OF INTEREST STATUTE AND MADE PURCHASES FROM A BUSINESS OWNED BY A SCHOOL BOARD MEMBER'S SPOUSE**

(Noncompliance Under *Government Auditing Standards*)

On December 20, 2011, the General Purpose School Fund purchased cartons totaling \$1,194 from Southern Carton Company. David Kennedy, the husband of school board member Barbara Kennedy, is the owner of Southern Carton Company. These purchases violate the conflict of interest statute, Section 12-4-101(b), *Tennessee Code Annotated*. This statute states that "it is unlawful for any officer, committee member, director, or other person whose duty is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county ... shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer's interest." This finding is the result of a lack of management oversight.

RECOMMENDATION

School Department officials should review this payment and resolve the conflict of interest.

OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK AND CLERK AND MASTER

FINDING 11.05 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

Employees operated from the same cash drawer in the offices of Circuit, General Sessions, and Juvenile Courts Clerk and Clerk and Master. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to

determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets.

RECOMMENDATION

Management should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

General Sessions has a cash drawer with three employees working in the drawer. The amount is verified each day by the receipts at the end of the day. Each receipt is associated with the employee receipting. This has been the practice of this office for years without any misappropriation of funds.

The Circuit Court maintains a cash drawer with three employees having access to the funds. The drawer starts with a standard fixed amount of cash and is verified in the same manner as General Sessions to the receipts at the end of each day.

These offices maintain their respective accounts impeccably with no irregularities and, needless to say, no missing funds!

Your assessment of the alleged problem is inaccurate as to Circuit and General Sessions Courts. These offices work within the state statutes and are balanced to the penny. An increase in the number of drawers opens up more opportunities for an individual to have access to the funds and possible theft or error than maintaining security on one drawer per office. In other words, "if it ain't broke, don't fix it."

AUDITOR'S COMMENT

The situations you describe in your management's response are significant deficiencies in internal control. In the event of a cash shortage, you would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer.

OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

FINDING 11.06 **DUTIES WERE NOT SEGREGATED ADEQUATELY**

(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 ACCOUNTING, BUDGETING, AND PURCHASING**

Marshall County does not have a central system of accounting, budgeting, and purchasing for all departments. Marshall County operates under the provisions of Chapter 17, Private Acts of 2005. These acts provide for a central system of accounting and budgeting covering all funds administered by the county mayor and highway superintendent, but exclude the School Department. Also, the Offices of County Mayor, Highway Superintendent, and Director of Schools operate under separate purchasing laws. Sound business practices dictate that establishing a central system of accounting, budgeting, and purchasing for all departments would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. **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**

There were no findings and questioned costs for federal awards.

MARSHALL COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011

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

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs:

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 of a joint investigation 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 37243-0375.

FINDINGS 10.03 AND 10.07

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 37243-0380.