
ANNUAL FINANCIAL REPORT MARSHALL COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT
MARSHALL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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

MARSHALL COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Marshall County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Marshall County as of and for the year ended June 30, 2012.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in nine 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 Practice

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

OFFICE OF COUNTY MAYOR

- ◆ The Ambulance Service accounting software did not identify the user who processed transactions.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Expenditures exceeded appropriations.
- ◆ An interfund loan was not authorized in accordance with state statute.
- ◆ Certain School Department employees allegedly received supplemental funds.

OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS AND BOARD OF PUBLIC UTILITIES

- ◆ The Public Utilities had deficiencies in purchasing procedures.

OFFICE OF COUNTY CLERK

- ◆ A username and password was shared by employees.
-

OFFICE OF CLERK AND MASTER

- ◆ Usernames and passwords were shared by employees.
-

OFFICES OF COUNTY CLERK; 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 PRACTICE

Marshall County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice 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.

INTRODUCTORY SECTION

Marshall County Officials
June 30, 2012

Officials

Joe Liggett, County Mayor
Jerry Williams, Highway Superintendent
Jackie Abernathy, Director of Schools
Marilyn Ervin, Trustee
Linda Haislip, Assessor of Property
Daphne Fagan, County Clerk
Elinor Foster, Circuit, General Sessions, and Juvenile Courts Clerk
Kimberlee Alsup, 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

Michael Waggoner, Chairman	Kevin VanHooser
Dean Delk	Jeff Taylor
Tom Sumners	John Christmas
Rocky Bowden, Jr.	Seth Warf
Anna Childress	Sheldon Davis
E.W. 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	Ann Tears
Curt Denton	Barbara Kennedy
Sam Smith	

Board of Public Utilities

Rocky Bowden, Jr., Chairman	Nathan Johnson
Mickey King	Matthew Collins
Ray Wakefield	

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

November 13, 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, 2012, 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 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 provides a reasonable basis for our opinions.

The financial statements of the Marshall County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Marshall County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America.

The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Marshall County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Marshall County, Tennessee, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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, 2012, 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 November 13, 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.

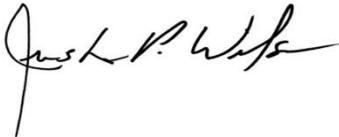
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 58 through 63 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, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Marshall County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Marshall County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Marshall County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government Governmental Activities	Component Units	
		Marshall County School Department	Marshall County Board of Public Utilities
<u>ASSETS</u>			
Cash	\$ 450	\$ 2,162	\$ 1,803
Equity in Pooled Cash and Investments	10,686,058	4,821,376	1,733,415
Inventories	0	0	44,130
Accounts Receivable	2,422,926	145,695	225,297
Allowance for Uncollectibles	(951,501)	0	0
Due from Other Governments	994,653	696,788	239,305
Property Taxes Receivable	7,963,331	8,579,847	0
Allowance for Uncollectible Property Taxes	(281,042)	(302,800)	0
Prepaid Items	0	342,980	0
Restricted Assets:			
Customer Deposits	0	0	51,807
Deferred Charges - Debt Issuance Costs	321,946	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	13,388,649	2,350,424	105,997
Construction in Progress	0	0	344,569
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	12,854,555	36,346,740	724,364
Infrastructure	11,460,539	0	15,033,218
Other Capital Assets	2,773,959	3,181,157	943,007
Total Assets	<u>\$ 61,634,523</u>	<u>\$ 56,164,369</u>	<u>\$ 19,446,912</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 56,298	\$ 0	\$ 17,715
Accrued Payroll	131,032	0	11,777
Accrued Interest Payable	416,226	0	110,558
Payroll Deductions Payable	20,390	836,315	1,646
Deferred Revenue - Current Property Taxes	7,413,328	7,987,264	0
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	400	0	51,807
Other Payables from Restricted Assets	11,296	0	0
Noncurrent Liabilities:			
Due Within One Year	3,636,499	196,880	63,931
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	31,607,973	4,432,417	6,214,400
Total Liabilities	<u>\$ 43,293,442</u>	<u>\$ 13,452,876</u>	<u>\$ 6,471,834</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
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 28,801,316	\$ 0	\$ 10,890,255
Invested in Capital Assets	0	41,878,321	0
Restricted for:			
Highway/Public Works	1,186,975	0	0
Central Cafeteria	0	683,062	0
Education	0	62,481	0
Capital Projects	571,275	177,208	0
Administration of Justice	317,570	0	0
General Government	87,442	0	0
Public Health and Welfare	84,224	0	0
Public Safety	61,807	0	0
Finance	12,182	0	0
Other Purposes	1,637	0	0
Unrestricted	<u>(12,783,347)</u>	<u>(89,579)</u>	<u>2,084,823</u>
Total Net Assets	<u>\$ 18,341,081</u>	<u>\$ 42,711,493</u>	<u>\$ 12,975,078</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, 2012

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		
					Primary Governmental Activities	Marshall County School Department	Marshall County Board of Public Utilities
Primary Government:							
General Government	\$ 1,286,650	\$ 255,648	\$ 63,624	\$ 23,983	\$ (943,395)	\$ 0	\$ 0
Finance	1,131,931	859,181	30,663	0	(242,087)	0	0
Administration of Justice	944,486	571,072	10,300	0	(363,114)	0	0
Public Safety	3,576,250	1,044,533	94,346	122,199	(2,315,172)	0	0
Public Health and Welfare	2,890,199	1,695,218	229,884	0	(965,097)	0	0
Social, Cultural, and Recreational Services	337,785	13,576	11,096	1,844	(311,269)	0	0
Agriculture and Natural Resources	109,137	0	0	0	(109,137)	0	0
Other Operations	373,901	0	2,953	0	(370,948)	0	0
Highways	3,346,250	69,280	1,689,455	361,950	(1,225,565)	0	0
Education	1,512,060	0	129,973	0	(1,382,087)	0	0
Interest on Long-term Debt	1,116,801	0	0	0	(1,116,801)	0	0
Other Debt Service	122,814	0	0	0	(122,814)	0	0
Total Governmental Activities	\$ 16,748,264	\$ 4,508,508	\$ 2,262,294	\$ 509,976	\$ (9,467,486)	\$ 0	\$ 0
Total Primary Government	\$ 16,748,264	\$ 4,508,508	\$ 2,262,294	\$ 509,976	\$ (9,467,486)	\$ 0	\$ 0
Component Units:							
Marshall County School Department	\$ 46,006,080	\$ 1,127,064	\$ 6,755,693	\$ 628,227	\$ 0	\$ (37,495,096)	\$ 0
Marshall County Board of Public Utilities	2,199,560	1,834,815	0	678,217	0	0	313,472
Total Component Units	\$ 48,205,640	\$ 2,961,879	\$ 6,755,693	\$ 1,306,444	\$ 0	\$ (37,495,096)	\$ 313,472

(Continued)

Exhibit B

Marshall County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Component Units			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Marshall County Board of Public Utilities			
				Primary Governmental Activities	Marshall County School Department	Marshall County Board of Public Utilities	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 5,615,586	\$ 9,136,405	\$ 0	0
Property Taxes Levied for Debt Service				2,193,934	0	0	0
Local Option Sales Tax				2,052,177	2,000,088	0	0
Other Local Taxes:							
Wheel Tax				1,278,656	0	0	0
Mineral Severance Tax				218,070	0	0	0
Business Tax				213,089	0	0	0
Hotel/Motel Tax				122,039	0	0	0
Litigation Tax				294,380	0	0	0
Adequate Facilities/Development Tax				107,351	0	0	0
Wholesale Beer Tax				98,391	0	0	0
Other Local Taxes				945	1,519	0	0
Grants and Contributions Not Restricted for Specific Programs				749,547	23,815,816	0	0
Unrestricted Investment Income				138,952	49	17,847	17,847
Refund of Telecommunication and Internet Fees (E-Rate)				0	50,224	0	0
Miscellaneous				96,799	50,325	7,953	7,953
Total General Revenues				\$ 13,179,916	\$ 35,054,426	\$ 25,800	25,800
Change in Net Assets				\$ 3,712,430	\$ (2,440,670)	\$ 339,272	339,272
Net Assets, July 1, 2011				14,628,651	47,027,695	12,635,806	12,635,806
Prior-period Adjustment				0	(1,875,532)	0	0
Net Assets, June 30, 2012				\$ 18,341,081	\$ 42,711,493	\$ 12,975,078	12,975,078

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, 2012

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
ASSETS					
Cash	\$ 450	\$ 0	\$ 0	\$ 0	\$ 450
Equity in Pooled Cash and Investments	4,029,895	583,090	4,710,050	1,363,023	10,686,058
Accounts Receivable	2,376,938	3,618	7,396	34,974	2,422,926
Allowance for Uncollectibles	(951,501)	0	0	0	(951,501)
Due from Other Governments	321,955	359,809	312,889	0	994,653
Property Taxes Receivable	4,777,999	411,011	2,055,053	719,268	7,963,331
Allowance for Uncollectible Property Taxes	(168,625)	(14,506)	(72,527)	(25,384)	(281,042)
Total Assets	\$ 10,387,111	\$ 1,343,022	\$ 7,012,861	\$ 2,091,881	\$ 20,834,875
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 44,015	\$ 0	\$ 0	\$ 12,283	\$ 56,298
Accrued Payroll	106,647	21,835	0	2,550	131,032
Payroll Deductions Payable	15,306	4,449	0	635	20,390
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	400	0	0	0	400
Other Payables from Restricted Assets	0	11,296	0	0	11,296
Deferred Revenue - Current Property Taxes	4,447,997	382,623	1,913,117	669,591	7,413,328
Deferred Revenue - Delinquent Property Taxes	150,477	12,905	64,721	24,176	252,279
Other Deferred Revenues	1,287,597	166,664	148,000	0	1,602,261
Total Liabilities	\$ 6,052,439	\$ 599,772	\$ 2,125,838	\$ 709,235	\$ 9,487,284
Fund Balances					
Restricted:					
Restricted for General Government	\$ 87,442	\$ 0	\$ 0	\$ 0	\$ 87,442
Restricted for Finance	12,182	0	0	0	12,182
Restricted for Administration of Justice	317,570	0	0	0	317,570
Restricted for Public Safety	13,952	0	0	86,282	100,234
Restricted for Public Health and Welfare	84,224	0	0	0	84,224
Restricted for Highways/Public Works	0	743,250	0	649,638	1,392,888
Restricted for Capital Outlay	0	0	0	571,275	571,275
Restricted for Other Purposes	1,637	0	0	0	1,637
Committed:					
Committed for Public Safety	18,808	0	0	0	18,808
Committed for Public Health and Welfare	0	0	0	75,451	75,451
Committed for Social, Cultural, and Recreational Services	29,455	0	0	0	29,455
Committed for Debt Service	0	0	4,887,023	0	4,887,023
Committed for Other Purposes	170,158	0	0	0	170,158
Unassigned	3,599,244	0	0	0	3,599,244
Total Fund Balances	\$ 4,334,672	\$ 743,250	\$ 4,887,023	\$ 1,382,646	\$ 11,347,591
Total Liabilities and Fund Balances	\$ 10,387,111	\$ 1,343,022	\$ 7,012,861	\$ 2,091,881	\$ 20,834,875

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, 2012

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)		\$ 11,347,591
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 13,388,649	
Add: buildings and improvements net of accumulated depreciation	12,854,555	
Add: infrastructure net of accumulated depreciation	11,460,539	
Add: other capital assets net of accumulated depreciation	<u>2,773,959</u>	40,477,702
(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	\$ (3,903,207)	
Less: bonds payable	(31,495,000)	
Add: deferred amount on refunding	400,732	
Add: deferred charges - debt issuance costs	321,946	
Less: compensated absences payable	(147,213)	
Less: other deferred revenue - premium on debt	(99,784)	
Less: accrued interest on notes and bonds	<u>(416,226)</u>	(35,338,752)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,854,540</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 18,341,081</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, 2012

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 6,083,369	\$ 848,285	\$ 5,199,553	\$ 255,235	\$ 12,386,442
Licenses and Permits	110,533	0	0	0	110,533
Fines, Forfeitures, and Penalties	93,869	0	0	75,982	169,851
Charges for Current Services	1,373,223	0	0	8,274	1,381,497
Other Local Revenues	232,606	88,973	30,189	289,668	641,436
Fees Received from County Officials	1,379,360	0	0	0	1,379,360
State of Tennessee	1,247,386	2,008,518	75,753	187,754	3,519,411
Federal Government	335,870	33,017	0	0	368,887
Other Governments and Citizens Groups	147,049	0	129,973	820	277,842
Total Revenues	\$ 11,003,265	\$ 2,978,793	\$ 5,435,468	\$ 817,733	\$ 20,235,259
Expenditures					
Current:					
General Government	\$ 1,142,608	\$ 0	\$ 0	\$ 0	\$ 1,142,608
Finance	1,125,873	0	0	0	1,125,873
Administration of Justice	926,275	0	0	3,529	929,804
Public Safety	3,693,361	0	0	4,688	3,698,049
Public Health and Welfare	2,572,809	0	0	348,238	2,921,047
Social, Cultural, and Recreational Services	344,944	0	0	0	344,944
Agriculture and Natural Resources	108,852	0	0	0	108,852
Other Operations	307,309	0	0	0	307,309
Highways	0	2,761,045	0	0	2,761,045
Support Services	0	0	0	443,811	443,811
Debt Service:					
Principal on Debt	0	0	4,042,043	0	4,042,043
Interest on Debt	0	0	1,184,226	0	1,184,226
Other Debt Service	0	0	80,497	0	80,497
Capital Projects	0	0	0	1,651,390	1,651,390
Total Expenditures	\$ 10,222,031	\$ 2,761,045	\$ 5,306,766	\$ 2,451,656	\$ 20,741,498
Excess (Deficiency) of Revenues Over Expenditures	\$ 781,234	\$ 217,748	\$ 128,702	\$ (1,633,923)	\$ (506,239)
Other Financing Sources (Uses)					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,068,249	\$ 1,068,249
Insurance Recovery	9,216	6,070	0	950	16,236
Transfers In	60,000	0	46,293	0	106,293
Transfers Out	0	0	0	(173,053)	(173,053)
Total Other Financing Sources (Uses)	\$ 69,216	\$ 6,070	\$ 46,293	\$ 896,146	\$ 1,017,725
Net Change in Fund Balances	\$ 850,450	\$ 223,818	\$ 174,995	\$ (737,777)	\$ 511,486
Fund Balance, July 1, 2011	3,484,222	519,432	4,712,028	2,120,423	10,836,105
Fund Balance, June 30, 2012	\$ 4,334,672	\$ 743,250	\$ 4,887,023	\$ 1,382,646	\$ 11,347,591

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, 2012

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)		\$ 511,486
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,566,121	
Less: current-year depreciation expense	<u>(1,552,299)</u>	13,822
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: disposal of capital assets		(68,345)
(3) 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, 2011	\$ (1,610,111)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>1,854,540</u>	244,429
(4) The issuance of long-term debt (e.g., notes, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (1,068,249)	
Add: change in premium on debt issuances	8,385	
Less: change in deferred debt issuance costs	(16,731)	
Add: principal payments on bonds	3,045,000	
Add: principal payments on notes	724,043	
Add: principal payments on other loans	273,000	
Less: change in deferred amount on refunding debt	<u>(33,971)</u>	2,931,477
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 67,425	
Change in compensated absences payable	<u>12,136</u>	<u>79,561</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,712,430</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,044,713
Equity in Pooled Cash and Investments	67,084
Accounts Receivable	326
Due from Other Governments	<u>284,369</u>
Total Assets	<u>\$ 1,396,492</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,248
Payroll Deductions Payable	228
Due to Other Taxing Units	284,369
Due to Litigants, Heirs, and Others	<u>1,110,647</u>
Total Liabilities	<u>\$ 1,396,492</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, 2012

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 financial statements of the Marshall County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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. Although required by GAAP, the financial statements of the Marshall County Emergency Communications District were not available in time for inclusion, as previously mentioned. 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 \$1,058,356 were contributed by the county to the School Department during the year ended June 30, 2012.

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.

Additionally, Marshall County reports the following fund types:

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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, and assets being held in a custodial capacity for the industrial development board. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Marshall County School Department reports the following major governmental fund:

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

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

Special Revenue Funds – These funds account for 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.

Capital Projects Fund – The Education Capital Projects Fund is used to account for School Department construction and renovations.

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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 fund. 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

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 (\$400) and road damage and repairs (\$11,296), respectively. Current liabilities payable from restricted assets reflected in the Board of Public Utilities Fund represent funds on deposit with the county trustee for customer deposits (\$51,807).

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.

3. 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, the discretely presented School Department, and the 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

4. 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.

5. 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.

6. 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, 2012, Marshall County had \$23,450,907 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.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’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 Marshall County School Department’s capital assets was decreased by \$1,875,532 from the prior year to properly recognize unrecorded capital assets (\$256,615) and accumulated depreciation (\$2,132,147).

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 primary government's General Capital Projects and Other Capital Projects funds and the School Department's Education Capital Projects Fund, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of

the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Other Boards and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) of the General Purpose School Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
Regular Instruction Program	\$ 44,456
Vocational Education Program	103
Office of the Principal	6,113
Operation of Plant	34,752
Maintenance of Plant	55,540

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.

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, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 13,372,010	\$ 22,398	\$ (5,759)	\$ 13,388,649
Total Capital Assets Not Depreciated	<u>\$ 13,372,010</u>	<u>\$ 22,398</u>	<u>\$ (5,759)</u>	<u>\$ 13,388,649</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,499,527	\$ 68,095	\$ 0	\$ 17,567,622
Infrastructure	25,917,544	667,668	0	26,585,212
Other Capital Assets	7,308,743	807,960	(486,019)	7,630,684
Total Capital Assets Depreciated	<u>\$ 50,725,814</u>	<u>\$ 1,543,723</u>	<u>\$ (486,019)</u>	<u>\$ 51,783,518</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,269,098	\$ 443,969	\$ 0	\$ 4,713,067
Infrastructure	14,617,598	507,075	0	15,124,673
Other Capital Assets	4,678,903	601,255	(423,433)	4,856,725
Total Accumulated Depreciation	<u>\$ 23,565,599</u>	<u>\$ 1,552,299</u>	<u>\$ (423,433)</u>	<u>\$ 24,694,465</u>
Total Capital Assets Depreciated, Net	<u>\$ 27,160,215</u>	<u>\$ (8,576)</u>	<u>\$ (62,586)</u>	<u>\$ 27,089,053</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,532,225</u>	<u>\$ 13,822</u>	<u>\$ (68,345)</u>	<u>\$ 40,477,702</u>

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

There were no decreases in capital assets to report during the year ended June 30, 2012.

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

Governmental Activities:

Instruction	\$ 15,560
Support Services	2,143,108
Operation of Non-Instructional Services	<u>19,363</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,178,031</u></u>

Discretely Presented Marshall County Board of Public Utilities

Business-type Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 105,997	\$ 0	\$ 0	\$ 105,997
Construction in Progress	2,483,848	1,970,699	(4,109,978)	344,569
Total Capital Assets Not Depreciated	<u>\$ 2,589,845</u>	<u>\$ 1,970,699</u>	<u>\$ (4,109,978)</u>	<u>\$ 450,566</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 828,616	\$ 0	\$ 0	\$ 828,616
Infrastructure	16,505,147	4,109,978	0	20,615,125
Other Capital Assets	2,127,964	64,589	0	2,192,553
Total Capital Assets Depreciated	<u>\$ 19,461,727</u>	<u>\$ 4,174,567</u>	<u>\$ 0</u>	<u>\$ 23,636,294</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 77,697	\$ 26,555	\$ 0	\$ 104,252
Infrastructure	5,216,356	365,551	0	5,581,907
Other Capital Assets	1,083,747	165,799	0	1,249,546
Total Accumulated Depreciation	<u>\$ 6,377,800</u>	<u>\$ 557,905</u>	<u>\$ 0</u>	<u>\$ 6,935,705</u>

Business-type Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Total Capital Assets Depreciated, Net	\$ 13,083,927	\$ 3,616,662	\$ 0	\$ 16,700,589
Business-type Activities Capital Assets, Net	\$ 15,673,772	\$ 5,587,361	\$ (4,109,978)	\$ 17,151,155

Depreciation expense totaled \$557,905 for the year ended June 30, 2012.

C. Interfund Transfers

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Agency Funds
Nonmajor governmental funds	\$ 60,000	\$ 46,293	\$ 66,760

Discretely Presented Marshall County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 118,344
Nonmajor governmental funds	43,306	0
Total	\$ 43,306	\$ 118,344

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

D. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds 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 and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 25 years for bonds and up to 13 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	2.04 to 4 %	6-1-31	\$ 15,500,000	\$ 11,856,913
General Obligation Bonds - Refunding	2.04 to 4.25	9-1-27	27,825,000	19,638,087
Capital Outlay Notes	.75 to 3.36	1-1-24	6,907,250	3,903,207

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 749,286	\$ 50,310	\$ 799,596
2014	501,088	32,296	533,384
2015	512,912	21,568	534,480
2016	244,737	15,207	259,944
2017	246,575	13,369	259,944
2018-2022	1,260,994	38,726	1,299,720
2023-2024	387,615	2,368	389,983
Total	\$ 3,903,207	\$ 173,844	\$ 4,077,051

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	10,465,000	2,513,048	12,978,048
2023-2027	5,630,000	1,179,175	6,809,175
2028-2031	3,075,000	282,298	3,357,298
Total	\$ 31,495,000	\$ 8,374,873	\$ 39,869,873

There is \$4,887,023 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,028, based on the 2010 federal census. Debt per capita, including bonds and notes, totaled \$1,156, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds		Notes	
Balance, July 1, 2011	\$ 34,540,000	\$	3,559,001	
Additions		0	1,068,249	
Reductions	(3,045,000)		(724,043)	
Balance, June 30, 2012	\$ 31,495,000	\$	3,903,207	
Balance Due Within One Year	\$ 2,740,000	\$	749,286	

	Other Loans		Compensated Absences	
Balance, July 1, 2011	\$ 273,000	\$	159,349	
Additions		0	293,612	
Reductions	(273,000)		(305,748)	
Balance, June 30, 2012	\$ 0	\$	147,213	
Balance Due Within One Year	\$ 0	\$	147,213	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 35,545,420
Less: Due Within One Year	(3,636,499)
Add: Unamortized Premium on Debt	99,784
Less: Deferred Amount on Refunding	<u>(400,732)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 31,607,973</u>

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

Discretely Presented Marshall County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Marshall County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	\$ 169,125	\$ 3,612,195
Additions	223,306	1,297,117
Reductions	<u>(195,551)</u>	<u>(476,895)</u>
Balance, June 30, 2012	<u>\$ 196,880</u>	<u>\$ 4,432,417</u>
Balance Due Within One Year	<u>\$ 196,880</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 4,629,297
Less: Due Within One Year	<u>(196,880)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,432,417</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 three years for the revenue anticipation notes. 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, 2012, for business-type activities were as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Water Revenue and Tax Bonds	4.13 to 4.5 %	4-16-47	\$ 3,456,000	\$ 3,198,730
Water Revenue and Tax Bond Anticipation Notes	2.75 to 3	6-28-14	3,062,170	3,062,170

The annual requirements to amortize all revenue bonds and the revenue anticipation notes outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	313,852	605,948	919,800
2023-2027	388,387	531,413	919,800
2028-2032	480,655	439,145	919,800
2033-2037	594,875	324,925	919,800
2038-2042	728,187	183,535	911,722
2043-2047	439,135	46,823	485,958
Total	\$ 3,198,730	\$ 2,797,950	\$ 5,996,680

Year Ending June 30	Note		
	Principal	Interest	Total
2013 *	\$ 0	\$ 0	\$ 0
2014	3,062,170	261,513	3,323,683
Total	\$ 3,062,170	\$ 261,513	\$ 3,323,683

* Interest is due at maturity.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Bonds	Notes
Balance, July 1, 2011	\$ 3,293,292	\$ 1,518,455
Additions	0	1,543,715
Reductions	(94,562)	0
Balance, June 30, 2012	<u>\$ 3,198,730</u>	<u>\$ 3,062,170</u>
Balance Due Within One Year	<u>\$ 46,500</u>	<u>\$ 0</u>

	Compensated Absences
Balance, July 1, 2011	\$ 21,327
Additions	27,931
Reductions	(31,827)
Balance, June 30, 2012	<u>\$ 17,431</u>
Balance Due Within One Year	<u>\$ 17,431</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 6,278,331
Less: Due Within One Year	<u>(63,931)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,214,400</u>

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Marshall County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$124,651 and \$26,575, 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 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 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. 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 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. Subsequent Events

On August 31, 2012, Linda Haislip left the Office of Property Assessor and was succeeded by Michelle Campbell.

On October 22, 2012, Marshall County authorized the issuance of \$1,650,000 in capital outlay notes for various construction projects.

C. 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 notes totaling \$6,260,900 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.

D. Changes in Administration

Clerk and Master Tommy Higdon retired on August 31, 2011, and Charles Lee served as the interim until Kimberlee Alsop was appointed on October 8, 2011.

On March 8, 2012, Roy Dukes left the Office of Director of Schools and was succeeded by Jackie Abernathy.

E. Joint Ventures

Primary Government

The Marshall County Joint Economic Development Board is a joint venture between Marshall County, the City of Lewisburg, the Towns of Chapel Hill, Petersburg, and 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 Community Development - Agency Fund, which is included in the financial statements of this report. Marshall County contributed \$56,409 to the operations of the board during the year ended June 30, 2012.

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, 2012.

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

F. 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 the *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

Marshall County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, 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, 2012, Marshall County's annual pension cost of \$1,140,785 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,140,785	100%	\$0
6-30-11	988,190	100	0
6-30-10	1,120,299	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.17 percent funded. The actuarial accrued liability for benefits was \$28.4 million, and the actuarial value of assets was \$27.88 million, resulting in an unfunded actuarial accrued liability (UAAL) of

\$.52 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.01 million, and the ratio of the UAAL to the covered payroll was 4.72 percent.

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

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$1,745,120, \$1,676,444, and \$1,183,280 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 Section 457 establishes participation, contribution, and withdrawal provisions for the plan.

G. Other Postemployment Benefits (OPEB)

Discretely Presented Marshall County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for employees of local education agencies. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The 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 teachers 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 \$554 per month. The School Department recognized expenditures of \$476,895 for postemployment health care during the year ended June 30, 2012.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 1,306,000
Interest on the NPO	144,488
Adjustment to the ARC	<u>(153,371)</u>
Annual OPEB cost	\$ 1,297,117
Amount of contribution	<u>(476,895)</u>
Increase/decrease in NPO	\$ 820,222
Net OPEB obligation, 7-1-11	<u>3,612,195</u>
Net OPEB obligation, 6-30-12	<u><u>\$ 4,432,417</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 1,368,548	38 %	\$ 2,769,120
6-30-11	"	1,387,580	39	3,612,195
6-30-12	"	1,297,117	37	4,432,417

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:
(dollars in thousands)

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 9,946
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 9,946
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 23,480
UAAL as a % of covered payroll	42%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.5 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. 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.

I. 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.

**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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,083,369	\$ 5,446,158	\$ 5,502,567	\$ 580,802
Licenses and Permits	110,533	93,400	94,840	15,693
Fines, Forfeitures, and Penalties	93,869	71,690	72,040	21,829
Charges for Current Services	1,373,223	1,292,450	1,295,980	77,243
Other Local Revenues	232,606	301,246	192,837	39,769
Fees Received from County Officials	1,379,360	1,187,950	1,187,950	191,410
State of Tennessee	1,247,386	900,870	708,537	538,849
Federal Government	335,870	129,094	371,091	(35,221)
Other Governments and Citizens Groups	147,049	45,921	124,354	22,695
Total Revenues	\$ 11,003,265	\$ 9,468,779	\$ 9,550,196	\$ 1,453,069
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 127,430	\$ 298,969	\$ 303,431	\$ 176,001
Board of Equalization	2,430	5,302	5,302	2,872
Other Boards and Committees	5,523	10,811	10,811	5,288
County Mayor/Executive	128,619	132,918	132,918	4,299
County Attorney	18,004	40,450	40,450	22,446
Election Commission	183,493	177,465	204,035	20,542
Register of Deeds	178,477	184,044	184,044	5,567
Planning	235	7,250	7,250	7,015
Building	153,032	150,227	155,227	2,195
County Buildings	345,365	319,214	407,214	61,849
<u>Finance</u>				
Accounting and Budgeting	307,268	341,416	341,416	34,148
Property Assessor's Office	240,660	279,753	279,753	39,093
Reappraisal Program	99,751	111,731	112,483	12,732
County Trustee's Office	171,704	176,608	176,608	4,904
County Clerk's Office	306,490	322,104	322,104	15,614
<u>Administration of Justice</u>				
Circuit Court	342,847	354,054	354,054	11,207
General Sessions Court	206,716	148,028	211,831	5,115
Chancery Court	217,711	225,604	225,604	7,893
Juvenile Court	159,001	162,844	162,844	3,843
<u>Public Safety</u>				
Sheriff's Department	1,845,458	1,882,374	1,917,346	71,888
Jail	1,454,880	1,546,360	1,546,360	91,480
Rural Fire Protection	131,566	143,048	143,048	11,482
Civil Defense	206,058	264,785	264,791	58,733
Other Emergency Management	897	3,400	3,400	2,503
County Coroner/Medical Examiner	53,931	54,909	54,909	978
Other Public Safety	571	580	580	9

(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	\$ 39,098	\$ 57,100	\$ 57,100	\$ 18,002
Rabies and Animal Control	50,292	57,015	58,390	8,098
Ambulance/Emergency Medical Services	2,201,450	2,161,497	2,205,322	3,872
Maternal and Child Health Services	6,942	8,100	8,100	1,158
Other Local Health Services	150,542	204,900	204,900	54,358
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	79,285	79,285	79,285	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	68,850	68,850	68,850	0
Libraries	274,294	244,922	299,625	25,331
Other Social, Cultural, and Recreational	1,800	1,800	1,800	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	65,870	72,738	72,738	6,868
Forest Service	2,000	2,000	2,000	0
Soil Conservation	40,982	41,385	41,385	403
<u>Other Operations</u>				
Tourism	51,424	57,656	57,656	6,232
Housing and Urban Development	5,805	12,552	12,552	6,747
Other Economic and Community Development	56,409	0	56,409	0
Veterans' Services	31,605	33,002	34,421	2,816
Employee Benefits	371	66,500	66,500	66,129
ARRA Grant # 2	23,017	26,349	26,349	3,332
Miscellaneous	138,678	265,450	202,469	63,791
Total Expenditures	<u>\$ 10,222,031</u>	<u>\$ 10,850,549</u>	<u>\$ 11,168,864</u>	<u>\$ 946,833</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 781,234	\$ (1,381,770)	\$ (1,618,668)	\$ 2,399,902
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,216	\$ 0	\$ 0	\$ 9,216
Transfers In	60,000	0	60,000	0
Transfers Out	0	(88,000)	0	0
Total Other Financing Sources (Uses)	<u>\$ 69,216</u>	<u>\$ (88,000)</u>	<u>\$ 60,000</u>	<u>\$ 9,216</u>
Net Change in Fund Balance	\$ 850,450	\$ (1,469,770)	\$ (1,558,668)	\$ 2,409,118
Fund Balance, July 1, 2011	<u>3,484,222</u>	<u>2,264,088</u>	<u>2,264,088</u>	<u>1,220,134</u>
Fund Balance, June 30, 2012	<u>\$ 4,334,672</u>	<u>\$ 794,318</u>	<u>\$ 705,420</u>	<u>\$ 3,629,252</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 848,285	\$ 791,800	\$ 791,800	\$ 56,485
Other Local Revenues	88,973	45,000	81,058	7,915
State of Tennessee	2,008,518	2,390,947	2,390,947	(382,429)
Federal Government	33,017	0	33,175	(158)
Total Revenues	<u>\$ 2,978,793</u>	<u>\$ 3,227,747</u>	<u>\$ 3,296,980</u>	<u>\$ (318,187)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 192,747	\$ 203,372	\$ 203,372	\$ 10,625
Highway and Bridge Maintenance	1,159,658	1,350,746	1,350,738	191,080
Operation and Maintenance of Equipment	746,719	753,476	792,988	46,269
Other Charges	75,769	77,426	77,426	1,657
Employee Benefits	68,360	73,381	73,381	5,021
Capital Outlay	517,792	1,134,202	1,170,002	652,210
Total Expenditures	<u>\$ 2,761,045</u>	<u>\$ 3,592,603</u>	<u>\$ 3,667,907</u>	<u>\$ 906,862</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 217,748</u>	<u>\$ (364,856)</u>	<u>\$ (370,927)</u>	<u>\$ 588,675</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,070	\$ 0	\$ 6,071	\$ (1)
Total Other Financing Sources (Uses)	<u>\$ 6,070</u>	<u>\$ 0</u>	<u>\$ 6,071</u>	<u>\$ (1)</u>
Net Change in Fund Balance	\$ 223,818	\$ (364,856)	\$ (364,856)	\$ 588,674
Fund Balance, July 1, 2011	<u>519,432</u>	<u>437,930</u>	<u>437,930</u>	<u>81,502</u>
Fund Balance, June 30, 2012	<u>\$ 743,250</u>	<u>\$ 73,074</u>	<u>\$ 73,074</u>	<u>\$ 670,176</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, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 27,876	\$ 28,395	\$ 519	98.17 %	\$ 11,007	4.72 %
7-1-09	22,133	22,861	728	96.82	11,206	6.50
7-1-07	20,062	20,970	908	95.67	10,116	8.98

Exhibit E-4

Marshall County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Marshall County School Department
June 30, 2012

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$ 0	\$ 10,540	\$ 10,540	0 %	\$ 23,740	46 %
"	7-1-10	0	10,702	10,702	0	23,119	46
"	7-1-11	0	9,946	9,946	0	23,480	42

MARSHALL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

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. This fund was closed into an agency fund.

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

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.

General Capital Projects Fund – The General Capital Projects Fund is used to account for the acquisition or construction of major capital facilities for the general government and debt issued by the county that is subsequently contributed to the discretely presented Marshall County School Department for general capital expenditures.

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

School Bus Acquisition Fund – The School Bus Acquisition Fund is used to account for school bus purchases.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for various capital projects and capital outlay for the county and the discretely presented Marshall County School Department.

Marshall County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

ASSETS

Equity in Pooled Cash and Investments \$ 152,144
 Accounts Receivable 25,057
 Property Taxes Receivable 0
 Allowance for Uncollectible Property Taxes 0
 Total Assets \$ 177,201

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable \$ 12,283
 Accrued Payroll 2,550
 Payroll Deductions Payable 635
 Deferred Revenue - Current Property Taxes 0
 Deferred Revenue - Delinquent Property Taxes 0
 Total Liabilities \$ 15,468

Fund Balances

Restricted:
 Restricted for Public Safety \$ 86,282
 Restricted for Highways/Public Works 0
 Restricted for Capital Outlay 0
 Committed:
 Committed for Public Health and Welfare 75,451
 Total Fund Balances \$ 161,733

Total Liabilities and Fund Balances \$ 177,201

	Special Revenue Funds				Total
	Juvenile Services	Solid Waste / Sanitation	Drug Control		
\$ 35,837 \$	63,459 \$	52,848 \$		152,144	
2,590	21,611	856		25,057	
0	0	0		0	
0	0	0		0	
\$ 38,427 \$	85,070 \$	53,704 \$		177,201	

\$ 0 \$	6,434 \$	5,849 \$		12,283
0	2,550	0		2,550
0	635	0		635
0	0	0		0
0	0	0		0
\$ 0 \$	9,619 \$	5,849 \$		15,468

\$ 38,427 \$	0 \$	47,855 \$		86,282
0	0	0		0
0	0	0		0
0	75,451	0		75,451
\$ 38,427 \$	75,451 \$	47,855 \$		161,733

\$ 38,427 \$	85,070 \$	53,704 \$		177,201
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(Continued)

Exhibit F-1

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	Highway Capital Projects	School Bus Acquisition	Other Capital Projects	Total	
\$ 27,583 \$	649,638 \$	533,658 \$	0 \$	1,210,879 \$	1,363,023	
0	0	9,917	0	9,917	34,974	
0	0	51,376	667,892	719,268	719,268	
0	0	(1,813)	(23,571)	(25,384)	(25,384)	
\$ 27,583 \$	649,638 \$	593,138 \$	644,321 \$	1,914,680 \$	2,091,881	

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
 Payroll Deductions Payable
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Total Liabilities

\$ 0 \$	0 \$	0 \$	0 \$	0 \$	12,283
0	0	0	0	0	2,550
0	0	0	0	0	635
0	0	47,828	621,763	669,591	669,591
0	0	1,618	22,558	24,176	24,176
\$ 0 \$	0 \$	49,446 \$	644,321 \$	693,767 \$	709,235

Fund Balances

Restricted:
 Restricted for Public Safety
 Restricted for Highways/Public Works
 Restricted for Capital Outlay
 Committed:
 Committed for Public Health and Welfare
 Total Fund Balances

\$ 0 \$	0 \$	0 \$	0 \$	0 \$	86,282
0	649,638	0	0	649,638	649,638
27,583	0	543,692	0	571,275	571,275
0	0	0	0	0	75,451
\$ 27,583 \$	649,638 \$	543,692 \$	0 \$	1,220,913 \$	1,382,646

Total Liabilities and Fund Balances

\$ 27,583 \$	649,638 \$	593,138 \$	644,321 \$	1,914,680 \$	2,091,881
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Exhibit F-2

Marshall County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds					Total
	Juvenile Services	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control		
<u>Revenues</u>						
Local Taxes	0 \$	0 \$	0 \$	0 \$	0 \$	0
Fines, Forfeitures, and Penalties	67,766	0	0	8,216	75,982	75,982
Charges for Current Services	0	8,274	0	0	8,274	8,274
Other Local Revenues	0	285,288	0	4,340	289,628	289,628
State of Tennessee	0	59,594	0	0	59,594	59,594
Other Governments and Citizens Groups	0	820	0	0	820	820
Total Revenues	67,766 \$	353,976 \$	0 \$	12,556 \$	434,298	434,298
<u>Expenditures</u>						
Current:						
Administration of Justice	3,529	0	0	0	3,529	3,529
Public Safety	0	0	0	4,688	4,688	4,688
Public Health and Welfare	0	348,238	0	0	348,238	348,238
Support Services	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	3,529 \$	348,238 \$	0 \$	4,688 \$	356,455	356,455
Excess (Deficiency) of Revenues Over Expenditures	64,237 \$	5,738 \$	0 \$	7,868 \$	77,843	77,843
<u>Other Financing Sources (Uses)</u>						
Notes Issued	0	0	0	0	0	0
Insurance Recovery	0	950	0	0	950	950
Transfers Out	(60,000)	(46,293)	(66,760)	0	(173,053)	(173,053)
Total Other Financing Sources (Uses)	(60,000) \$	(45,343) \$	(66,760) \$	0 \$	(172,103)	(172,103)
Net Change in Fund Balances	4,237 \$	(39,605) \$	(66,760) \$	7,868 \$	(94,260)	(94,260)
Fund Balance, July 1, 2011	34,190	115,056	66,760	39,987	255,993	255,993
Fund Balance, June 30, 2012	38,427 \$	75,451 \$	0 \$	47,855 \$	161,733	161,733

(Continued)

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

	Capital Projects Funds			Total	Nonmajor Governmental Funds
	General Capital Projects	Highway Capital Projects	School Bus Acquisition		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 255,235	\$ 255,235	\$ 255,235
Fines, Forfeitures, and Penalties	0	0	0	0	75,982
Charges for Current Services	0	0	0	0	8,274
Other Local Revenues	40	0	0	40	289,668
State of Tennessee	0	0	128,160	128,160	187,754
Other Governments and Citizens Groups	0	0	0	0	820
Total Revenues	\$ 40	\$ 0	\$ 383,395	\$ 383,435	\$ 817,733
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,529
Public Safety	0	0	0	0	4,688
Public Health and Welfare	0	0	0	0	348,238
Support Services	0	0	443,811	443,811	443,811
Capital Projects	1,082,348	569,042	0	1,651,390	1,651,390
Total Expenditures	\$ 1,082,348	\$ 569,042	\$ 443,811	\$ 2,095,201	\$ 2,451,656
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,082,308)	\$ (569,042)	\$ (60,416)	\$ (1,711,766)	\$ (1,633,923)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 1,068,249	\$ 0	\$ 0	\$ 1,068,249	\$ 1,068,249
Insurance Recovery	0	0	0	0	950
Transfers Out	0	0	0	0	(173,053)
Total Other Financing Sources (Uses)	\$ 1,068,249	\$ 0	\$ 0	\$ 1,068,249	\$ 896,146
Net Change in Fund Balances	\$ (14,059)	\$ (569,042)	\$ (60,416)	\$ (643,517)	\$ (737,777)
Fund Balance, July 1, 2011	41,642	1,218,680	604,108	1,864,430	2,120,423
Fund Balance, June 30, 2012	\$ 27,583	\$ 649,638	\$ 543,692	\$ 1,220,913	\$ 1,382,646

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 67,766	\$ 65,000	\$ 65,000	\$ 2,766
Total Revenues	\$ 67,766	\$ 65,000	\$ 65,000	\$ 2,766
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Juvenile Court	\$ 3,529	\$ 84,450	\$ 24,450	\$ 20,921
Total Expenditures	\$ 3,529	\$ 84,450	\$ 24,450	\$ 20,921
Excess (Deficiency) of Revenues Over Expenditures	\$ 64,237	\$ (19,450)	\$ 40,550	\$ 23,687
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,000)	\$ 0	\$ (60,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (60,000)	\$ 0	\$ (60,000)	\$ 0
Net Change in Fund Balance	\$ 4,237	\$ (19,450)	\$ (19,450)	\$ 23,687
Fund Balance, July 1, 2011	34,190	25,702	25,702	8,488
Fund Balance, June 30, 2012	\$ 38,427	\$ 6,252	\$ 6,252	\$ 32,175

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 8,274	\$ 25,000	\$ 25,000	\$ (16,726)
Other Local Revenues	285,288	282,000	282,000	3,288
State of Tennessee	59,594	89,242	89,242	(29,648)
Other Governments and Citizens Groups	820	2,500	2,500	(1,680)
Total Revenues	<u>\$ 353,976</u>	<u>\$ 398,742</u>	<u>\$ 398,742</u>	<u>\$ (44,766)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 348,238	\$ 417,331	\$ 366,499	\$ 18,261
Total Expenditures	<u>\$ 348,238</u>	<u>\$ 417,331</u>	<u>\$ 366,499</u>	<u>\$ 18,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,738</u>	<u>\$ (18,589)</u>	<u>\$ 32,243</u>	<u>\$ (26,505)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 950	\$ 0	\$ 0	\$ 950
Transfers Out	(46,293)	0	(50,832)	4,539
Total Other Financing Sources (Uses)	<u>\$ (45,343)</u>	<u>\$ 0</u>	<u>\$ (50,832)</u>	<u>\$ 5,489</u>
Net Change in Fund Balance	\$ (39,605)	\$ (18,589)	\$ (18,589)	\$ (21,016)
Fund Balance, July 1, 2011	<u>115,056</u>	<u>61,492</u>	<u>61,492</u>	<u>53,564</u>
Fund Balance, June 30, 2012	<u>\$ 75,451</u>	<u>\$ 42,903</u>	<u>\$ 42,903</u>	<u>\$ 32,548</u>

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (66,760)	\$ (66,760)	\$ (66,760)	\$ 0
Total Other Financing Sources (Uses)	\$ (66,760)	\$ (66,760)	\$ (66,760)	\$ 0
Net Change in Fund Balance	\$ (66,760)	\$ (66,760)	\$ (66,760)	\$ 0
Fund Balance, July 1, 2011	66,760	61,991	66,760	0
Fund Balance, June 30, 2012	\$ 0	\$ (4,769)	\$ 0	\$ 0

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 8,216	\$ 4,950	\$ 4,950	\$ 3,266
Other Local Revenues	4,340	0	0	4,340
Total Revenues	<u>\$ 12,556</u>	<u>\$ 4,950</u>	<u>\$ 4,950</u>	<u>\$ 7,606</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 4,688	\$ 16,250	\$ 16,250	\$ 11,562
Total Expenditures	<u>\$ 4,688</u>	<u>\$ 16,250</u>	<u>\$ 16,250</u>	<u>\$ 11,562</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,868</u>	<u>\$ (11,300)</u>	<u>\$ (11,300)</u>	<u>\$ 19,168</u>
Net Change in Fund Balance	\$ 7,868	\$ (11,300)	\$ (11,300)	\$ 19,168
Fund Balance, July 1, 2011	<u>39,987</u>	<u>37,020</u>	<u>37,020</u>	<u>2,967</u>
Fund Balance, June 30, 2012	<u>\$ 47,855</u>	<u>\$ 25,720</u>	<u>\$ 25,720</u>	<u>\$ 22,135</u>

Exhibit F-7

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 569,042	\$ 365,000	\$ 704,843	\$ 135,801
Total Expenditures	\$ 569,042	\$ 365,000	\$ 704,843	\$ 135,801
Excess (Deficiency) of Revenues Over Expenditures	\$ (569,042)	\$ (365,000)	\$ (704,843)	\$ 135,801
Net Change in Fund Balance	\$ (569,042)	\$ (365,000)	\$ (704,843)	\$ 135,801
Fund Balance, July 1, 2011	1,218,680	1,218,679	1,218,679	1
Fund Balance, June 30, 2012	\$ 649,638	\$ 853,679	\$ 513,836	\$ 135,802

Exhibit F-8

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
School Bus Acquisition Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 255,235	\$ 167,350	\$ 167,350	\$ 87,885
State of Tennessee	128,160	1,750	1,750	126,410
Total Revenues	<u>\$ 383,395</u>	<u>\$ 169,100</u>	<u>\$ 169,100</u>	<u>\$ 214,295</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Transportation	\$ 443,811	\$ 441,000	\$ 443,815	\$ 4
Total Expenditures	<u>\$ 443,811</u>	<u>\$ 441,000</u>	<u>\$ 443,815</u>	<u>\$ 4</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (60,416)</u>	<u>\$ (271,900)</u>	<u>\$ (274,715)</u>	<u>\$ 214,299</u>
Net Change in Fund Balance	\$ (60,416)	\$ (271,900)	\$ (274,715)	\$ 214,299
Fund Balance, July 1, 2011	<u>604,108</u>	<u>757,457</u>	<u>757,457</u>	<u>(153,349)</u>
Fund Balance, June 30, 2012	<u><u>\$ 543,692</u></u>	<u><u>\$ 485,557</u></u>	<u><u>\$ 482,742</u></u>	<u><u>\$ 60,950</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,199,553	\$ 4,562,350	\$ 4,562,350	\$ 637,203
Other Local Revenues	30,189	0	0	30,189
State of Tennessee	75,753	65,000	65,000	10,753
Other Governments and Citizens Groups	129,973	0	58,046	71,927
Total Revenues	<u>\$ 5,435,468</u>	<u>\$ 4,627,350</u>	<u>\$ 4,685,396</u>	<u>\$ 750,072</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 919,866	\$ 529,867	\$ 919,867	\$ 1
Highways and Streets	350,075	350,076	350,076	1
Education	2,772,102	2,653,059	2,772,104	2
<u>Interest on Debt</u>				
General Government	279,538	282,265	286,453	6,915
Highways and Streets	59,153	59,154	59,154	1
Education	845,535	834,669	845,598	63
<u>Other Debt Service</u>				
General Government	77,120	101,500	101,500	24,380
Highways and Streets	1,019	2,200	2,200	1,181
Education	2,358	12,500	12,500	10,142
Total Expenditures	<u>\$ 5,306,766</u>	<u>\$ 4,825,290</u>	<u>\$ 5,349,452</u>	<u>\$ 42,686</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 128,702</u>	<u>\$ (197,940)</u>	<u>\$ (664,056)</u>	<u>\$ 792,758</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 46,293	\$ 46,294	\$ 118,222	\$ (71,929)
Total Other Financing Sources (Uses)	<u>\$ 46,293</u>	<u>\$ 46,294</u>	<u>\$ 118,222</u>	<u>\$ (71,929)</u>
Net Change in Fund Balance	\$ 174,995	\$ (151,646)	\$ (545,834)	\$ 720,829
Fund Balance, July 1, 2011	<u>4,712,028</u>	<u>3,424,824</u>	<u>3,424,824</u>	<u>1,287,204</u>
Fund Balance, June 30, 2012	<u>\$ 4,887,023</u>	<u>\$ 3,273,178</u>	<u>\$ 2,878,990</u>	<u>\$ 2,008,033</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.

Community Development – Agency Fund – The Community Development – Agency Fund is used to account for transactions of the Marshall County Joint Economic Development Board for Marshall County, the City of Lewisburg, the Towns of Chapel Hill, Petersburg, and Cornersville.

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, 2012

	<u>Agency Funds</u>			
	Cities - Sales Tax	Community Develop- ment - Agency	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,044,713	\$ 1,044,713
Equity in Pooled Cash and Investments	0	67,084	0	67,084
Accounts Receivable	0	0	326	326
Due from Other Governments	284,369	0	0	284,369
Total Assets	<u>\$ 284,369</u>	<u>\$ 67,084</u>	<u>\$ 1,045,039</u>	<u>\$ 1,396,492</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 1,248	\$ 0	\$ 1,248
Payroll Deductions Payable	0	228	0	228
Due to Other Taxing Units	284,369	0	0	284,369
Due to Litigants, Heirs, and Others	0	65,608	1,045,039	1,110,647
Total Liabilities	<u>\$ 284,369</u>	<u>\$ 67,084</u>	<u>\$ 1,045,039</u>	<u>\$ 1,396,492</u>

Exhibit H-2

Marshall County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,530,685	\$ 1,530,685	\$ 0
Due from Other Governments	272,524	284,369	272,524	284,369
Total Assets	\$ 272,524	\$ 1,815,054	\$ 1,803,209	\$ 284,369
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 272,524	\$ 1,815,054	\$ 1,803,209	\$ 284,369
Total Liabilities	\$ 272,524	\$ 1,815,054	\$ 1,803,209	\$ 284,369
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 148,760	\$ 81,676	\$ 67,084
Total Assets	\$ 0	\$ 148,760	\$ 81,676	\$ 67,084
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 1,248	\$ 0	\$ 1,248
Payroll Deductions Payable	0	228	0	228
Due to Litigants, Heirs, and Others	0	147,284	81,676	65,608
Total Liabilities	\$ 0	\$ 148,760	\$ 81,676	\$ 67,084
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,234,327	\$ 5,879,209	\$ 6,068,823	\$ 1,044,713
Accounts Receivable	225	326	225	326
Total Assets	\$ 1,234,552	\$ 5,879,535	\$ 6,069,048	\$ 1,045,039
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,234,552	\$ 5,879,535	\$ 6,069,048	\$ 1,045,039
Total Liabilities	\$ 1,234,552	\$ 5,879,535	\$ 6,069,048	\$ 1,045,039
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,234,327	\$ 5,879,209	\$ 6,068,823	\$ 1,044,713
Equity in Pooled Cash and Investments	0	1,679,445	1,612,361	67,084
Accounts Receivable	225	326	225	326
Due from Other Governments	272,524	284,369	272,524	284,369
Total Assets	\$ 1,507,076	\$ 7,843,349	\$ 7,953,933	\$ 1,396,492
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 1,248	\$ 0	\$ 1,248
Payroll Deductions Payable	0	228	0	228
Due to Other Taxing Units	272,524	1,815,054	1,803,209	284,369
Due to Litigants, Heirs, and Others	1,234,552	6,026,819	6,150,724	1,110,647
Total Liabilities	\$ 1,507,076	\$ 7,843,349	\$ 7,953,933	\$ 1,396,492

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, 2012

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	\$ 26,880,672	\$ 0	\$ 3,097,359	\$ 0	\$ (23,783,313)
Support Services	16,281,721	73,241	1,269,754	470,732	(14,467,994)
Operation of Non-Instructional Services	2,843,687	1,053,823	2,388,580	157,495	756,211
Total Governmental Activities	\$ 46,006,080	\$ 1,127,064	\$ 6,755,693	\$ 628,227	\$ (37,495,096)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 9,136,405
Local Option Sales Tax					2,000,088
Other Local Taxes					1,519
Grants and Contributions Not Restricted to Specific Programs					23,815,816
Unrestricted Investment Income					49
Refund of Telecommunication and Internet Fees (E-Rate)					50,224
Miscellaneous					50,325
Total General Revenues					\$ 35,054,426
Change in Net Assets					\$ (2,440,670)
Net Assets, July 1, 2011					47,027,695
Prior-period Adjustment					(1,875,532)
Net Assets, June 30, 2012					\$ 42,711,493

Exhibit I-2

Marshall County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2012

	<u>Major Fund</u> General Purpose School	<u>Nonmajor Funds</u> Other Govern- mental Funds	Total Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,162	\$ 2,162
Equity in Pooled Cash and Investments	4,010,779	810,597	4,821,376
Accounts Receivable	145,545	150	145,695
Due from Other Governments	521,686	175,102	696,788
Property Taxes Receivable	8,579,847	0	8,579,847
Allowance for Uncollectible Property Taxes	(302,800)	0	(302,800)
Prepaid Items	342,980	0	342,980
Total Assets	<u>\$ 13,298,037</u>	<u>\$ 988,011</u>	<u>\$ 14,286,048</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 836,315	\$ 0	\$ 836,315
Deferred Revenue - Current Property Taxes	7,987,264	0	7,987,264
Deferred Revenue - Delinquent Property Taxes	270,210	0	270,210
Other Deferred Revenues	171,480	0	171,480
Total Liabilities	<u>\$ 9,265,269</u>	<u>\$ 0</u>	<u>\$ 9,265,269</u>
<u>Fund Balances</u>			
Nonspendable:			
Prepaid Items	\$ 342,980	\$ 0	\$ 342,980
Restricted:			
Restricted for Education	34,740	710,803	745,543
Restricted for Capital Outlay	0	177,208	177,208
Committed:			
Committed for Education	188,202	100,000	288,202
Assigned:			
Assigned for Education	100,906	0	100,906
Unassigned	3,365,940	0	3,365,940
Total Fund Balances	<u>\$ 4,032,768</u>	<u>\$ 988,011</u>	<u>\$ 5,020,779</u>
Total Liabilities and Fund Balances	<u>\$ 13,298,037</u>	<u>\$ 988,011</u>	<u>\$ 14,286,048</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, 2012

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)		\$	5,020,779
(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		36,346,740	
Add: other capital assets net of accumulated depreciation		<u>3,181,157</u>	41,878,321
(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	\$	(196,880)	
Less: other postemployment benefits liability		<u>(4,432,417)</u>	(4,629,297)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>441,690</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>42,711,493</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, 2012

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 11,118,769	\$ 0	\$ 11,118,769
Licenses and Permits	2,071	0	2,071
Charges for Current Services	73,241	1,053,823	1,127,064
Other Local Revenues	105,844	4,754	110,598
State of Tennessee	24,100,162	143,594	24,243,756
Federal Government	294,040	5,101,405	5,395,445
Other Governments and Citizens Groups	88,895	1,058,356	1,147,251
Total Revenues	<u>\$ 35,783,022</u>	<u>\$ 7,361,932</u>	<u>\$ 43,144,954</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,297,701	\$ 2,784,293	\$ 26,081,994
Support Services	12,201,883	604,359	12,806,242
Operation of Non-Instructional Services	158,144	2,823,341	2,981,485
Capital Outlay	107,511	0	107,511
Debt Service:			
Other Debt Service	71,925	0	71,925
Capital Projects	0	1,185,891	1,185,891
Total Expenditures	<u>\$ 35,837,164</u>	<u>\$ 7,397,884</u>	<u>\$ 43,235,048</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (54,142)</u>	<u>\$ (35,952)</u>	<u>\$ (90,094)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 43,306	\$ 118,344	\$ 161,650
Transfers Out	(118,344)	(43,306)	(161,650)
Total Other Financing Sources (Uses)	<u>\$ (75,038)</u>	<u>\$ 75,038</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (129,180)	\$ 39,086	\$ (90,094)
Fund Balance, July 1, 2011	4,161,948	948,925	5,110,873
Fund Balance, June 30, 2012	<u>\$ 4,032,768</u>	<u>\$ 988,011</u>	<u>\$ 5,020,779</u>

Exhibit I-5

Marshall County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2012

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)		\$	(90,094)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	254,976	
Less: current-year depreciation expense		<u>(2,178,031)</u>	(1,923,055)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Add: assets donated and capitalized			438,808
(3) 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, 2011	\$	(460,042)	
Add: deferred delinquent property taxes and other deferred June 30, 2012		<u>441,690</u>	(18,352)
(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.			
Change in compensated absences payable	\$	(27,755)	
Change in other postemployment benefits liability		<u>(820,222)</u>	<u>(847,977)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (2,440,670)</u>

Exhibit I-6

Marshall County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2012

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
\$	0	2,162	\$ 2,162	\$ 0	\$ 0	2,162
	104,183	529,206	633,389	177,208		810,597
	0	150	150	0		150
	23,558	151,544	175,102	0		175,102
\$	127,741	\$ 683,062	\$ 810,803	\$ 177,208	\$	988,011

ASSETS

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

FUND BALANCES

Restricted:					
Restricted for Education	\$ 27,741	\$ 683,062	\$ 710,803	\$ 0	\$ 710,803
Restricted for Capital Outlay	0	0	0	177,208	177,208
Committed:					
Committed for Education	100,000	0	100,000	0	100,000
Total Fund Balances	\$ 127,741	\$ 683,062	\$ 810,803	\$ 177,208	\$ 988,011

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, 2012

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,053,823	\$ 1,053,823	\$ 0	\$ 1,053,823
Other Local Revenues	4,705	19	4,724	30	4,754
State of Tennessee	0	28,085	28,085	115,509	143,594
Federal Government	3,119,049	1,982,356	5,101,405	0	5,101,405
Other Governments and Citizens Groups	0	0	0	1,058,356	1,058,356
Total Revenues	\$ 3,123,754	\$ 3,064,283	\$ 6,188,037	\$ 1,173,895	\$ 7,361,932
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,784,293	\$ 0	\$ 2,784,293	\$ 0	\$ 2,784,293
Support Services	604,359	0	604,359	0	604,359
Operation of Non-Instructional Services	0	2,823,341	2,823,341	0	2,823,341
Capital Projects	0	0	0	1,185,891	1,185,891
Total Expenditures	\$ 3,388,652	\$ 2,823,341	\$ 6,211,993	\$ 1,185,891	\$ 7,397,884
Excess (Deficiency) of Revenues Over Expenditures	\$ (264,898)	\$ 240,942	\$ (23,956)	\$ (11,996)	\$ (35,952)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 100,000	\$ 18,344	\$ 118,344	\$ 0	\$ 118,344
Transfers Out	(43,306)	0	(43,306)	0	(43,306)
Total Other Financing Sources (Uses)	\$ 56,694	\$ 18,344	\$ 75,038	\$ 0	\$ 75,038
Net Change in Fund Balances	\$ (208,204)	\$ 259,286	\$ 51,082	\$ (11,996)	\$ 39,086
Fund Balance, July 1, 2011	335,945	423,776	759,721	189,204	948,925
Fund Balance, June 30, 2012	\$ 127,741	\$ 683,062	\$ 810,803	\$ 177,208	\$ 988,011

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,118,769	\$ 0	\$ 0	\$ 11,118,769	\$ 10,921,133	\$ 10,921,133	\$ 197,636
Licenses and Permits	2,071	0	0	2,071	1,867	1,867	204
Charges for Current Services	73,241	0	0	73,241	66,680	66,680	6,561
Other Local Revenues	105,844	0	0	105,844	336,851	235,719	(129,875)
State of Tennessee	24,100,162	0	0	24,100,162	23,595,386	23,781,598	318,564
Federal Government	294,040	0	0	294,040	450,000	450,000	(155,960)
Other Governments and Citizens Groups	88,895	0	0	88,895	0	101,132	(12,237)
Total Revenues	\$ 35,783,022	\$ 0	\$ 0	\$ 35,783,022	\$ 35,371,917	\$ 35,558,129	\$ 224,893
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,608,485	\$ (423,961)	\$ 91,711	\$ 19,276,235	\$ 20,322,767	\$ 20,207,280	\$ 931,045
Alternative Instruction Program	108,369	0	0	108,369	108,190	109,367	998
Special Education Program	2,103,928	0	0	2,103,928	2,236,856	2,183,842	79,914
Vocational Education Program	1,476,919	0	0	1,476,919	1,532,509	1,549,125	72,206
<u>Support Services</u>							
Attendance	164,748	0	0	164,748	181,640	182,940	18,192
Health Services	260,597	(23,086)	0	237,511	207,866	238,179	668
Other Student Support	773,756	(1,292)	0	772,464	770,925	864,512	92,048
Regular Instruction Program	1,431,645	(520)	0	1,431,125	1,343,890	1,386,669	(44,456)
Special Education Program	74,177	0	0	74,177	73,834	76,078	1,901
Vocational Education Program	78,638	0	0	78,638	78,062	78,535	(103)
Other Programs	151,226	0	0	151,226	0	151,226	0
Board of Education	517,627	0	0	517,627	465,695	530,695	13,068

(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 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 256,829	\$ 0	\$ 0	\$ 256,829	\$ 219,630	\$ 267,575	\$ 10,746
Office of the Principal	2,147,580	(1,248)	191	2,146,523	2,125,977	2,140,410	(6,113)
Fiscal Services	255,585	(310)	0	255,275	268,623	269,335	14,060
Operation of Plant	3,191,020	(8)	0	3,191,012	3,217,152	3,156,260	(34,752)
Maintenance of Plant	1,150,507	(17,513)	0	1,132,994	1,073,894	1,077,454	(55,540)
Transportation	1,546,795	0	0	1,546,795	1,457,956	1,612,658	65,863
Central and Other	201,153	0	0	201,153	222,680	222,680	21,527
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	158,144	(10,370)	9,004	156,778	173,176	195,101	38,323
Capital Outlay							
Regular Capital Outlay	107,511	(12,044)	0	95,467	250,000	250,000	154,533
<u>Other Debt Service</u>							
Education	71,925	0	0	71,925	0	71,925	0
Total Expenditures	\$ 35,837,164	\$ (490,352)	\$ 100,906	\$ 35,447,718	\$ 36,331,322	\$ 36,821,846	\$ 1,374,128
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (54,142)	\$ 490,352	\$ (100,906)	\$ 335,304	\$ (959,405)	\$ (1,263,717)	\$ 1,599,021
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000	\$ 3,000	\$ (3,000)
Transfers In	43,306	0	0	43,306	28,730	28,730	14,576
Transfers Out	(118,344)	0	0	(118,344)	0	(119,765)	1,421
Total Other Financing Sources (Uses)	\$ (75,038)	\$ 0	\$ 0	\$ (75,038)	\$ 31,730	\$ (88,035)	\$ 12,997
Net Change in Fund Balance	\$ (129,180)	\$ 490,352	\$ (100,906)	\$ 260,266	\$ (927,675)	\$ (1,351,752)	\$ 1,612,018
Fund Balance, July 1, 2011	4,161,948	(490,352)	0	3,671,596	3,666,597	3,666,597	4,999
Fund Balance, June 30, 2012	\$ 4,032,768	\$ 0	\$ (100,906)	\$ 3,931,862	\$ 2,738,922	\$ 2,314,845	\$ 1,617,017

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Other Local Revenues	\$ 4,705	\$ 0	\$ 4,705	\$ 0	\$ 0	\$ 4,705
Federal Government	3,119,049	0	3,119,049	3,848,721	3,629,482	(510,433)
Total Revenues	\$ 3,123,754	\$ 0	\$ 3,123,754	\$ 3,848,721	\$ 3,629,482	\$ (505,728)
Expenditures						
Instruction						
Regular Instruction Program	\$ 1,636,311	\$ 0	\$ 1,636,311	\$ 1,884,202	\$ 1,708,127	\$ 71,816
Special Education Program	1,099,879	0	1,099,879	1,316,751	1,299,879	200,000
Vocational Education Program	48,103	0	48,103	49,529	48,103	0
Support Services						
Other Student Support	28,267	(811)	27,456	32,428	37,989	10,533
Regular Instruction Program	237,973	0	237,973	292,468	273,090	35,117
Special Education Program	218,793	0	218,793	265,808	244,700	25,907
Vocational Education Program	3,571	0	3,571	3,571	3,571	0
Transportation	115,755	0	115,755	115,083	130,233	14,478
Total Expenditures	\$ 3,388,652	\$ (811)	\$ 3,387,841	\$ 3,959,840	\$ 3,745,692	\$ 357,851
Excess (Deficiency) of Revenues Over Expenditures	\$ (264,898)	\$ 811	\$ (264,087)	\$ (111,119)	\$ (116,210)	\$ (147,877)
Other Financing Sources (Uses)						
Transfers In	\$ 100,000	\$ 0	\$ 100,000	\$ 161,437	\$ 7,405	\$ 92,595
Transfers Out	(43,306)	0	(43,306)	(210,682)	(58,284)	14,978
Total Other Financing Sources (Uses)	\$ 56,694	\$ 0	\$ 56,694	\$ (49,245)	\$ (50,879)	\$ 107,573
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (208,204)	\$ 811	\$ (207,393)	\$ (160,364)	\$ (167,089)	\$ (40,304)
	335,945	(811)	335,134	160,364	167,089	168,045
Fund Balance, June 30, 2012	\$ 127,741	\$ 0	\$ 127,741	\$ 0	\$ 0	\$ 127,741

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,053,823	\$ 919,955	\$ 919,956	\$ 133,867
Other Local Revenues	19	25	25	(6)
State of Tennessee	28,085	28,781	28,781	(696)
Federal Government	1,982,356	1,769,494	2,028,515	(46,159)
Total Revenues	<u>\$ 3,064,283</u>	<u>\$ 2,718,255</u>	<u>\$ 2,977,277</u>	<u>\$ 87,006</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,823,341	\$ 2,695,429	\$ 2,974,214	\$ 150,873
Total Expenditures	<u>\$ 2,823,341</u>	<u>\$ 2,695,429</u>	<u>\$ 2,974,214</u>	<u>\$ 150,873</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 240,942</u>	<u>\$ 22,826</u>	<u>\$ 3,063</u>	<u>\$ 237,879</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 18,344	\$ 0	\$ 19,764	\$ (1,420)
Total Other Financing Sources (Uses)	<u>\$ 18,344</u>	<u>\$ 0</u>	<u>\$ 19,764</u>	<u>\$ (1,420)</u>
Net Change in Fund Balance	\$ 259,286	\$ 22,826	\$ 22,827	\$ 236,459
Fund Balance, July 1, 2011	<u>423,776</u>	<u>138,952</u>	<u>138,952</u>	<u>284,824</u>
Fund Balance, June 30, 2012	<u>\$ 683,062</u>	<u>\$ 161,778</u>	<u>\$ 161,779</u>	<u>\$ 521,283</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, 2012

Enterprise Fund
Marshall County
Board of
Public Utilities

ASSETS

Current Assets:		
Cash	\$	1,803
Equity in Pooled Cash and Investments		1,733,415
Inventories		44,130
Accounts Receivable		225,297
Due from Other Governments		239,305
Restricted Assets:		
Customer Deposits		51,807
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land		105,997
Construction in Progress		344,569
Assets Net of Accumulated Depreciation:		
Buildings and Improvements		724,364
Infrastructure		15,033,218
Other Capital Assets		943,007
Total Assets	\$	<u>19,446,912</u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$	17,715
Accrued Payroll		11,777
Payroll Deductions Payable		1,646
Accrued Interest Payable		110,558
Current Liabilities Payable from Restricted Assets:		
Customer Deposits Payable		51,807
Noncurrent Liabilities:		
Due Within One Year		63,931
Due in More Than One Year		6,214,400
Total Liabilities	\$	<u>6,471,834</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt		
Unrestricted	\$	10,890,255
		<u>2,084,823</u>
Total Net Assets	\$	<u><u>12,975,078</u></u>

Exhibit J-2

Marshall County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2012

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,834,815
Other Local Revenues	7,953
Total Operating Revenues	<u>\$ 1,842,768</u>
<u>Operating Expenses</u>	
Other Economic and Community Development	\$ 1,412,320
Depreciation	557,905
Total Operating Expenses	<u>\$ 1,970,225</u>
Operating Income (Loss)	<u>\$ (127,457)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 17,847
Performance Bond Forfeitures	227,061
Grants	412,616
Interest on Bonds	(139,351)
Interest on Notes	(89,984)
Total Nonoperating Revenues (Expenses)	<u>\$ 428,189</u>
Income (Loss) Before Contributions	\$ 300,732
Capital Contributions	38,540
Change in Net Assets	<u>\$ 339,272</u>
Net Assets, July 1, 2011	<u>12,635,806</u>
Net Assets, June 30, 2012	<u><u>\$ 12,975,078</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, 2012

	<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	\$ 1,816,053
Other Receipts (Payments)	7,953
Payments to Vendors	(1,057,512)
Payments to Employees	(400,157)
Payments to Fringe Benefits	(144,639)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 221,698</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Proceeds from Capital Debt	\$ 1,895,365
Acquisition and Construction of Capital Assets	(2,035,288)
Capital Contributions	38,540
Performance Bond Forfeitures	227,061
Interest Paid on Notes	(89,984)
Principal Paid on Bonds	(94,562)
Interest Paid on Bonds	(139,351)
Proceeds from Capital Grant	179,299
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (18,920)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 17,847
Net Cash Provided By (Used In) Investing Activities	<u>\$ 17,847</u>
Increase (Decrease) in Cash	\$ 220,625
Cash, July 1, 2011	<u>1,566,400</u>
Cash, June 30, 2012	<u><u>\$ 1,787,025</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)	\$ (127,457)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	557,905
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(18,762)
(Increase) Decrease in Inventories	32,752
Increase (Decrease) in Accounts Payable	(1,479)
Increase (Decrease) in Accrued Payroll	(18,462)
Increase (Decrease) in Payroll Deductions Payable	1,646
Increase (Decrease) in Contracts Payable	(221,150)
Increase (Decrease) in Retainage Payable	(51,567)
Increase (Decrease) in Accrued Interest Payable	89,937
Increase (Decrease) in Customer Deposits	16,813
Increase (Decrease) in Other Payables from Restricted Assets	(34,582)
Increase (Decrease) in Accrued Leave	(3,896)
	<hr/>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 221,698</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 1,803
Equity in Pooled Cash and Investments per Net Assets	1,733,415
Restricted Customer Deposits	<hr/> 51,807
Cash, June 30, 2012	<u>\$ 1,787,025</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marshall County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, and Bonds
Primary Government and Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding	\$ 1,050,000	4.15 %	12-1-01	4-25-12	\$ 115,000	\$ 0	\$ 115,000	\$ 0
General Projects, Education, and Highway	2,700,000	3.36	12-1-02	12-14-14	1,020,000	0	240,000	780,000
General Project Schools	1,225,000	2.94	5-23-08	5-1-13	510,000	0	250,000	260,000
Energy Efficient Schools Initiative	2,982,250	0.75	3-28-11	1-1-24	1,914,001	1,068,249	119,043	2,863,207
Total Notes Payable					\$ 3,559,001	\$ 1,068,249	\$ 724,043	\$ 3,903,207
OTHER LOAN PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse Renovations	1,500,000	variable	1-22-1998	5-25-12	\$ 273,000	\$ 0	\$ 273,000	\$ 0
Total Other Loan Payable					\$ 273,000	\$ 0	\$ 273,000	\$ 0
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Bonds	2,430,000	3.25 to 4	9-1-01	9-1-13	\$ 1,035,000	\$ 0	\$ 330,000	\$ 705,000
General Obligation Bond	8,000,000	2 to 4.5	9-1-03	2-25-12	250,000	0	250,000	0
School Refunding	4,995,000	2.1 to 4.25	7-7-04	4-1-13	755,000	0	595,000	160,000
School Refunding	7,975,000	3.47	3-17-05	6-1-20	6,695,000	0	570,000	6,125,000
School Bonds	7,050,000	3.7	1-1-06	5-1-31	6,260,000	0	215,000	6,045,000
General Obligation Bond	5,000,000	3.63 to 4	6-1-07	6-1-31	4,345,000	0	145,000	4,200,000
School Refunding	5,115,000	3.8	9-11-08	11-1-20	4,440,000	0	365,000	4,075,000
GO Public Improvement Refunding Bonds, Series 2011	6,160,000	3.318	3-15-11	9-1-27	6,160,000	0	65,000	6,095,000
GO Refunding Bonds, Series 2011	3,580,000	2.04	6-23-11	5-1-24	3,580,000	0	396,913	3,183,087
GO Improvement Bonds, Series 2011	1,020,000	2.04	6-23-11	5-1-24	1,020,000	0	113,087	906,913
Total Bonds Payable					\$ 34,540,000	\$ 0	\$ 3,045,000	\$ 31,495,000

(Continued)

Exhibit K-1

Marshall County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, 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 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
DISCRETELY PRESENTED MARSHALL COUNTY BOARD OF PUBLIC UTILITIES								
NOTES PAYABLE								
Water Revenue and Tax Bond Anticipation Note	\$ (1)	3	12-22-10	12-22-13	\$ 1,518,455	\$ 1,464,795	\$ 0	\$ 2,983,250
Water Revenue and Tax Bond Anticipation Note	(2)	2.75	6-28-12	6-28-14	0	78,920	0	78,920
Total Notes Payable					\$ 1,518,455	\$ 1,543,715	\$ 0	\$ 3,062,170
BONDS PAYABLE								
Water Revenue and Tax Bonds, Series 2003	849,000	4.38	6-22-04	6-22-42	\$ 776,916	\$ 0	\$ 12,201	\$ 764,715
Water Revenue and Tax Bonds, Series 2005	667,000	4.5	3-17-06	3-17-44	624,396	0	58,693	565,703
Water Revenue and Tax Bonds, Series 2007	1,940,000	4.13	4-16-09	4-16-47	1,891,980	0	23,668	1,868,312
Total Bonds Payable					\$ 3,293,292	\$ 0	\$ 94,562	\$ 3,198,730

(1) Total amount approved was \$3,857,000, of which \$873,750 remains available for draws as of June 30, 2012.

(2) Total amount approved was \$515,000, of which \$436,080 remains available for draws as of June 30, 2012.

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	
2013	\$ 749,286	\$ 50,310	\$ 799,596
2014	501,088	32,296	533,384
2015	512,912	21,568	534,480
2016	244,737	15,207	259,944
2017	246,575	13,369	259,944
2018	248,435	11,509	259,944
2019	250,297	9,647	259,944
2020	252,182	7,762	259,944
2021	254,080	5,864	259,944
2022	256,000	3,944	259,944
2023	257,888	2,056	259,944
2024	129,727	312	130,039
Total	\$ 3,903,207	\$ 173,844	\$ 4,077,051

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 31,495,000	\$ 8,374,873	\$ 39,869,873

(Continued)

Exhibit K-2

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

DISCRETELY PRESENTED MARSHALL
COUNTY BOARD OF PUBLIC UTILITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 0	\$ 0	0
2014	3,062,170	261,513	3,323,683
Total	\$ 3,062,170	\$ 261,513	\$ 3,323,683

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	86,940	18,195	105,135
2044	88,399	12,869	101,268
2045	92,115	9,153	101,268
2046	95,987	5,281	101,268
2047	75,694	1,325	77,019
Total	\$ 3,198,730	\$ 2,797,950	\$ 5,996,680

Exhibit K-3

Marshall County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marshall County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Juvenile Services	General	Operations	\$ 60,000
Solid Waste/Sanitation	General Debt Service	Debt payment	46,293
Industrial/Economic Development	Community Development-Agency	To close fund	<u>66,760</u>
Total Transfers Primary Government			<u>\$ 173,053</u>
<u>DISCRETELY PRESENTED MARSHALL COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 43,306
General Purpose School	School Federal Projects	To provide cash flow	100,000
"	Central Cafeteria	Operations	<u>18,344</u>
Total Transfers Discretely Presented Marshall County School Department			<u>\$ 161,650</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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,322	\$ 50,000	Auto Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, TCA	67,927	100,000	"
Director of Schools:				
Roy Dukes (7-1-11 through 3-8-12)	State Board of Education and County Board of Education	124,851 (1)	(5)	
Jackie Abernathy (3-9-12 through 6-30-12)	State Board of Education and County Board of Education	38,583	(5)	
Trustee				
Assessor of Property	Section 8-24-102, TCA	61,751	1,400,000	Auto Owners Mutual Insurance Company
County Clerk	Section 8-24-102, TCA	62,751 (2)	25,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master:	Section 8-24-102, TCA	61,751	65,000	"
Tommy Higdon (7-1-11 through 8-31-11)	Section 8-24-102, TCA, and Chancery Court Judge	10,292	100,000	"
Charles Lee (9-1-11 through 10-7-11)	Section 8-24-102, TCA, and Chancery Court Judge	6,432	150,000	Local Government Property and Casualty Fund
Kimberlee Alsop (10-8-11 through 6-30-12)	Section 8-24-102, TCA, and Chancery Court Judge	45,027	100,000	Auto Owners Mutual Insurance Company
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff	Section 8-24-102, TCA	67,927	25,000	"
Director of Accounts and Budgets	Chapter 17, Private Acts of 2005, and County Commission	64,876 (3)	700,000	"
Board of Public Utilities Manager	Board of Public Utilities	51,577 (4)	(6)	
<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, longevity pay of \$1,000, and accrued vacation leave of \$11,317. The Board of Education also provides health, dental, disability, and term life (\$10,000) insurance and the director's five percent share of retirement.
- (2) Includes a training supplement of \$1,000.
- (3) Includes longevity pay of \$1,000.
- (4) Includes longevity pay of \$400.
- (5) Included in the public employee blanket bond of the school department.
- (6) 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, 2012

	Special Revenue Funds					Debt Service Fund		Capital Projects Funds			Total
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General	Debt Service	General Capital Projects	Other Capital Projects		
Local Taxes											
County Property Taxes											
Current Property Tax	\$ 4,836,119	\$ 0	\$ 0	\$ 0	\$ 416,051	\$ 2,080,092	\$ 0	\$ 51,996	\$ 7,384,258		
Trustee's Collections - Prior Year	155,731	0	0	0	13,396	66,981	0	1,673	237,781		
Trustee's Collections - Bankruptcy	5,237	0	0	0	450	2,253	0	56	7,996		
Circuit/Clerk & Master Collections - Prior Years	67,421	0	0	0	5,800	28,998	0	725	102,944		
Interest and Penalty	30,219	0	0	0	2,720	13,597	0	340	46,876		
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	0	6,945	6,945		
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	0	118,304	118,904		
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	0	16,407	16,407		
County Local Option Taxes											
Local Option Sales Tax	165,366	0	0	0	0	1,907,855	0	0	2,073,221		
Hotel/Motel Tax	122,039	0	0	0	0	0	0	0	122,039		
Wheel Tax	63,933	0	0	0	191,798	1,022,925	0	0	1,278,656		
Litigation Tax - General	119,837	0	0	0	0	0	0	0	119,837		
Litigation Tax - Special Purpose	21,673	0	0	0	0	0	0	0	21,673		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	76,852	0	0	76,852		
Litigation Tax - Courtroom Security	76,018	0	0	0	0	0	0	0	76,018		
Business Tax	213,089	0	0	0	0	0	0	0	213,089		
Mineral Severance Tax	0	0	0	0	218,070	0	0	0	218,070		
Adequate Facilities/Development Tax	107,351	0	0	0	0	0	0	0	107,351		
Statutory Local Taxes											
Bank Excise Tax	0	0	0	0	0	0	0	58,189	58,189		
Wholesale Beer Tax	98,391	0	0	0	0	0	0	0	98,391		
Interstate Telecommunications Tax	945	0	0	0	0	0	0	0	945		
Total Local Taxes	\$ 6,083,369	\$ 0	\$ 0	\$ 0	\$ 848,285	\$ 5,199,553	\$ 0	\$ 255,235	\$ 12,386,442		
Licenses and Permits											
Licenses											
Cable TV Franchise	\$ 14,964	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,964		
Permits											
Beer Permits	2,090	0	0	0	0	0	0	0	2,090		

(Continued)

Exhibit K-5

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

	Special Revenue Funds										Total	
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund		Capital Projects Funds				
						General	Debt	General	Capital Projects	Other Capital Projects		
<u>Licenses and Permits (Cont.)</u>												
<u>Permits (Cont.)</u>												
Building Permits	\$ 89,999	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,999
Other Permits	3,480	0	0	0	0	0	0	0	0	0	0	3,480
Total Licenses and Permits	\$ 110,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,533
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	\$ 2,472	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,472
Officers Costs	1,290	0	0	0	0	0	0	0	0	0	0	1,290
Drug Control Fines	0	0	0	475	0	0	0	0	0	0	0	475
Jail Fees	0	0	0	10	0	0	0	0	0	0	0	10
DUI Treatment Fines	366	0	0	0	0	0	0	0	0	0	0	366
Data Entry Fee - Circuit Court	4,550	0	0	0	0	0	0	0	0	0	0	4,550
Courtroom Security Fee	2,895	0	0	0	0	0	0	0	0	0	0	2,895
<u>General Sessions Court</u>												
Fines	\$ 22,521	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,521
Officers Costs	32,030	0	0	0	0	0	0	0	0	0	0	32,030
Game and Fish Fines	245	0	0	0	0	0	0	0	0	0	0	245
Drug Control Fines	0	0	0	3,942	0	0	0	0	0	0	0	3,942
Jail Fees	0	0	0	3,789	0	0	0	0	0	0	0	3,789
Interpreter Fees	300	0	0	0	0	0	0	0	0	0	0	300
DUI Treatment Fines	4,765	0	0	0	0	0	0	0	0	0	0	4,765
Data Entry Fee - General Sessions Court	5,254	0	0	0	0	0	0	0	0	0	0	5,254
Courtroom Security Fee	252	0	0	0	0	0	0	0	0	0	0	252
<u>Juvenile Court</u>												
Fines	\$ 4,212	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,212
Officers Costs	3,826	0	0	0	0	0	0	0	0	0	0	3,826
Data Entry Fee - Juvenile Court	1,425	0	0	0	0	0	0	0	0	0	0	1,425
Courtroom Security Fee	32	0	0	0	0	0	0	0	0	0	0	32
<u>Chancery Court</u>												
Officers Costs	1,690	0	0	0	0	0	0	0	0	0	0	1,690

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Funds			Total
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Other Capital Projects -	General Capital Projects		Other Capital Projects -	
								General	Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>											
<u>Chancery Court (Cont.)</u>											
Data Entry Fee - Chancery Court	\$ 2,769	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,769
<u>Other Courts - In-county</u>											
Fines	0	67,766	0	0	0	0	0	0	0	0	67,766
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	2,500	0	0	0	0	0	0	0	0	0	2,500
Other Fines, Forfeitures, and Penalties	475	0	0	0	0	0	0	0	0	0	475
Total Fines, Forfeitures, and Penalties	\$ 93,869	\$ 67,766	\$ 0	\$ 8,216	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 169,851
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Surcharge - General	\$ 0	\$ 0	\$ 8,274	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,274
Patient Charges	1,230,778	0	0	0	0	0	0	0	0	0	1,230,778
Zoning Studies	5,640	0	0	0	0	0	0	0	0	0	5,640
Work Release Charges for Board	22,880	0	0	0	0	0	0	0	0	0	22,880
Water Sales	32,440	0	0	0	0	0	0	0	0	0	32,440
Service Charges	40	0	0	0	0	0	0	0	0	0	40
<u>Fees</u>											
Copy Fees	13,821	0	0	0	0	0	0	0	0	0	13,821
Library Fees	3,329	0	0	0	0	0	0	0	0	0	3,329
Greenbelt Late Application Fee	50	0	0	0	0	0	0	0	0	0	50
Telephone Commissions	46,996	0	0	0	0	0	0	0	0	0	46,996
Data Processing Fee - Register	9,746	0	0	0	0	0	0	0	0	0	9,746
Data Processing Fee - Sheriff	3,575	0	0	0	0	0	0	0	0	0	3,575
Sexual Offender Registration Fees - Sheriff	1,600	0	0	0	0	0	0	0	0	0	1,600
Data Processing Fee - County Clerk	2,328	0	0	0	0	0	0	0	0	0	2,328
Total Charges for Current Services	\$ 1,373,223	\$ 0	\$ 8,274	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,381,497
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	\$ 137,207	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,745	\$ 0	\$ 0	\$ 0	\$ 0	\$ 138,952

(Continued)

Exhibit K-5

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

	Special Revenue Funds										Debt Service Fund	Capital Projects Funds	Other Capital Projects - Total
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General		Debt Service	General Capital Projects	Other Capital Projects			
<u>Other Local Revenues (Cont.)</u>													
<u>Recurring Items (Cont.)</u>													
Lease/Rentals	\$ 14,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,400
Sale of Materials and Supplies	2,530	0	0	0	0	0	0	0	40	0	0	0	2,570
Sale of Gasoline	0	0	0	0	51,633	0	0	0	0	0	0	0	51,633
Sale of Maps	1,310	0	0	0	0	0	0	0	0	0	0	0	1,310
Sale of Recycled Materials	23	0	285,088	0	9,505	0	0	0	0	0	0	0	294,616
Miscellaneous Refunds	41,414	0	0	0	1,107	0	28,444	0	0	0	0	0	70,965
<u>Nonrecurring Items</u>													
Sale of Equipment	23,348	0	200	0	18,411	0	0	0	0	0	0	0	41,959
Damages Recovered from Individuals	759	0	0	0	175	0	0	0	0	0	0	0	934
Contributions and Gifts	9,680	0	0	4,340	0	0	0	0	0	0	0	0	14,020
Performance Bond Forfeitures	0	0	0	0	8,142	0	0	0	0	0	0	0	8,142
<u>Other Local Revenues</u>													
Other Local Revenues	1,935	0	0	0	0	0	0	0	0	0	0	0	1,935
Total Other Local Revenues	\$ 232,606	\$ 0	\$ 285,288	\$ 4,340	\$ 88,973	\$ 0	\$ 30,189	\$ 40	\$ 0	\$ 0	\$ 0	\$ 0	\$ 641,436
<u>Fees Received from County Officials</u>													
<u>Fees in-Lieu-of Salary</u>													
County Clerk	\$ 327,656	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 327,656
Circuit Court Clerk	71,149	0	0	0	0	0	0	0	0	0	0	0	71,149
General Sessions Court Clerk	173,951	0	0	0	0	0	0	0	0	0	0	0	173,951
Clerk and Master	122,920	0	0	0	0	0	0	0	0	0	0	0	122,920
Juvenile Court Clerk	33,201	0	0	0	0	0	0	0	0	0	0	0	33,201
Register	109,211	0	0	0	0	0	0	0	0	0	0	0	109,211
Sheriff	12,948	0	0	0	0	0	0	0	0	0	0	0	12,948
Trustee	528,324	0	0	0	0	0	0	0	0	0	0	0	528,324
Total Fees Received from County Officials	\$ 1,379,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,379,360
<u>State of Tennessee</u>													
<u>General Government Grants</u>													
Juvenile Services Program	\$ 10,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,300

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Funds			Total
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Other Capital Projects -	General Capital Projects		Other Capital Projects -	
								General	Debt Service		
<u>State of Tennessee (Cont.)</u>											
<u>General Government Grants (Cont.)</u>											
Solid Waste Grants	\$ 0	\$ 0	\$ 17,197	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,197
Public Safety Grants											
Law Enforcement Training Programs	12,000	0	0	0	0	0	0	0	0	0	12,000
Public Works Grants											
Bridge Program	0	0	0	0	79,633	0	0	0	0	0	79,633
State Aid Program	0	0	0	0	282,317	0	0	0	0	0	282,317
Litter Program	0	0	42,397	0	0	0	0	0	0	0	42,397
<u>Other State Revenues</u>											
Income Tax	56,508	0	0	0	0	0	0	0	0	0	56,508
Beer Tax	20,212	0	0	0	0	0	0	0	0	0	20,212
Alcoholic Beverage Tax	49,828	0	0	0	0	0	0	0	0	0	49,828
Mixed Drink Tax	280	0	0	0	0	0	0	0	0	0	280
State Revenue Sharing - T.V.A.	176,125	0	0	0	15,150	75,753	0	0	0	128,160	395,188
Contracted Prisoner Boarding	884,870	0	0	0	0	0	0	0	0	0	884,870
Gasoline and Motor Fuel Tax	0	0	0	0	1,609,326	0	0	0	0	0	1,609,326
Petroleum Special Tax	0	0	0	0	22,092	0	0	0	0	0	22,092
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	15,164
State Shared Sales Tax - Cities	2,086	0	0	0	0	0	0	0	0	0	2,086
Other State Revenues	20,013	0	0	0	0	0	0	0	0	0	20,013
Total State of Tennessee	\$ 1,247,386	\$ 0	\$ 59,594	\$ 0	\$ 2,008,518	\$ 75,753	\$ 0	\$ 0	\$ 128,160	\$ 0	\$ 3,519,411
<u>Federal Government</u>											
<u>Federal Through State</u>											
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,017	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,017
Homeland Security Grants	93,449	0	0	0	0	0	0	0	0	0	93,449
ARRA Grant # 2	23,983	0	0	0	0	0	0	0	0	0	23,983
Other Federal through State	208,385	0	0	0	0	0	0	0	0	0	208,385
<u>Direct Federal Revenue</u>											
Medicare	4,000	0	0	0	0	0	0	0	0	0	4,000
Other Direct Federal Revenue	6,053	0	0	0	0	0	0	0	0	0	6,053
Total Federal Government	\$ 335,870	\$ 0	\$ 0	\$ 0	\$ 33,017	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 368,887

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Highway/ Public Works	Debt Service Fund		Capital Projects Funds		Total
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control		General Debt Service	Other Capital Projects -	General Capital Projects -	Other Capital Projects -	
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Prisoner Board	\$ 20,070	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,070
Contributions	85,672	0	820	0	0	129,973	0	0	0	216,465
Contracted Services	7,348	0	0	0	0	0	0	0	0	7,348
<u>Citizens Groups</u>										
Donations	14,796	0	0	0	0	0	0	0	0	14,796
<u>Other</u>										
Other	19,163	0	0	0	0	0	0	0	0	19,163
Total Other Governments and Citizens Groups	\$ 147,049	\$ 0	\$ 820	\$ 0	\$ 0	\$ 129,973	\$ 0	\$ 0	\$ 0	\$ 277,842
Total	\$ 11,003,265	\$ 67,766	\$ 353,976	\$ 12,556	\$ 2,978,793	\$ 5,435,468	\$ 40	\$ 383,395	\$ 20,235,259	

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,695,065	\$ 0	\$ 0	\$ 0	\$ 8,695,065
Trustee's Collections - Prior Year	268,792	0	0	0	268,792
Trustee's Collections - Bankruptcy	9,424	0	0	0	9,424
Circuit/Clerk & Master Collections - Prior Years	97,772	0	0	0	97,772
Interest and Penalty	56,949	0	0	0	56,949
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,989,248	0	0	0	1,989,248
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	1,519	0	0	0	1,519
Total Local Taxes	\$ 11,118,769	\$ 0	\$ 0	\$ 0	\$ 11,118,769
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,071	\$ 0	\$ 0	\$ 0	\$ 2,071
Total Licenses and Permits	\$ 2,071	\$ 0	\$ 0	\$ 0	\$ 2,071
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 576,115	\$ 0	\$ 576,115
Lunch Payments - Adults	0	0	66,998	0	66,998
Income from Breakfast	0	0	60,751	0	60,751
A la carte Sales	0	0	349,959	0	349,959
Receipts from Individual Schools	73,241	0	0	0	73,241
Total Charges for Current Services	\$ 73,241	\$ 0	\$ 1,053,823	\$ 0	\$ 1,127,064
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 19	\$ 30	\$ 49
Sale of Materials and Supplies	12,977	0	0	0	12,977
Refund of Telecommunication & Internet Fees (E-Rate)	50,224	0	0	0	50,224
Miscellaneous Refunds	29,502	4,705	0	0	34,207
<u>Nonrecurring Items</u>					
Sale of Equipment	667	0	0	0	667
Damages Recovered from Individuals	2,474	0	0	0	2,474
Contributions and Gifts	10,000	0	0	0	10,000
Total Other Local Revenues	\$ 105,844	\$ 4,705	\$ 19	\$ 30	\$ 110,598
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 151,226	\$ 0	\$ 0	\$ 0	\$ 151,226
<u>State Education Funds</u>					
Basic Education Program	22,785,999	0	0	0	22,785,999
Early Childhood Education	378,139	0	0	0	378,139
School Food Service	0	0	28,085	0	28,085
Energy Efficient School Initiative	0	0	0	115,509	115,509
Driver Education	12,541	0	0	0	12,541
Other State Education Funds	12,055	0	0	0	12,055
Career Ladder Program	180,572	0	0	0	180,572

(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>					
Career Ladder - Extended Contract	\$ 77,708	\$ 0	\$ 0	\$ 0	\$ 77,708
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	190,000	0	0	0	190,000
Other State Grants	311,922	0	0	0	311,922
Total State of Tennessee	\$ 24,100,162	\$ 0	\$ 28,085	\$ 115,509	\$ 24,243,756
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,263,067	\$ 0	\$ 1,263,067
USDA - Commodities	0	0	259,021	0	259,021
Breakfast	0	0	454,711	0	454,711
USDA - Other	0	0	5,557	0	5,557
Vocational Education - Basic Grants to States	0	72,260	0	0	72,260
Title I Grants to Local Education Agencies	0	676,520	0	0	676,520
Special Education - Grants to States	0	1,292,417	0	0	1,292,417
Special Education Preschool Grants	0	25,991	0	0	25,991
English Language Acquisition Grants	0	19,619	0	0	19,619
Safe and Drug-free Schools - State Grants	0	1,731	0	0	1,731
Rural Education	0	28,939	0	0	28,939
Eisenhower Professional Development State Grants	0	176,034	0	0	176,034
Race-to-the-Top - ARRA	0	268,894	0	0	268,894
Other Federal through State	294,040	556,644	0	0	850,684
Total Federal Government	\$ 294,040	\$ 3,119,049	\$ 1,982,356	\$ 0	\$ 5,395,445
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 88,895	\$ 0	\$ 0	\$ 1,058,356	\$ 1,147,251
Total Other Governments and Citizens Groups	\$ 88,895	\$ 0	\$ 0	\$ 1,058,356	\$ 1,147,251
Total	\$ 35,783,022	\$ 3,123,754	\$ 3,064,283	\$ 1,173,895	\$ 43,144,954

Exhibit K-7

Marshall County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	69,373	
Social Security		4,301	
Extension Service Medicare		1,006	
Audit Services		15,785	
Communication		1,610	
Contracts with Private Agencies		4,075	
Dues and Memberships		3,003	
Legal Notices, Recording, and Court Costs		809	
Postal Charges		320	
Printing, Stationery, and Forms		509	
Royalties		22	
Other Supplies and Materials		9,372	
Liability Insurance		16,967	
Workers' Compensation Insurance		147	
Liability Claims		131	
Total County Commission			\$ 127,430

Board of Equalization

Board and Committee Members Fees	\$	1,250	
Social Security		78	
Extension Service Medicare		18	
Travel		150	
Liability Insurance		888	
Workers' Compensation Insurance		46	
Total Board of Equalization			2,430

Other Boards and Committees

Board and Committee Members Fees	\$	2,900	
Social Security		180	
Extension Service Medicare		42	
Liability Insurance		2,310	
Workers' Compensation Insurance		91	
Total Other Boards and Committees			5,523

County Mayor/Executive

County Official/Administrative Officer	\$	71,322	
Secretary(ies)		24,537	
In-Service Training		630	
Social Security		5,707	
Extension Service Medicare		1,335	

(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	\$	9,077	
Employee and Dependent Insurance		6,066	
On-Behalf Payments to OPEB		3,889	
Communication		1,982	
Dues and Memberships		1,350	
Postal Charges		420	
Travel		388	
Office Supplies		642	
Liability Insurance		356	
Workers' Compensation Insurance		238	
Other Charges		630	
Office Equipment		50	
Total County Mayor/Executive			\$ 128,619

County Attorney

Legal Services	\$	18,004	
Total County Attorney			18,004

Election Commission

Supervisor/Director	\$	55,576	
Deputy(ies)		23,307	
Election Commission		2,805	
Election Workers		10,752	
In-Service Training		1,465	
Social Security		5,348	
Extension Service Medicare		1,251	
State Retirement		6,339	
Employee and Dependent Insurance		1,181	
Unemployment Compensation		5,073	
Communication		1,682	
Data Processing Services		14,845	
Evaluation and Testing		63	
Legal Notices, Recording, and Court Costs		4,778	
Maintenance and Repair Services - Office Equipment		225	
Postal Charges		11,077	
Printing, Stationery, and Forms		3,615	
Office Supplies		940	
Liability Insurance		3,198	
Workers' Compensation Insurance		317	
Office Equipment		586	

(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.)

Voting Machines	\$ 29,070	
Total Election Commission		\$ 183,493

Register of Deeds

County Official/Administrative Officer	\$ 61,751	
Deputy(ies)	53,385	
Longevity Pay	650	
In-Service Training	1,261	
Social Security	6,175	
Extension Service Medicare	1,444	
State Retirement	11,567	
Employee and Dependent Insurance	22,418	
Communication	1,026	
Contracts with Government Agencies	600	
Data Processing Services	11,748	
Dues and Memberships	551	
Maintenance and Repair Services - Office Equipment	721	
Postal Charges	715	
Office Supplies	2,612	
Liability Insurance	533	
Workers' Compensation Insurance	320	
Office Equipment	1,000	
Total Register of Deeds		178,477

Planning

Contracts with Government Agencies	\$ 235	
Total Planning		235

Building

Assistant(s)	\$ 27,582
Supervisor/Director	46,740
Secretary(ies)	22,391
Longevity Pay	350
In-Service Training	637
Social Security	5,110
Extension Service Medicare	1,195
State Retirement	9,696
Employee and Dependent Insurance	21,885
Communication	2,552
Dues and Memberships	310

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Legal Services	\$	1,389	
Legal Notices, Recording, and Court Costs		729	
Maintenance and Repair Services - Office Equipment		570	
Maintenance and Repair Services - Vehicles		1,048	
Postal Charges		671	
Travel		579	
Gasoline		3,612	
Office Supplies		721	
Liability Insurance		533	
Vehicle and Equipment Insurance		943	
Workers' Compensation Insurance		3,066	
Other Charges		13	
Office Equipment		710	
Total Building			\$ 153,032

County Buildings

Contributions	\$	88,000	
Janitorial Services		22,328	
Maintenance and Repair Services - Buildings		114,682	
Maintenance and Repair Services - Vehicles		339	
Pest Control		1,836	
Disposal Fees		3,303	
Custodial Supplies		4,372	
Electricity		88,601	
Gasoline		514	
Natural Gas		16,278	
Water and Sewer		3,282	
Vehicle and Equipment Insurance		1,830	
Total County Buildings			345,365

Finance

Accounting and Budgeting

Assistant(s)	\$	17,404	
Supervisor/Director		63,876	
Accountants/Bookkeepers		127,361	
Part-time Personnel		6,408	
Longevity Pay		2,950	
In-Service Training		500	
Social Security		12,685	
Extension Service Medicare		2,967	

(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.)

State Retirement	\$	18,944	
Employee and Dependent Insurance		26,359	
Communication		1,734	
Contracts with Private Agencies		11,011	
Evaluation and Testing		253	
Maintenance and Repair Services - Office Equipment		2,070	
Postal Charges		5,242	
Office Supplies		4,584	
Liability Insurance		1,244	
Workers' Compensation Insurance		512	
Office Equipment		<u>1,164</u>	
Total Accounting and Budgeting	\$		307,268

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		80,835	
Secretary(ies)		21,165	
Longevity Pay		2,900	
Other Salaries and Wages		1,000	
In-Service Training		350	
Social Security		10,018	
Extension Service Medicare		2,343	
State Retirement		16,029	
Employee and Dependent Insurance		20,939	
Communication		1,436	
Data Processing Services		10,752	
Dues and Memberships		370	
Evaluation and Testing		63	
Legal Services		200	
Legal Notices, Recording, and Court Costs		45	
Maintenance and Repair Services - Office Equipment		747	
Postal Charges		1,522	
Rentals		365	
Travel		1,548	
Office Supplies		1,907	
Other Supplies and Materials		768	
Liability Insurance		1,221	
Workers' Compensation Insurance		1,031	
Office Equipment		<u>1,355</u>	
Total Property Assessor's Office			240,660

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Assistant(s)	\$	26,793	
Deputy(ies)		16,673	
Secretary(ies)		18,640	
Other Salaries and Wages		5,202	
In-Service Training		125	
Social Security		3,936	
Extension Service Medicare		921	
State Retirement		5,908	
Employee and Dependent Insurance		7,353	
Advertising		86	
Communication		766	
Data Processing Services		3,191	
Evaluation and Testing		63	
Maintenance and Repair Services - Vehicles		915	
Postal Charges		5,295	
Gasoline		2,060	
Liability Insurance		333	
Vehicle and Equipment Insurance		496	
Workers' Compensation Insurance		995	
Total Reappraisal Program			\$ 99,751

County Trustee's Office

County Official/Administrative Officer	\$	61,751
Deputy(ies)		53,385
Longevity Pay		1,050
In-Service Training		568
Social Security		6,793
Extension Service Medicare		1,589
State Retirement		11,607
Employee and Dependent Insurance		17,863
Communication		1,391
Contracts with Private Agencies		4,882
Dues and Memberships		551
Legal Services		2,328
Legal Notices, Recording, and Court Costs		26
Maintenance and Repair Services - Office Equipment		1,502
Postal Charges		4,583
Office Supplies		926
Liability Insurance		533
Workers' Compensation Insurance		262

(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.)

Office Equipment	\$ 114	
Total County Trustee's Office		\$ 171,704

County Clerk's Office

County Official/Administrative Officer	\$ 61,751	
Deputy(ies)	136,331	
Longevity Pay	2,650	
In-Service Training	1,197	
Social Security	11,812	
Extension Service Medicare	2,763	
State Retirement	19,183	
Employee and Dependent Insurance	38,582	
Communication	1,999	
Data Processing Services	12,473	
Dues and Memberships	526	
Evaluation and Testing	126	
Maintenance and Repair Services - Office Equipment	547	
Postal Charges	7,003	
Office Supplies	5,623	
Liability Insurance	1,398	
Workers' Compensation Insurance	1,082	
Other Charges	1,324	
Office Equipment	120	
Total County Clerk's Office		306,490

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 61,751
Deputy(ies)	146,807
Attendants	3,950
Longevity Pay	2,400
Jury and Witness Expense	11,013
In-Service Training	242
Social Security	12,331
Extension Service Medicare	2,884
State Retirement	20,472
Employee and Dependent Insurance	42,396
Unemployment Compensation	2,859
Communication	4,189
Data Processing Services	14,839

(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.)

Dues and Memberships	\$	551	
Maintenance and Repair Services - Office Equipment		2,467	
Postal Charges		3,478	
Other Contracted Services		100	
Office Supplies		5,251	
Liability Insurance		1,244	
Workers' Compensation Insurance		480	
Office Equipment		3,143	
Total Circuit Court			\$ 342,847

General Sessions Court

Judge(s)	\$	131,412	
Secretary(ies)		16,498	
Part-time Personnel		2,746	
Other Salaries and Wages		11,774	
In-Service Training		495	
Social Security		9,762	
Extension Service Medicare		2,343	
State Retirement		13,513	
Employee and Dependent Insurance		7,403	
Communication		1,227	
Dues and Memberships		280	
Evaluation and Testing		253	
Legal Notices, Recording, and Court Costs		27	
Licenses		400	
Postal Charges		213	
Travel		1,432	
Office Supplies		1,014	
Liability Insurance		711	
Workers' Compensation Insurance		779	
Office Equipment		4,434	
Total General Sessions Court			206,716

Chancery Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		78,131	
Longevity Pay		1,250	
Social Security		8,063	
Extension Service Medicare		1,886	
State Retirement		11,109	

(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.)

Employee and Dependent Insurance	\$	24,991	
Unemployment Compensation		4,288	
On-Behalf Payments to OPEB		3,307	
Communication		1,900	
Contracts with Private Agencies		6,414	
Dues and Memberships		536	
Evaluation and Testing		126	
Legal Services		210	
Legal Notices, Recording, and Court Costs		578	
Maintenance and Repair Services - Office Equipment		1,016	
Postal Charges		2,819	
Office Supplies		3,221	
Liability Insurance		853	
Premiums on Corporate Surety Bonds		2,408	
Workers' Compensation Insurance		819	
Loss on Disposal of Property		940	
Office Equipment		1,095	
Total Chancery Court			\$ 217,711

Juvenile Court

Probation Officer(s)	\$	31,497	
Youth Service Officer(s)		34,982	
Guidance Personnel		41,592	
Longevity Pay		1,450	
Overtime Pay		2,600	
In-Service Training		215	
Social Security		6,897	
Extension Service Medicare		1,613	
State Retirement		11,201	
Employee and Dependent Insurance		11,792	
Communication		1,893	
Maintenance and Repair Services - Office Equipment		1,087	
Postal Charges		558	
Travel		1,689	
Office Supplies		1,784	
Liability Insurance		533	
Workers' Compensation Insurance		260	
Other Charges		6,372	
Office Equipment		986	
Total Juvenile Court			159,001

(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	\$	67,927
Assistant(s)		48,005
Deputy(ies)		433,200
Investigator(s)		76,870
Accountants/Bookkeepers		30,088
Salary Supplements		17,556
Dispatchers/Radio Operators		115,409
School Resource Officer		123,459
Longevity Pay		7,650
Overtime Pay		126,166
In-Service Training		12,000
Social Security		63,092
Extension Service Medicare		14,755
State Retirement		94,244
Employee and Dependent Insurance		170,406
Unemployment Compensation		2,740
Communication		4,084
Contracts with Private Agencies		4,491
Data Processing Services		4,424
Dues and Memberships		2,410
Evaluation and Testing		3,477
Legal Services		250
Maintenance and Repair Services - Equipment		4,017
Maintenance and Repair Services - Office Equipment		188
Maintenance and Repair Services - Vehicles		19,793
Pest Control		688
Postal Charges		3,454
Transportation - Other than Students		3,251
Travel		4,736
Tuition		6,475
Disposal Fees		1,240
Other Contracted Services		3,855
Diesel Fuel		735
Electricity		21,145
Gasoline		75,080
Law Enforcement Supplies		9,550
Natural Gas		3,671
Office Supplies		4,340
Tires and Tubes		5,592
Uniforms		12,240

(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.)

Water and Sewer	\$	12,725	
Liability Insurance		60,498	
Vehicle and Equipment Insurance		15,403	
Workers' Compensation Insurance		31,150	
Liability Claims		10,340	
Other Charges		9,124	
Law Enforcement Equipment		31,576	
Motor Vehicles		70,765	
Office Equipment		1,124	
Total Sheriff's Department			\$ 1,845,458

Jail

Assistant(s)	\$	25,534
Supervisor/Director		32,128
Salary Supplements		12,686
Guards		375,981
Clerical Personnel		25,349
Cafeteria Personnel		21,767
Longevity Pay		5,000
Overtime Pay		46,703
In-Service Training		608
Social Security		31,643
Extension Service Medicare		7,400
State Retirement		49,517
Employee and Dependent Insurance		114,250
Unemployment Compensation		3,553
Communication		4,390
Contracts with Private Agencies		6,264
Data Processing Services		8,209
Evaluation and Testing		1,346
Maintenance and Repair Services - Equipment		4,823
Maintenance and Repair Services - Office Equipment		625
Medical and Dental Services		154,775
Pest Control		252
Postal Charges		1,475
Travel		816
Disposal Fees		3,720
Electricity		63,435
Food Supplies		242,492
Natural Gas		34,894

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Office Supplies	\$	3,186	
Prisoners Clothing		10,064	
Uniforms		5,727	
Water and Sewer		29,742	
Other Supplies and Materials		60,720	
Liability Insurance		9,813	
Vehicle and Equipment Insurance		1,351	
Workers' Compensation Insurance		27,564	
Liability Claims		3,816	
Motor Vehicles		23,262	
Total Jail			\$ 1,454,880

Rural Fire Protection

In-Service Training	\$	260	
Maintenance and Repair Services - Vehicles		18,451	
Other Contracted Services		24,500	
Diesel Fuel		7,180	
Electricity		13,140	
Gasoline		4,428	
Natural Gas		9,691	
Water and Sewer		1,259	
Excess Risk Insurance		8,026	
Liability Insurance		25,983	
Vehicle and Equipment Insurance		15,119	
Workers' Compensation Insurance		3,529	
Total Rural Fire Protection			131,566

Civil Defense

Supervisor/Director	\$	37,563	
Truck Drivers		12,858	
Secretary(ies)		23,960	
Part-time Personnel		11,185	
Longevity Pay		1,000	
In-Service Training		70	
Social Security		5,320	
Extension Service Medicare		1,244	
State Retirement		6,117	
Employee and Dependent Insurance		6,659	
Communication		1,643	
Contracts with Government Agencies		600	

(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	\$	75	
Dues and Memberships		50	
Evaluation and Testing		350	
Maintenance and Repair Services - Equipment		885	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		11,564	
Postal Charges		393	
Travel		130	
Diesel Fuel		8,124	
Gasoline		1,918	
Ice		4,060	
Office Supplies		150	
Other Supplies and Materials		63,198	
Liability Insurance		2,152	
Vehicle and Equipment Insurance		3,784	
Workers' Compensation Insurance		405	
Other Charges		61	
Total Civil Defense			\$ 206,058

Other Emergency Management

Other Supplies and Materials	\$	897	
Total Other Emergency Management			897

County Coroner/Medical Examiner

Assistant(s)	\$	332	
Supervisor/Director		5,000	
Social Security		328	
Extension Service Medicare		77	
State Retirement		33	
Employee and Dependent Insurance		10	
Other Contracted Services		47,127	
Liability Insurance		888	
Workers' Compensation Insurance		136	
Total County Coroner/Medical Examiner			53,931

Other Public Safety

Communication	\$	571	
Total Other Public Safety			571

(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	\$	5,520	
Contracts with Private Agencies		534	
Janitorial Services		15,550	
Pest Control		264	
Postal Charges		8	
Disposal Fees		772	
Custodial Supplies		113	
Electricity		9,639	
Natural Gas		2,117	
Office Supplies		429	
Water and Sewer		496	
Other Charges		574	
Furniture and Fixtures		3,082	
Total Local Health Center			\$ 39,098

Rabies and Animal Control

Assistant(s)	\$	22,261	
Overtime Pay		6,936	
Social Security		1,766	
Extension Service Medicare		413	
State Retirement		3,067	
Employee and Dependent Insurance		5,609	
Communication		428	
Contracts with Government Agencies		1,454	
Maintenance and Repair Services - Vehicles		1,192	
Gasoline		4,349	
Uniforms		523	
Other Supplies and Materials		525	
Liability Insurance		177	
Vehicle and Equipment Insurance		449	
Workers' Compensation Insurance		1,143	
Total Rabies and Animal Control			50,292

Ambulance/Emergency Medical Services

Supervisor/Director	\$	54,468	
Medical Personnel		11,000	
Paraprofessionals		1,343,188	
Longevity Pay		8,550	
In-Service Training		4,320	
Social Security		84,625	

(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.)

Extension Service Medicare	\$	19,792	
State Retirement		129,627	
Employee and Dependent Insurance		151,358	
Unemployment Compensation		1,958	
Communication		7,201	
Contracts with Government Agencies		3,000	
Contracts with Private Agencies		2,241	
Dues and Memberships		560	
Evaluation and Testing		956	
Licenses		2,250	
Maintenance and Repair Services - Buildings		972	
Maintenance and Repair Services - Equipment		5,742	
Maintenance and Repair Services - Office Equipment		545	
Maintenance and Repair Services - Vehicles		42,701	
Pest Control		530	
Postal Charges		426	
Travel		831	
Disposal Fees		882	
Custodial Supplies		1,339	
Diesel Fuel		62,584	
Drugs and Medical Supplies		50,538	
Electricity		22,815	
Gasoline		5,288	
Natural Gas		4,128	
Office Supplies		2,926	
Tires and Tubes		5,521	
Uniforms		4,695	
Water and Sewer		345	
Other Supplies and Materials		1,186	
Liability Insurance		11,373	
Vehicle and Equipment Insurance		9,266	
Workers' Compensation Insurance		35,157	
Liability Claims		2,500	
Motor Vehicles		93,000	
Office Equipment		955	
Other Equipment		10,111	
Total Ambulance/Emergency Medical Services			\$ 2,201,450
<u>Maternal and Child Health Services</u>			
Contracts with Government Agencies	\$	4,050	

(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	\$ 2,892	
Total Maternal and Child Health Services		\$ 6,942

Other Local Health Services

Paraprofessionals	\$ 56,464	
Secretary(ies)	49,779	
Longevity Pay	350	
Social Security	6,147	
Extension Service Medicare	1,437	
State Retirement	7,111	
Employee and Dependent Insurance	22,156	
Evaluation and Testing	126	
Travel	3,444	
Liability Insurance	2,077	
Workers' Compensation Insurance	1,246	
Other Charges	205	
Total Other Local Health Services		150,542

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

Contracts with Private Agencies	\$ 39,285	
Contributions	40,000	
Total Other Public Health and Welfare		79,285

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Assistant(s)	\$ 28,075	
Supervisor/Director	40,612	

(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.)

Librarians	\$	59,191	
Part-time Personnel		29,507	
Longevity Pay		2,200	
Social Security		9,630	
Extension Service Medicare		2,252	
State Retirement		12,995	
Employee and Dependent Insurance		16,685	
Communication		1,903	
Contracts with Private Agencies		1,707	
Data Processing Services		7,765	
Dues and Memberships		340	
Evaluation and Testing		126	
Janitorial Services		2,140	
Legal Services		25	
Legal Notices, Recording, and Court Costs		32	
Maintenance and Repair Services - Equipment		180	
Pest Control		300	
Postal Charges		983	
Disposal Fees		240	
Custodial Supplies		298	
Electricity		13,979	
Library Books/Media		11,048	
Natural Gas		2,217	
Office Supplies		778	
Periodicals		393	
Water and Sewer		757	
Other Supplies and Materials		1,248	
Liability Insurance		4,801	
Workers' Compensation Insurance		412	
Other Charges		1,247	
Office Equipment		3,868	
Other Capital Outlay		16,360	
Total Libraries			\$ 274,294
<u>Other Social, Cultural, and Recreational</u>			
Contributions	\$	1,800	
Total Other Social, Cultural, and Recreational			1,800

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	6,855	
Supervisor/Director		13,856	
Secretary(ies)		6,813	
Educational Assistants		6,426	
Social Security		1,246	
Extension Service Medicare		492	
State Retirement		3,586	
Communication		1,833	
Dues and Memberships		110	
Janitorial Services		11,525	
Travel		681	
Custodial Supplies		1,500	
Electricity		5,800	
Natural Gas		3,700	
Office Supplies		68	
Water and Sewer		500	
Other Supplies and Materials		395	
Office Equipment		484	
Total Agriculture Extension Service			\$ 65,870

Forest Service

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

Soil Conservation

Assistant(s)	\$	28,337	
Longevity Pay		550	
Social Security		1,567	
Extension Service Medicare		366	
State Retirement		2,886	
Employee and Dependent Insurance		7,031	
Liability Insurance		177	
Workers' Compensation Insurance		68	
Total Soil Conservation			40,982

Other Operations

Tourism

Advertising	\$	776	
Contributions		47,044	
Transportation - Other than Students		3,604	
Total Tourism			51,424

(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	\$ 5,805	
Total Housing and Urban Development		\$ 5,805

Other Economic and Community Development

Contributions	\$ 56,409	
Total Other Economic and Community Development		56,409

Veterans' Services

Assistant(s)	\$ 8,423	
Supervisor/Director	14,305	
Social Security	1,409	
Extension Service Medicare	330	
Communication	1,268	
Dues and Memberships	129	
Postal Charges	447	
Transportation - Other than Students	1,876	
Travel	631	
Office Supplies	1,141	
Liability Insurance	356	
Vehicle and Equipment Insurance	482	
Workers' Compensation Insurance	58	
Office Equipment	750	
Total Veterans' Services		31,605

Employee Benefits

Unemployment Compensation	\$ 371	
Total Employee Benefits		371

ARRA Grant # 2

Building Improvements	\$ 23,017	
Total ARRA Grant # 2		23,017

Miscellaneous

Bank Charges	\$ 1,301	
Fiscal Agent Charges	10	
Trustee's Commission	130,770	
Other Charges	6,597	
Total Miscellaneous		<u>138,678</u>

Total General Fund \$ 10,222,031

(Continued)

Exhibit K-7

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

Juvenile Services Fund

Administration of Justice

Juvenile Court

Penalties	\$	2,553	
Trustee's Commission		701	
Motor Vehicles		275	
Total Juvenile Court			\$ 3,529

Total Juvenile Services Fund \$ 3,529

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	45,769
Equipment Operators - Light		25,131
Secretary(ies)		28,337
Part-time Personnel		12,432
Longevity Pay		1,150
In-Service Training		818
Social Security		6,807
Extension Service Medicare		1,592
State Retirement		10,163
Employee and Dependent Insurance		19,184
Communication		2,023
Contracts with Private Agencies		9,306
Contracts with Public Carriers		7,989
Dues and Memberships		428
Evaluation and Testing		149
Legal Notices, Recording, and Court Costs		36
Maintenance and Repair Services - Buildings		3,839
Maintenance and Repair Services - Equipment		15,784
Maintenance and Repair Services - Vehicles		29,724
Pest Control		480
Postal Charges		401
Rentals		7,815
Travel		352
Disposal Fees		24,268
Custodial Supplies		210
Diesel Fuel		17,848
Electricity		6,496
Food Supplies		18,924
Garage Supplies		10,162
Gasoline		4,200

(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.)

Natural Gas	\$	656	
Office Supplies		775	
Water and Sewer		596	
Other Supplies and Materials		2,825	
Liability Insurance		1,662	
Trustee's Commission		84	
Vehicle and Equipment Insurance		3,934	
Workers' Compensation Insurance		3,546	
Other Charges		2,725	
Motor Vehicles		12,484	
Office Equipment		1,086	
Other Equipment		6,048	
Total Sanitation Management			\$ 348,238

Total Solid Waste/Sanitation Fund \$ 348,238

Drug Control Fund

Public Safety

Drug Enforcement

Other Supplies and Materials	\$	4,547	
Trustee's Commission		141	
Total Drug Enforcement			\$ 4,688

Total Drug Control Fund 4,688

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Assistant(s)		33,010	
Accountants/Bookkeepers		33,010	
Salary Supplements		6,000	
Longevity Pay		2,000	
Overtime Pay		5,200	
Social Security		8,723	
Extension Service Medicare		2,039	
State Retirement		14,101	
Employee and Dependent Insurance		12,395	
Dues and Memberships		2,621	
Legal Services		225	

(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.)

Legal Notices, Recording, and Court Costs	\$	494	
Maintenance and Repair Services - Equipment		762	
Maintenance and Repair Services - Office Equipment		652	
Postal Charges		890	
Office Supplies		1,014	
Other Charges		1,684	
Total Administration			\$ 192,747

Highway and Bridge Maintenance

Foremen	\$	76,684	
Equipment Operators		404,828	
Truck Drivers		174,003	
Laborers		87,127	
Longevity Pay		11,900	
Overtime Pay		17,770	
Social Security		46,264	
Extension Service Medicare		10,819	
State Retirement		76,324	
Employee and Dependent Insurance		132,513	
Crushed Stone		93,812	
Fertilizer, Lime, and Seed		15,841	
General Construction Materials		2,248	
Road Signs		6,779	
Salt		2,746	
Total Highway and Bridge Maintenance			1,159,658

Operation and Maintenance of Equipment

Foremen	\$	43,397	
Mechanic(s)		98,736	
Longevity Pay		2,750	
Overtime Pay		313	
Social Security		8,385	
Extension Service Medicare		1,961	
State Retirement		14,505	
Employee and Dependent Insurance		25,911	
Laundry Service		10,144	
Diesel Fuel		91,096	
Equipment and Machinery Parts		213,397	
Garage Supplies		35,561	
Gasoline		91,569	

(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.)

Lubricants	\$	14,161	
Small Tools		336	
Tires and Tubes		57,645	
Other Supplies and Materials		36,852	
Total Operation and Maintenance of Equipment			\$ 746,719

Other Charges

Communication	\$	5,117	
Electricity		10,639	
Water and Sewer		2,279	
Liability Insurance		9,571	
Trustee's Commission		29,358	
Vehicle and Equipment Insurance		18,805	
Total Other Charges			75,769

Employee Benefits

Workers' Compensation Insurance	\$	68,360	
Total Employee Benefits			68,360

Capital Outlay

Bridge Construction	\$	117,798	
Highway Construction		13,714	
Motor Vehicles		768	
Plant Operation Equipment		8,563	
State Aid Projects		376,949	
Total Capital Outlay			<u>517,792</u>

Total Highway/Public Works Fund \$ 2,761,045

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	519,774	
Principal on Notes		127,092	
Principal on Other Loans		273,000	
Total General Government			\$ 919,866

Highways and Streets

Principal on Bonds	\$	296,723	
Principal on Notes		53,352	
Total Highways and Streets			350,075

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 2,228,503	
Principal on Notes	543,599	
Total Education		\$ 2,772,102

Interest on Debt

General Government

Interest on Bonds	\$ 259,609	
Interest on Notes	16,014	
Interest on Other Loans	3,915	
Total General Government		279,538

Highways and Streets

Interest on Bonds	\$ 52,431	
Interest on Notes	6,722	
Total Highways and Streets		59,153

Education

Interest on Bonds	\$ 807,396	
Interest on Notes	38,139	
Total Education		845,535

Other Debt Service

General Government

Contracts with Private Agencies	\$ 2,308	
Trustee's Commission	74,812	
Total General Government		77,120

Highways and Streets

Contracts with Private Agencies	\$ 1,019	
Total Highways and Streets		1,019

Education

Contracts with Private Agencies	\$ 2,358	
Total Education		2,358

Total General Debt Service Fund \$ 5,306,766

(Continued)

Exhibit K-7

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Administration of Justice Projects</u>		
Architects	\$ 11,854	
Total Administration of Justice Projects		\$ 11,854
 <u>Public Health and Welfare Projects</u>		
Architects	\$ 1,695	
Building Construction	550	
Total Public Health and Welfare Projects		2,245
 <u>Education Capital Projects</u>		
Contributions	\$ 1,058,356	
Other Charges	9,893	
Total Education Capital Projects		<u>1,068,249</u>
Total General Capital Projects Fund		\$ 1,082,348
 <u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Highway Construction	\$ 569,042	
Total Highway and Street Capital Projects		<u>\$ 569,042</u>
Total Highway Capital Projects Fund		569,042
 <u>Other Capital Projects # 1 Fund</u>		
<u>Support Services</u>		
<u>Transportation</u>		
Trustee's Commission	\$ 5,003	
Transportation Equipment	438,808	
Total Transportation		<u>\$ 443,811</u>
Total Other Capital Projects # 1 Fund		<u>443,811</u>
Total Governmental Funds - Primary Government		<u>\$ 20,741,498</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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,625,887	
Career Ladder Program	108,510	
Career Ladder Extended Contracts	56,000	
Homebound Teachers	34,415	
Educational Assistants	763,076	
Other Salaries and Wages	25,020	
Certified Substitute Teachers	90,023	
Non-certified Substitute Teachers	146,087	
Social Security	803,555	
State Retirement	1,225,062	
Medical Insurance	2,434,288	
Dental Insurance	10,516	
Unemployment Compensation	35,325	
Employer Medicare	188,858	
Maintenance and Repair Services - Equipment	58,033	
Travel	7,432	
Tuition	4,819	
Other Contracted Services	12,452	
Instructional Supplies and Materials	253,717	
Textbooks	490,765	
Other Supplies and Materials	7,201	
In Service/Staff Development	11,057	
Other Charges	100,383	
Regular Instruction Equipment	116,004	
Total Regular Instruction Program	\$ 19,608,485	

Alternative Instruction Program

Teachers	\$ 80,987	
Certified Substitute Teachers	432	
Non-certified Substitute Teachers	554	
Social Security	4,794	
State Retirement	7,329	
Medical Insurance	12,150	
Dental Insurance	90	
Unemployment Compensation	190	
Employer Medicare	1,122	
Instructional Supplies and Materials	721	
Total Alternative Instruction Program	108,369	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 1,150,524	
Career Ladder Program	17,970	
Educational Assistants	243,222	
Speech Pathologist	85,949	
Certified Substitute Teachers	3,314	
Non-certified Substitute Teachers	25,772	
Social Security	88,857	
State Retirement	136,658	
Medical Insurance	318,279	
Dental Insurance	1,584	
Unemployment Compensation	4,593	
Employer Medicare	20,805	
Instructional Supplies and Materials	6,401	
Total Special Education Program		\$ 2,103,928

Vocational Education Program

Teachers	\$ 1,041,049	
Career Ladder Program	8,930	
Certified Substitute Teachers	1,953	
Non-certified Substitute Teachers	17,048	
Social Security	62,731	
State Retirement	95,085	
Medical Insurance	175,401	
Dental Insurance	750	
Unemployment Compensation	2,273	
Employer Medicare	14,687	
Maintenance and Repair Services - Equipment	957	
Instructional Supplies and Materials	24,550	
Other Charges	1,505	
Vocational Instruction Equipment	30,000	
Total Vocational Education Program		1,476,919

Support Services

Attendance

Supervisor/Director	\$ 43,080
Career Ladder Program	3,000
Social Workers	62,698
Social Security	6,394
State Retirement	10,434

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Medical Insurance	\$	15,768	
Dental Insurance		91	
Unemployment Compensation		225	
Employer Medicare		1,495	
Maintenance Agreements		13,299	
Travel		2,407	
Other Supplies and Materials		1,655	
In Service/Staff Development		1,530	
Other Charges		2,672	
Total Attendance			\$ 164,748

Health Services

Medical Personnel	\$	98,499	
Other Salaries and Wages		63,643	
Social Security		9,726	
State Retirement		14,364	
Medical Insurance		16,850	
Dental Insurance		90	
Unemployment Compensation		720	
Employer Medicare		2,275	
Travel		2,189	
Other Supplies and Materials		24,818	
In Service/Staff Development		1,510	
Other Charges		11,136	
Health Equipment		14,777	
Total Health Services			260,597

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		501,594	
Attendants		900	
Other Salaries and Wages		2,472	
Social Security		28,487	
State Retirement		43,321	
Medical Insurance		67,250	
Dental Insurance		273	
Unemployment Compensation		1,114	
Employer Medicare		7,111	
Contracts with Government Agencies		71,784	

(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.)

Other Student Support (Cont.)

Evaluation and Testing	\$	18,830	
Other Supplies and Materials		4,054	
Other Charges		20,566	
Total Other Student Support			\$ 773,756

Regular Instruction Program

Supervisor/Director	\$	311,066	
Career Ladder Program		13,178	
Librarians		417,931	
Education Media Personnel		114,219	
Instructional Computer Personnel		72,268	
Secretary(ies)		58,572	
Other Salaries and Wages		60,155	
Social Security		57,848	
State Retirement		89,611	
Medical Insurance		153,859	
Dental Insurance		619	
Unemployment Compensation		1,354	
Employer Medicare		14,414	
Communication		8,411	
Travel		10,377	
Other Contracted Services		8,140	
Library Books/Media		22,749	
Other Supplies and Materials		5,159	
In Service/Staff Development		2,006	
Other Charges		9,709	
Total Regular Instruction Program			1,431,645

Special Education Program

Supervisor/Director	\$	500	
Psychological Personnel		50,035	
Secretary(ies)		300	
Clerical Personnel		600	
Social Security		2,950	
State Retirement		4,663	
Medical Insurance		12,150	
Dental Insurance		46	
Unemployment Compensation		218	
Employer Medicare		690	

(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.)

Special Education Program (Cont.)

Communication	\$	1,085	
Travel		940	
Total Special Education Program			\$ 74,177

Vocational Education Program

Supervisor/Director	\$	37,740	
Secretary(ies)		18,630	
Social Security		3,393	
State Retirement		5,277	
Medical Insurance		6,038	
Dental Insurance		23	
Unemployment Compensation		134	
Employer Medicare		794	
Communication		2,330	
Travel		922	
Other Contracted Services		3,107	
Other Charges		250	
Total Vocational Education Program			78,638

Other Programs

On-Behalf Payments to OPEB	\$	151,226	
Total Other Programs			151,226

Board of Education

Board and Committee Members Fees	\$	10,100	
Social Security		626	
Employer Medicare		146	
Dues and Memberships		6,272	
Legal Services		99,166	
Travel		690	
Other Contracted Services		6,000	
Other Supplies and Materials		366	
Liability Insurance		42,124	
Trustee's Commission		250,276	
Workers' Compensation Insurance		94,631	
In Service/Staff Development		718	
Criminal Investigation of Applicants - TBI		1,561	
Other Charges		4,951	
Total Board of Education			517,627

(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

County Official/Administrative Officer	\$	163,434	
Secretary(ies)		38,423	
Social Security		9,628	
State Retirement		21,352	
Life Insurance		45	
Medical Insurance		10,627	
Dental Insurance		274	
Unemployment Compensation		130	
Employer Medicare		2,881	
Communication		6,065	
Dues and Memberships		2,165	
Travel		684	
Office Supplies		30	
In Service/Staff Development		836	
Other Charges		255	
Total Director of Schools			\$ 256,829

Office of the Principal

Principals	\$	657,438	
Career Ladder Program		16,000	
Assistant Principals		444,682	
Secretary(ies)		206,124	
Clerical Personnel		189,923	
Social Security		89,585	
State Retirement		140,754	
Medical Insurance		215,510	
Dental Insurance		941	
Unemployment Compensation		2,790	
Employer Medicare		20,951	
Communication		1,585	
Travel		152	
Other Contracted Services		7,950	
Office Supplies		6,224	
Other Charges		133,016	
Administration Equipment		13,955	
Total Office of the Principal			2,147,580

Fiscal Services

Supervisor/Director	\$	58,494	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Accountants/Bookkeepers	\$	90,686	
Social Security		8,102	
State Retirement		13,776	
Medical Insurance		15,938	
Dental Insurance		107	
Unemployment Compensation		441	
Employer Medicare		2,058	
Data Processing Services		1,837	
Travel		779	
Other Contracted Services		35,425	
Office Supplies		27,284	
In Service/Staff Development		502	
Other Charges		156	
Total Fiscal Services			\$ 255,585

Operation of Plant

Supervisor/Director	\$	52,170	
Secretary(ies)		33,878	
Custodial Personnel		804,203	
Social Security		51,686	
State Retirement		74,718	
Medical Insurance		215,162	
Dental Insurance		666	
Unemployment Compensation		4,286	
Employer Medicare		12,088	
Disposal Fees		72,647	
Other Contracted Services		5,600	
Custodial Supplies		215,778	
Electricity		1,232,999	
Natural Gas		123,292	
Water and Sewer		164,197	
Other Supplies and Materials		694	
Boiler Insurance		5,914	
Building and Contents Insurance		118,288	
Plant Operation Equipment		2,754	
Total Operation of Plant			3,191,020

Maintenance of Plant

Maintenance Personnel	\$	401,742	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Salaries and Wages	\$	21,364	
Social Security		23,794	
State Retirement		36,277	
Medical Insurance		88,514	
Dental Insurance		384	
Unemployment Compensation		1,283	
Employer Medicare		5,721	
Communication		5,107	
Maintenance and Repair Services - Buildings		245,188	
Maintenance and Repair Services - Equipment		210,566	
Travel		301	
Other Contracted Services		100,803	
Other Supplies and Materials		7,510	
In Service/Staff Development		360	
Other Charges		716	
Maintenance Equipment		877	
Total Maintenance of Plant			\$ 1,150,507

Transportation

Supervisor/Director	\$	59,218
Career Ladder Program		1,000
Mechanic(s)		93,608
Bus Drivers		474,835
Clerical Personnel		22,238
Other Salaries and Wages		27,580
Social Security		36,570
State Retirement		64,577
Medical Insurance		313,615
Dental Insurance		1,365
Unemployment Compensation		4,481
Employer Medicare		8,553
Communication		1,839
Medical and Dental Services		5,278
Travel		268
Other Contracted Services		434
Diesel Fuel		245,481
Gasoline		56,432
Tires and Tubes		28,710
Vehicle Parts		52,066

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Vehicle and Equipment Insurance	\$	35,487	
In Service/Staff Development		915	
Other Charges		9,747	
Transportation Equipment		2,498	
Total Transportation			\$ 1,546,795

Central and Other

Life Insurance	\$	14,144	
Medical Insurance		100,147	
Other Fringe Benefits		60,922	
Postal Charges		5,407	
Office Supplies		868	
Other Supplies and Materials		2,266	
In Service/Staff Development		480	
Other Charges		16,919	
Total Central and Other			201,153

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	60,084	
Educational Assistants		22,239	
Social Security		4,624	
State Retirement		7,030	
Medical Insurance		21,350	
Dental Insurance		90	
Unemployment Compensation		147	
Employer Medicare		1,081	
Communication		936	
Postal Charges		99	
Instructional Supplies and Materials		27,019	
In Service/Staff Development		1,090	
Regular Instruction Equipment		12,355	
Total Early Childhood Education			158,144

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	107,511	
Total Regular Capital Outlay			107,511

(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.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 71,925	
Total Education		<u>\$ 71,925</u>

Total General Purpose School Fund \$ 35,837,164

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 497,626	
Educational Assistants	157,320	
Other Salaries and Wages	554,434	
Certified Substitute Teachers	2,268	
Non-certified Substitute Teachers	3,623	
Social Security	38,275	
State Retirement	60,310	
Medical Insurance	138,715	
Dental Insurance	602	
Unemployment Compensation	3,116	
Employer Medicare	8,952	
Other Contracted Services	27,974	
Instructional Supplies and Materials	113,425	
Regular Instruction Equipment	29,671	
Total Regular Instruction Program		<u>\$ 1,636,311</u>

Special Education Program

Teachers	\$ 110,908
Homebound Teachers	7,051
Educational Assistants	220,230
Speech Pathologist	86,794
Social Security	25,282
State Retirement	40,045
Medical Insurance	110,985
Dental Insurance	625
Unemployment Compensation	3,417
Employer Medicare	5,913
Contracts with Other Public Agencies	97
Contracts with Private Agencies	201,548
Maintenance and Repair Services - Equipment	2,357
Instructional Supplies and Materials	211,251

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Charges	\$ 16,200	
Special Education Equipment	<u>57,176</u>	
Total Special Education Program		\$ 1,099,879

Vocational Education Program

Vocational Instruction Equipment	\$ <u>48,103</u>	
Total Vocational Education Program		48,103

Support Services

Other Student Support

Other Salaries and Wages	\$ 3,000	
Travel	7,437	
Other Contracted Services	10,150	
Other Charges	<u>7,680</u>	
Total Other Student Support		28,267

Regular Instruction Program

Supervisor/Director	\$ 79,593	
Secretary(ies)	25,428	
Social Security	6,914	
State Retirement	10,730	
Medical Insurance	16,850	
Dental Insurance	91	
Unemployment Compensation	312	
Employer Medicare	1,617	
Communication	133	
Travel	9,366	
Other Supplies and Materials	2,032	
In Service/Staff Development	84,101	
Other Equipment	<u>806</u>	
Total Regular Instruction Program		237,973

Special Education Program

Supervisor/Director	\$ 64,375	
Assessment Personnel	17,843	
Secretary(ies)	34,950	
Clerical Personnel	21,280	
Social Security	8,435	
State Retirement	13,226	

(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 (Cont.)

Medical Insurance	\$	19,510	
Dental Insurance		120	
Unemployment Compensation		1,182	
Employer Medicare		1,941	
Travel		6,451	
Other Contracted Services		2,002	
In Service/Staff Development		8,567	
Other Charges		18,911	
Total Special Education Program			\$ 218,793

Vocational Education Program

Supervisor/Director	\$	3,060	
Social Security		190	
State Retirement		277	
Employer Medicare		44	
Total Vocational Education Program			3,571

Transportation

Bus Drivers	\$	44,324	
Other Salaries and Wages		27,184	
Social Security		3,816	
State Retirement		7,089	
Medical Insurance		31,560	
Dental Insurance		219	
Unemployment Compensation		671	
Employer Medicare		892	
Total Transportation			115,755

Total School Federal Projects Fund \$ 3,388,652

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	53,875
Clerical Personnel		32,070
Cafeteria Personnel		867,805
Social Security		54,626
State Retirement		72,503
Medical Insurance		238,470

(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.)

Dental Insurance	\$	1,119	
Unemployment Compensation		6,326	
Employer Medicare		12,831	
Other Fringe Benefits		378	
Communication		6,373	
Transportation - Other than Students		30,382	
Travel		3,519	
Other Contracted Services		17,393	
Food Supplies		1,044,058	
Office Supplies		14,894	
Uniforms		1,127	
USDA - Commodities		259,021	
Other Supplies and Materials		87,920	
In Service/Staff Development		1,989	
Food Service Equipment		16,662	
Total Food Service			\$ 2,823,341

Total Central Cafeteria Fund \$ 2,823,341

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	1,185,891	
Total Education Capital Projects			\$ 1,185,891

Total Education Capital Projects Fund 1,185,891

Total Governmental Funds - Marshall County School Department \$ 43,235,048

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, 2012

Revenues

Operating Revenues

Charges for Current Services

General Service Charges

Sewer Fees	\$	5,077
Water Sales		1,658,075
Forfeited Discounts		31,203
Water Tap Sales		111,860
Service Charges		28,600
Total Charges for Current Services	\$	<u>1,834,815</u>

Other Local Revenues

Recurring Items

Sale of Materials and Supplies	\$	235
Sale of Recycled Materials		3,386
Miscellaneous Refunds		4,332
Total Other Local Revenues	\$	<u>7,953</u>
Total Operating Revenues	\$	<u>1,842,768</u>

Nonoperating Revenues

Investment Income	\$	17,847
Performance Bond Forfeitures		227,061
Grants		412,616
Total Nonoperating Revenues	\$	<u>657,524</u>

Total Revenues	\$	<u><u>2,500,292</u></u>
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Expenses

Operating Expenses

Other Economic and Community Development

Assistants	\$	36,582
Supervisor/Director		51,177
Accountants/Bookkeepers		80,556
Foremen		34,992
Equipment Operators		40,803
Laborers		105,392
Part-time Personnel		29,158
Longevity Pay		5,550
Overtime Pay		15,947
Board and Committee Members Fees		3,050
Social Security		22,960
Employer Medicare		5,370
State Retirement		37,455
Employee and Dependent Insurance		78,854
Audit Services		2,162

(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	\$ 11,929
Contracts with Government Agencies	568,951
Data Processing Services	9,276
Dues and Memberships	3,671
Evaluation and Testing	3,608
Janitorial Services	925
Legal Services	7,800
Legal Notices, Recording and Court Costs	1,048
Licenses	300
Maintenance and Repair Services - Buildings	11,682
Maintenance and Repair Services - Equipment	3,932
Maintenance and Repair Services - Office Equipment	3,428
Maintenance and Repair Services - Vehicles	12,453
Pest Control	480
Postal Charges	14,521
Rentals	335
Travel	135
Custodial Supplies	2,456
Electricity	31,118
Gasoline	33,886
General Construction Materials	67,729
Natural Gas	2,516
Office Supplies	4,132
Small Tools	3,158
Tires and Tubes	2,974
Uniforms	3,636
Water and Sewer	1,133
Liability Insurance	10,375
Premiums on Corporate Surety Bonds	1,251
Trustee's Commission	20,556
Vehicle and Equipment Insurance	5,157
Workers' Compensation Insurance	4,438
Depreciation	557,905
In-Service/Staff Development	365
Fines, Assessments, and Penalties	4,910
Other Charges	1,408
Building Improvements	5,106
Communication Equipment	725
Furniture and Fixtures	149
Office Equipment	660
Total Other Economic and Community Development	<u>\$ 1,970,225</u>
Total Operating Expenses	<u>\$ 1,970,225</u>

Nonoperating Expenses

General Government Debt Service

Interest on Bonds	\$ 139,351
Interest on Notes	89,984
Total Nonoperating Expenses	<u>\$ 229,335</u>

Total Expenses	<u>\$ 2,199,560</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, 2012

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	3,282	

Exhibit K-11

AWWA WLCC Free Water Audit Software: Reporting Worksheet						Back to Instructions
Copyright © 2010, American Water Works Association. All Rights Reserved.						
Water Audit Report for: Marshall County Board of Public Utilities						
Reporting Year: 2011/2011 - 7/2011 - 6/2012						
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of						
All volumes to be entered as: MILLION GALLONS (US) PER YEAR						
WATER SUPPLIED << Enter grading in column 'E'						
Volume from own sources: <input type="text" value="0.000"/> Million gallons (US)/yr (MG/Yr)						
Master meter error adjustment (enter positive value): <input type="text" value="0.000"/> MG/Yr						
Water imported: <input type="text" value="235.000"/> MG/Yr						
Water exported: <input type="text" value="0.029"/> MG/Yr						
WATER SUPPLIED: <input type="text" value="234.971"/> MG/Yr						
AUTHORIZED CONSUMPTION						
Billed metered: <input type="text" value="183.374"/> MG/Yr						
Billed unmetered: <input type="text" value="0.000"/> MG/Yr						
Unbilled metered: <input type="text" value="0.008"/> MG/Yr						
Unbilled unmetered: <input type="text" value="2.766"/> MG/Yr						
AUTHORIZED CONSUMPTION: <input type="text" value="186.148"/> MG/Yr						Click here: <input type="text" value="1.25%"/> Use buttons to select percentage of water supplied OR value
WATER LOSSES (Water Supplied - Authorized Consumption) <input type="text" value="48.823"/> MG/Yr						
Apparent Losses						
Unauthorized consumption: <input type="text" value="0.587"/> MG/Yr						
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed						
Customer metering inaccuracies: <input type="text" value="13.803"/> MG/Yr						
Systematic data handling errors: <input type="text" value="0.500"/> MG/Yr						
Apparent Losses: <input type="text" value="14.890"/> MG/Yr						Choose this option to enter a percentage of billed metered consumption. This is NOT a default value
Real Losses (Current Annual Real Losses or CARL)						
Real Losses = Water Losses - Apparent Losses: <input type="text" value="33.933"/> MG/Yr						
WATER LOSSES: <input type="text" value="48.823"/> MG/Yr						
NON-REVENUE WATER						
NON-REVENUE WATER: <input type="text" value="51.597"/> MG/Yr						
= Total Water Loss + Unbilled Metered + Unbilled Unmetered						
SYSTEM DATA						
Length of mains: <input type="text" value="350.0"/> miles						
Number of active AND inactive service connections: <input type="text" value="3,398"/>						
Connection density: <input type="text" value="10"/> conn./mile main						
Average length of customer service line: <input type="text" value="0.0"/> ft (pipe length between curbstop and customer meter or property boundary)						
Average operating pressure: <input type="text" value="115.0"/> psi						
COST DATA						
Total annual cost of operating water system: <input type="text" value="\$1,244,731"/> \$/Year						
Customer retail unit cost (applied to Apparent Losses): <input type="text" value="\$7.80"/> \$/1000 gallons (US)						
Variable production cost (applied to Real Losses): <input type="text" value="\$2,533.00"/> \$/Million gallons						
PERFORMANCE INDICATORS						
Financial Indicators						
Non-revenue water as percent by volume of Water Supplied: <input type="text" value="22.04"/>						
Non-revenue water as percent by cost of operating system: <input type="text" value="16.81"/>						
Annual cost of Apparent Losses: <input type="text" value="\$116,145"/>						
Annual cost of Real Losses: <input type="text" value="\$85,952"/>						
Operational Efficiency Indicators						
Apparent Losses per service connection per day: <input type="text" value="12.01"/> gallons/connection/day						
Real Losses per service connection per day*: <input type="text" value="N/A"/> gallons/connection/day						
Real Losses per length of main per day*: <input type="text" value="265.62"/> gallons/mile/day						
Real Losses per service connection per day per psi pressure: <input type="text" value=""/>						
<input type="text" value="1.25%"/> Unavoidable Annual Real Losses (UARL): <input type="text" value="100.87"/> million gallons/year						
From Above, Real Losses = Current Annual Real Losses (CARL): <input type="text" value="33.93"/> million gallons/year						
<input type="text" value="0.34"/> Infrastructure Leakage Index (ILI) [CARL/UARL]: <input type="text" value="0.34"/>						
* only the most applicable of these two indicators will be calculated						
WATER AUDIT DATA VALIDITY SCORE:						
*** YOUR SCORE IS: 73 out of 100 ***						
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score						
PRIORITY AREAS FOR ATTENTION:						
Based on the information provided, audit accuracy can be improved by addressing the following components:						
1: Unbilled metered						
2: Water exported						
3: Water imported						
For more information, click here to see the Grading Matrix worksheet						

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, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,530,685
Total Cash Receipts	<u>\$ 1,530,685</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,514,065
Trustee's Commission	<u>16,620</u>
Total Cash Disbursements	<u>\$ 1,530,685</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

November 13, 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, 2012, which collectively comprise Marshall County's basic financial statements and have issued our report thereon dated November 13, 2012. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Marshall County Emergency Communications District, which were not available from other auditors as of the date of this report. 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.

Internal Control Over Financial Reporting

The management of Marshall County is responsible for establishing and maintaining effective 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to

prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 12.01, 12.02(C), 12.05, 12.06, 12.07, 12.08, and 12.09. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

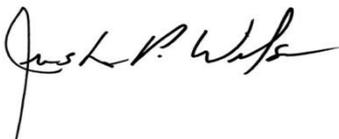
As part of obtaining reasonable assurance about whether Marshall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 12.02(A,B), 12.03, and 12.04.

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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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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

Independent Auditor's Report

November 13, 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 Marshall County's compliance 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, 2012. 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, 2012.

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marshall County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marshall County as of and for the year ended June 30, 2012, and have issued our report thereon dated November 13, 2012. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Marshall County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such

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

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

This report is intended solely for the information and use of management, the county mayor, director of schools, highway superintendent, 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 long vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Marshall County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 1,543,715 (5) (6)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	454,711
National School Lunch Program	10.555	N/A	1,263,067 (7)
Summer Food Service Program for Children	10.559	N/A	5,557
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	259,021 (7)
Total U.S. Department of Agriculture			<u>\$ 3,526,071</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 6,053
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	GG-09-27755-00	168,888
Total U.S. Department of Housing and Urban Development			<u>\$ 174,941</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	\$ 18,750
Total U.S. Department of Justice			<u>\$ 18,750</u>
U.S. Department of Labor:			
Passed-through South Central Tennessee Workforce Alliance:			
WIA Youth Activities	17.259	(2)	\$ 26,538
Total U.S. Department of Labor			<u>\$ 26,538</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,844
Total Institute of Museum and Library Services:			<u>\$ 1,844</u>
U.S. Department of Energy:			
Passed-through State Department of Economic and Community Development:			
Energy Efficiency and Conservation Block Grant Program, ARRA	81.128	(2)	\$ 23,983
Total U.S. Department of Energy			<u>\$ 23,983</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	\$ 852,983
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	5,431
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,302,672
Special Education - Preschool Grants	84.173	N/A	31,900
Special Education - Grants to States, Recovery Act	84.391	N/A	135,741
Special Education - Preschool Grants, Recovery Act	84.392	N/A	6,894
Career and Technical Education - Basic Grants to States	84.048	N/A	72,260
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	1,731
Twenty-first Century Community Learning Centers	84.287	(2)	239,622
Educational Technology Cluster			
Educational Technology State Grants	84.318	(2)	8,761
Educational Technology State Grants, Recovery Act	84.386	(2)	1,137

(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. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Rural Education	84.358	(2)	\$ 28,939
English Language Acquisition Grants	84.365	N/A	20,148
Improving Teacher Quality State Grants	84.367	N/A	179,628
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	229,299
Education Jobs Fund	84.410	N/A	554,434
Total U.S. Department of Education			<u>\$ 3,671,580</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 29,070
Total U.S. Election Assistance Commission			<u>\$ 29,070</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	(3)	\$ 158,721
Total U.S. Department of Health and Human Services			<u>\$ 158,721</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 33,017
Hazard Mitigation Grant	97.039	(2)	3,612
Emergency Management Performance Grants	97.042	(2)	30,000
Homeland Security Grant Program	97.067	(4)	59,837
Total U.S. Department of Homeland Security			<u>\$ 126,466</u>
Total Expenditures of Federal Awards			<u>\$ 7,757,964</u>
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 42,397
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-212982-02	17,197
Early Childhood Education - State Department of Education	N/A	(2)	378,139
Internet Connectivity - State Department of Education	N/A	(2)	18,523
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	10,300
Statewide Student Management System - State Department of Education	N/A	(2)	13,299
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	25,700
Diabetes Grant - State Department of Education	N/A	(2)	164,400
Energy Efficient Schools Initiative - State Department of Education	N/A	(2)	115,509
FastTrack Industrial Development Program - State Department of Economic and Community Development	N/A	GG-11-35507-00	243,728
Total State Grants			<u>\$ 1,119,192</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) GG1132415: \$15,273; Z-12-45554-00: \$143,448.
- (4) 2009-HSGP-Z-3014: \$39,025; DHS-2010-HSGP-Z-5865: \$20,812.
- (5) **Loans with continuing requirements.**
During the prior year, the Marshall County Public Utility District received capital outlay notes of \$3,857,000 from the U.S. Department of Agriculture for community development. The utility district expended \$1,464,795 during the year ended June 30, 2012, and had an outstanding capital outlay note balance of \$2,983,250 on June 30, 2012.
- (6) **Loans received during the year.**
During the current year, the Marshall County Public Utility District received capital outlay notes of \$515,000 from the U.S. Department of Agriculture for community development. The utility district expended \$78,920 during the year ended June 30, 2012, and had an outstanding capital outlay note balance of \$78,920 on June 30, 2012.
- (7) Total for CFDA No. 10.555 is \$1,522,088.

Marshall County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Marshall County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.03	187	Expenditures exceeded appropriations

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.05	188	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**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.06	189	Duties were not segregated adequately

MARSHALL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. 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. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Marshall County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); 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 State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and the Water and Waste Disposal Systems for Rural Communities (CFDA No. 10.760) 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 School Department's finance director is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **THE AMBULANCE SERVICE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED TRANSACTIONS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified with the individual creating the transaction. In June 2012, the vendor implemented controls to identify the user that processed each transaction.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.02 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(A. and B. – Noncompliance Under *Government Auditing Standards*;
C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

- A. Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the General Purpose School Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
Regular Instruction Program	\$ 44,456
Vocational Education Program	103
Office of the Principal	6,113
Operation of Plant	34,752
Maintenance of Plant	55,540

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.”

- B. Salaries exceeded line-item appropriations in the General Purpose School Fund by amounts ranging from \$51 to \$66,299.

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.

- C. The original budget and some budget amendments approved by the County Commission were not accurately posted to the accounting records of the General Purpose School Fund. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only the original budget and subsequent budget amendments that were approved by the County Commission in the financial statements of this report.

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

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. The original budget and all budget amendments that are approved by the County Commission should be accurately posted to the accounting records.

MANAGEMENT’S RESPONSE – SCHOOL DEPARTMENT FINANCE DIRECTOR

The previous finance director left no documentation of the components of the budgeted line items. This presented a problem keeping up with personnel expenses. Documentation is now in place to show what each line item of the budget comprises, which will enable management to track expenses to budget. Also, we have implemented a purchase order procedure where purchase orders are entered into the accounting system. This will enable us to more easily determine budgeted funds available at the time a purchase order is issued.

FINDING 12.03 AN INTERFUND LOAN WAS NOT AUTHORIZED IN ACCORDANCE WITH STATE STATUTE
(Noncompliance Under *Government Auditing Standards*)

In February 2012, a transfer of \$65,000 was made from the General Purpose School Fund to the School Federal Projects Fund to provide cash flow for operations of the School Federal Projects Fund. This transfer was, in effect, an interfund loan and was not approved by the Board of Education, County Commission, and the state Comptroller's Office, as required by Section 9-21-408, *Tennessee Code Annotated*. This loan was repaid in April 2012.

RECOMMENDATION

All interfund loans should be approved by the Board of Education, County Commission, and the state Comptroller's Office as required by state statute.

MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT FINANCE DIRECTOR

The transfer from General Purpose School Fund to the School Federal Projects Fund was made prior to the change in management. Current management did repay the loan in April and subsequently had it approved by the Board of Education and County Commission in May 2012. Personnel who are experienced in school and federal project accounting have been put in place to ensure that proper cash balances are maintained. In addition, the Marshall County Board of Education and the Marshall County Commission approved a permanent transfer of \$100,000 from the General Purpose School Fund to the Federal Projects Fund to prevent an overdraft from recurring.

FINDING 12.04 CERTAIN SCHOOL DEPARTMENT EMPLOYEES ALLEGEDLY RECEIVED SUPPLEMENTAL FUNDS
(Noncompliance Under *Government Auditing Standards*)

Certain employees of the School Department allegedly received supplemental funds. The state Comptroller's Division of Investigations is currently reviewing this matter and their findings, if any, will be reported in subsequent communications.

OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS AND BOARD OF PUBLIC UTILITIES

FINDING 12.05 THE PUBLIC UTILITIES HAD DEFICIENCIES IN PURCHASING PROCEDURES
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Board of Public Utilities could not locate the original bids submitted for the purchase of materials and the installation of waterlines totaling \$829,060. The Public Utilities had a

summary tabulation of the bids received; however, since there were no original bids on file, we could not verify the accuracy of the summary information. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Original bids should be on file for audit inspection.

OFFICE OF COUNTY CLERK

FINDING 12.06 **A USERNAME AND PASSWORD WAS SHARED BY EMPLOYEES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office’s accounting software, employees shared a username and password when processing transactions. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency resulted in the official’s decision to utilize a shared username and password.

RECOMMENDATION

The shared username and password should be removed from the application. Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

OFFICE OF CLERK AND MASTER

FINDING 12.07 **USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office’s accounting software, this information was shared with other employees. Employees also processed transactions using other users’ logins. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other’s username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. These practices were discontinued in June 2012. Users now process all transactions using their unique usernames and passwords. Passwords are no longer shared.

RECOMMENDATION

Each employee should continue to access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should remain confidential and should not be shared by employees.

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

FINDING 12.08 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 County Clerk; 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.

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

FINDING 12.09 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 PRACTICE

**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.

**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, 2012**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.