



**ANNUAL FINANCIAL REPORT
MARSHALL COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2014



ANNUAL FINANCIAL REPORT
MARSHALL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

MARSHALL COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Marshall County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Marshall County as of and for the year ended June 30, 2014.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ The office had deficiencies in budget operations.
- ◆ Employees of the Ambulance Service shared usernames and passwords.

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

- ◆ Deficiencies were noted in the maintenance of capital asset records.

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

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

OFFICE OF COUNTY CLERK

- ◆ An employee misappropriated assets totaling \$379.
-

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

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Marshall County Officials

June 30, 2014

Officials

Joe Liggett, County Mayor
Jerry Williams, Highway Superintendent
Jackie Abernathy, Director of Schools
Marilyn Ervin, Trustee
Michelle Campbell, 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 of Deeds
Norman Dalton, Sheriff
Catherine Brooks, Director of Accounts and Budgets
Jessie Whaley, Jr., Board of Public Utilities Manager

Board of County Commissioners

Nathan Johnson, Chairman	Kevin Vanhooser
Dean Delk	Wesley Neece
Rocky Bowden, Jr.	John Christmas
Anna Childress	Seth Warf
E.W. Hill, Jr.	Sheldon Davis
Barry Spivey	Phil Willis
Mickey King	John Richard Hill, Jr.
Don Ledford	Michael Waggoner
Reynelle Smith	

Board of Education

Mike Keny, Chairman	Donnie Moses
Randy Perryman	Harvey Jones, Jr.
Kristen Gold	Ken Lilly
Sheryl McClintock	Barbara Kennedy
Susan Hunter	

Board of Public Utilities

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

Audit Committee

Glen Hardison, Chairman	Bill Garvin
Lisa Clark	Bobby Truelove
Mickey King	

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
PHONE (615) 401-7841

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marshall County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Marshall County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 70 – 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Marshall County School Department (a discretely presented component unit), individual fund financial statements of the Marshall County Board of Public Utilities (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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), individual fund financial statements of the Marshall County Board of Public Utilities (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2015, on our consideration of Marshall County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marshall County's internal control over financial reporting and compliance.

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 large initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 12, 2015

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Marshall County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Government Governmental Activities	Component Units	
		Marshall County School Department	Marshall County Board of Public Utilities
<u>ASSETS</u>			
Cash	\$ 477	\$ 2,135	\$ 1,803
Equity in Pooled Cash and Investments	16,401,419	11,198,062	2,200,450
Inventories	0	0	56,511
Accounts Receivable	3,517,381	85,419	195,321
Allowance for Uncollectibles	(936,642)	0	0
Due from Other Governments	995,207	810,253	36,074
Due from Primary Government	0	0	131,070
Property Taxes Receivable	8,836,842	9,520,986	0
Allowance for Uncollectible Property Taxes	(204,928)	(220,792)	0
Prepaid Items	0	419,392	0
Restricted Assets:			
Customer Deposits	0	0	96,830
Capital Assets:			
Assets Not Depreciated:			
Land	13,443,160	2,375,826	158,097
Construction in Progress	649,577	699,345	806,912
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	12,367,460	33,262,767	832,764
Infrastructure	12,289,811	102,985	17,270,702
Other Capital Assets	2,468,381	2,955,931	782,917
Total Assets	<u>\$ 69,828,145</u>	<u>\$ 61,212,309</u>	<u>\$ 22,569,451</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 331,805	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 331,805</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 326,224	\$ 94,252	\$ 47,727
Accrued Payroll	0	6,252	0
Accrued Interest Payable	424,939	0	9,160
Payroll Deductions Payable	120,152	871,528	9,737
Contracts Payable	0	310,659	0
Retainage Payable	0	16,351	0
Due to State of Tennessee	732	0	0
Due to Component Units	131,070	0	0
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	200	0	96,830
Other Payables from Restricted Assets	11,308	0	0
Noncurrent Liabilities:			
Due Within One Year	3,586,588	152,999	149,994
Due in More Than One Year (net of unamortized premium on debt)	35,233,503	5,571,587	7,695,243
Total Liabilities	<u>\$ 39,834,716</u>	<u>\$ 7,023,628</u>	<u>\$ 8,008,691</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Marshall County School Department	Marshall County Board of Public Utilities
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 8,344,730	\$ 8,990,774	\$ 0
Total Deferred Inflows of Resources	\$ 8,344,730	\$ 8,990,774	\$ 0
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 29,380,100	\$ 39,396,854	\$ 12,173,046
Restricted for:			
General Government	78,099	0	0
Finance	23,030	0	0
Administration of Justice	466,818	0	0
Public Safety	53,530	0	0
Public Health and Welfare	84,224	0	0
Highway/Public Works	650,161	0	0
Central Cafeteria	0	753,652	0
Education	0	17,180	0
Capital Projects	2,257,086	5,086,378	0
Unrestricted	(11,012,544)	(56,157)	2,387,714
Total Net Position	\$ 21,980,504	\$ 45,197,907	\$ 14,560,760

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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Marshall County School Department	Marshall County Board of Public Utilities		
Primary Government:									
General Government	\$ 1,670,494	\$ 345,676	\$ 22,319	\$ 68,106	\$ (1,234,393)	\$ 0	\$ 0	\$ 0	0
Finance	1,258,813	930,369	0	0	(328,444)	0	0	0	0
Administration of Justice	1,112,697	628,510	10,260	0	(473,927)	0	0	0	0
Public Safety	4,300,927	1,684,495	178,828	0	(2,437,604)	0	0	0	0
Public Health and Welfare	4,058,737	2,606,793	398,847	300,000	(753,097)	0	0	0	0
Social, Cultural, and Recreational Services	767,883	13,830	325,787	0	(428,266)	0	0	0	0
Agriculture and Natural Resources	119,288	0	0	0	(119,288)	0	0	0	0
Highways	3,413,460	77,379	1,642,569	552,642	(1,140,870)	0	0	0	0
Education	6,500,512	0	259,955	0	(6,240,557)	0	0	0	0
Interest on Long-term Debt	1,159,039	0	0	0	(1,159,039)	0	0	0	0
Total Governmental Activities	\$ 24,361,850	\$ 6,287,052	\$ 2,838,565	\$ 920,748	\$ (14,315,485)	\$ 0	\$ 0	\$ 0	0
Total Primary Government	\$ 24,361,850	\$ 6,287,052	\$ 2,838,565	\$ 920,748	\$ (14,315,485)	\$ 0	\$ 0	\$ 0	0
Component Units:									
Marshall County School Department	\$ 45,982,710	\$ 1,075,066	\$ 5,045,703	\$ 6,237,347	\$ 0	\$ (33,624,594)	\$ 0	\$ 0	0
Marshall County Board of Public Utilities	1,813,237	1,810,552	131,070	285,384	0	0	0	0	413,769
Total Component Units	\$ 47,795,947	\$ 2,885,618	\$ 5,176,773	\$ 6,522,731	\$ 0	\$ (33,624,594)	\$ 0	\$ 0	413,769

(Continued)

Exhibit B

Marshall County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Component Units			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Marshall County			Marshall County Board of Public Utilities
					Department	School		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes							0	
Property Taxes Levied for Debt Service							0	
Local Option Sales Tax							0	
Wheel Tax							0	
Mineral Severance Tax							0	
Business Tax							0	
Hotel/Motel Tax							0	
Litigation Tax							0	
Adequate Facilities/Development Tax							0	
Wholesale Beer Tax							0	
Other Local Taxes							0	
Grants and Contributions Not Restricted for Specific Programs							0	
Unrestricted Investment Income							5,913	
Refund of Telecommunication and Internet Fees (E-Rate)							0	
Miscellaneous							4,001	
Insurance Recovery							8,344	
Total General Revenues							18,258	
Change in Net Position							432,027	
Net Position, July 1, 2013							1,128,733	
Net Position, June 30, 2014							1,560,760	

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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
ASSETS							
Cash	\$ 451	\$ 0	\$ 0	\$ 0	\$ 26	\$ 477	
Equity in Pooled Cash and Investments	5,008,446	334,699	6,427,365	1,003,169	3,627,740	16,401,419	
Accounts Receivable	3,385,506	17,919	93,094	0	20,862	3,517,381	
Allowance for Uncollectibles	(936,642)	0	0	0	0	(936,642)	
Due from Other Governments	240,618	377,380	361,217	0	15,992	995,207	
Due from Other Funds	60,000	0	0	0	0	60,000	
Property Taxes Receivable	5,302,106	456,095	2,280,475	0	798,166	8,836,842	
Allowance for Uncollectible Property Taxes	(122,957)	(10,577)	(52,884)	0	(18,510)	(204,928)	
Total Assets	\$ 12,937,528	\$ 1,175,516	\$ 9,109,267	\$ 1,003,169	\$ 4,444,276	\$ 28,669,756	
LIABILITIES							
Accounts Payable	\$ 94,047	\$ 61,274	\$ 1,050	\$ 0	\$ 169,853	\$ 326,224	
Payroll Deductions Payable	115,215	4,461	0	0	476	120,152	
Due to Other Funds	0	0	0	0	60,000	60,000	
Due to Component Units	131,070	0	0	0	0	131,070	
Due to State of Tennessee	0	0	0	0	732	732	
Current Liabilities Payable from Restricted Assets:							
Customer Deposits Payable	200	0	0	0	0	200	
Other Payables from Restricted Assets	0	11,308	0	0	0	11,308	
Total Liabilities	\$ 340,532	\$ 77,043	\$ 1,050	\$ 0	\$ 231,061	\$ 649,686	
Deferred Current Property Taxes	\$ 5,006,838	\$ 430,696	\$ 2,153,479	\$ 0	\$ 753,717	\$ 8,344,730	

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$	154,022	\$ 13,249	\$ 66,245	\$ 0	\$ 25,742	\$ 259,258	
	2,111,421	169,560	180,608	0	0	2,461,589	
\$	7,272,281	\$ 613,505	\$ 2,400,332	\$ 0	\$ 779,459	\$ 11,065,577	

DEFERRED INFLOWS OF RESOURCES (Cont.)

Deferred Delinquent Property Taxes	\$	154,022	\$	13,249	\$	66,245	\$	0	\$	25,742	\$	259,258
Other Deferred/Unavailable Revenue		2,111,421	169,560	180,608	0	0	0	0	0	0	0	2,461,589
Total Deferred Inflows of Resources	\$	7,272,281	\$	613,505	\$	2,400,332	\$	0	\$	779,459	\$	11,065,577

FUND BALANCES

Restricted:	\$	78,099	\$	0	\$	0	\$	0	\$	0	\$	78,099
Restricted for General Government		23,030	0	0	0	0	0	0	0	0	0	23,030
Restricted for Finance		466,818	0	0	0	0	0	0	0	0	0	466,818
Restricted for Administration of Justice		3,156	0	0	0	0	0	0	50,374	0	0	53,530
Restricted for Public Safety		84,224	0	0	0	0	0	0	48,051	0	0	132,275
Restricted for Public Health and Welfare		0	484,968	0	0	0	0	0	517,082	0	0	1,002,050
Restricted for Highways/Public Works		0	0	0	0	1,003,169	0	0	2,257,086	0	0	3,260,255
Restricted for Capital Outlay		31,712	0	0	0	0	0	0	0	0	0	31,712
Restricted for Capital Projects		62,643	0	0	0	0	0	0	0	0	0	62,643
Committed:		0	0	0	0	0	0	0	26	0	0	26
Committed for General Government		0	0	0	0	0	0	0	19,527	0	0	19,527
Committed for Finance		0	0	0	0	0	0	0	0	0	0	0
Committed for Administration of Justice		28,602	0	0	0	0	0	0	0	0	0	28,602
Committed for Public Safety		0	0	0	0	0	0	0	541,610	0	0	541,610
Committed for Public Health and Welfare		21,801	0	0	0	0	0	0	0	0	0	21,801
Committed for Social, Cultural, and Recreational Services		0	0	6,707,885	0	0	0	0	0	0	0	6,707,885
Committed for Debt Service		149,931	0	0	0	0	0	0	0	0	0	149,931
Committed for Other Purposes		32,000	0	0	0	0	0	0	0	0	0	32,000
Assigned:		57,000	0	0	0	0	0	0	0	0	0	57,000
Assigned for General Government		4,285,699	0	0	0	0	0	0	0	0	0	4,285,699
Assigned for Public Safety		5,324,715	\$	484,968	\$	6,707,885	\$	1,003,169	\$	3,433,756	\$	16,954,493
Total Fund Balances	\$	12,937,528	\$	1,175,516	\$	9,109,267	\$	1,003,169	\$	4,444,276	\$	28,669,756

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit C-2

Marshall County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 16,954,493
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 13,443,160	
Add: construction in progress	649,577	
Add: buildings and improvements net of accumulated depreciation	12,367,460	
Add: infrastructure net of accumulated depreciation	12,289,811	
Add: other capital assets net of accumulated depreciation	<u>2,468,381</u>	41,218,389
(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	\$ (3,322,833)	
Less: bonds payable	(35,080,000)	
Add: deferred amount on refunding	331,805	
Less: compensated absences payable	(178,676)	
Less: other deferred revenue - premium on debt	(238,582)	
Less: accrued interest on notes and bonds	<u>(424,939)</u>	(38,913,225)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,720,847</u>
Net position of governmental activities (Exhibit A)		<u>\$ 21,980,504</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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 6,146,952	\$ 862,771	\$ 5,423,582	\$ 0	\$ 1,341,603	\$ 13,774,908	
Licenses and Permits	197,476	0	0	0	0	197,476	
Fines, Forfeitures, and Penalties	108,564	0	0	0	72,330	180,894	
Charges for Current Services	1,347,495	0	0	0	142,678	1,490,173	
Other Local Revenues	151,771	180,515	0	0	873,866	1,206,152	
Fees Received from County Officials	1,500,123	0	0	0	0	1,500,123	
State of Tennessee	2,248,327	2,212,983	69,855	0	497,062	5,028,227	
Federal Government	235,893	0	0	0	0	235,893	
Other Governments and Citizens Groups	99,794	0	259,955	0	0	359,749	
Total Revenues	\$ 12,036,395	\$ 3,256,269	\$ 5,753,392	\$ 0	\$ 2,927,539	\$ 23,973,595	
<u>Expenditures</u>							
Current:							
General Government	\$ 1,247,068	\$ 0	\$ 0	\$ 0	\$ 0	1,247,068	
Finance	1,252,010	0	0	0	0	1,252,010	
Administration of Justice	1,022,578	0	0	0	10,259	1,032,837	
Public Safety	3,931,527	0	0	0	22,496	3,954,023	
Public Health and Welfare	2,605,795	0	0	0	1,964,227	4,570,022	
Social, Cultural, and Recreational Services	348,610	0	0	0	0	348,610	
Agriculture and Natural Resources	119,243	0	0	0	0	119,243	
Other Operations	754,843	0	0	0	0	754,843	
Highways	0	3,564,905	0	0	0	3,564,905	
Support Services	0	0	0	0	389,418	389,418	
Debt Service:							
Principal on Debt	0	0	3,701,088	0	0	3,701,088	
Interest on Debt	0	0	1,113,798	0	0	1,113,798	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
<u>Expenditures (Cont.)</u>							
Debt Service (Cont.)							
Other Debt Service	\$ 0	\$ 0	\$ 80,854	\$ 0	\$ 0	\$ 0	\$ 80,854
Capital Projects	0	0	0	6,109,379	820,239		6,929,618
Total Expenditures	\$ 11,281,674	\$ 3,564,905	\$ 4,895,740	\$ 6,109,379	\$ 3,206,639	\$	\$ 29,058,337
Excess (Deficiency) of Revenues Over Expenditures	\$ 754,721	\$ (308,636)	\$ 857,652	\$ (6,109,379)	\$ (279,100)	\$	\$ (5,084,742)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 5,945,000	\$ 0	\$ 0	\$ 5,945,000
Premiums on Debt Issued	0	0	0	86,492	0	0	86,492
Insurance Recovery	41,835	0	0	0	6,044		47,879
Transfers In	60,000	0	0	0	586,950		646,950
Transfers Out	(586,950)	0	0	0	(60,000)		(646,950)
Total Other Financing Sources (Uses)	\$ (485,115)	\$ 0	\$ 0	\$ 6,031,492	\$ 532,994	\$	\$ 6,079,371
Net Change in Fund Balances	\$ 269,606	\$ (308,636)	\$ 857,652	\$ (77,887)	\$ 253,894	\$	\$ 994,629
Fund Balance, July 1, 2013	5,055,109	793,604	5,850,233	1,081,056	3,179,862		15,959,864
Fund Balance, June 30, 2014	\$ 5,324,715	\$ 484,968	\$ 6,707,885	\$ 1,003,169	\$ 3,433,756	\$	\$ 16,954,493

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

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, 2014

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)		\$ 994,629
(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	\$ 2,614,456	
Less: current-year depreciation expense	<u>(1,487,295)</u>	1,127,161
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(35,844)
(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, 2013	\$ (2,114,466)	
Add: deferred delinquent property taxes and other deferred June 30, 2014	<u>2,720,847</u>	606,381
(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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: bond proceeds	\$ (5,945,000)	
Add: principal payments on bonds	2,870,000	
Add: principal payments on notes	831,088	
Less: change in premium on debt issuances	(71,544)	
Less: change in deferred amount on refunding debt	<u>(34,633)</u>	(2,350,089)
(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	\$ (45,241)	
Change in compensated absences payable	<u>(30,992)</u>	(76,233)
Change in net position of governmental activities (Exhibit B)		<u>\$ 266,005</u>

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

Exhibit C-5

Marshall County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 6,146,952	\$ 0	\$ 6,146,952	\$ 5,854,682	\$ 5,854,682	\$ 292,270
Licenses and Permits	197,476	0	197,476	121,500	121,500	75,976
Fines, Forfeitures, and Penalties	108,564	0	108,564	105,500	105,500	3,064
Charges for Current Services	1,347,495	0	1,347,495	1,349,195	1,349,195	(1,700)
Other Local Revenues	151,771	0	151,771	442,724	442,724	(290,953)
Fees Received from County Officials	1,500,123	0	1,500,123	1,372,700	1,372,700	127,423
State of Tennessee	2,248,327	0	2,248,327	1,834,201	2,017,689	230,638
Federal Government	235,893	0	235,893	106,378	182,257	53,636
Other Governments and Citizens Groups	99,794	0	99,794	54,967	54,967	44,827
Total Revenues	\$ 12,036,395	\$ 0	\$ 12,036,395	\$ 11,241,847	\$ 11,501,214	\$ 535,181
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 143,544	\$ 57,000	\$ 200,544	\$ 309,419	\$ 309,419	\$ 108,875
Board of Equalization	3,017	0	3,017	3,550	3,550	533
Other Boards and Committees	6,533	0	6,533	12,240	12,240	5,707
County Mayor/Executive	122,567	0	122,567	144,871	144,871	22,304
County Attorney	15,619	0	15,619	40,250	40,250	24,631
Election Commission	206,442	0	206,442	202,359	202,359	(4,083)
Register of Deeds	189,963	0	189,963	192,383	192,383	2,420
Planning	0	0	0	7,250	7,250	7,250
Building	156,344	0	156,344	171,084	171,084	14,740
County Buildings	403,039	0	403,039	339,539	431,539	28,500
<u>Finance</u>						
Accounting and Budgeting	369,649	0	369,649	378,383	388,383	18,734
Property Assessor's Office	254,494	0	254,494	278,958	279,125	24,631
Reappraisal Program	89,039	0	89,039	102,084	110,584	21,545

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Trustee's Office	\$ 184,497	\$ 0	\$ 184,497	\$ 191,759	\$ 7,262	
County Clerk's Office	354,331	0	354,331	370,790	16,459	
<u>Administration of Justice</u>						
Circuit Court	405,046	0	405,046	399,004	(6,042)	
General Sessions Court	0	0	0	1,163	1,163	
General Sessions Judge	233,641	0	233,641	239,445	5,804	
General Sessions Court Clerk	0	0	0	1,750	1,750	
Chancery Court	212,684	0	212,684	236,950	24,266	
Juvenile Court	171,207	0	171,207	182,587	11,380	
<u>Public Safety</u>						
Sheriff's Department	1,951,941	0	1,951,941	2,129,355	183,514	
Jail	1,594,990	0	1,594,990	1,713,002	118,012	
Rural Fire Protection	124,363	0	124,363	155,617	31,254	
Civil Defense	196,689	32,000	228,689	229,983	3,409	
Other Emergency Management	519	0	519	1,400	881	
County Coroner/Medical Examiner	62,402	0	62,402	57,155	(5,247)	
Other Public Safety	623	0	623	580	(43)	
<u>Public Health and Welfare</u>						
Local Health Center	41,803	0	41,803	55,160	13,357	
Rabies and Animal Control	53,138	0	53,138	57,847	4,709	
Ambulance/Emergency Medical Services	2,237,478	0	2,237,478	2,320,360	82,882	
Maternal and Child Health Services	4,050	0	4,050	8,100	4,050	
Other Local Health Services	138,841	0	138,841	263,915	384,274	
Regional Mental Health Center	26,100	0	26,100	26,100	0	
Appropriation to State	20,100	0	20,100	20,100	0	
Other Public Health and Welfare	84,285	0	84,285	84,285	0	

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	\$ 68,850	\$ 0	\$ 68,850	\$ 68,850	\$ 68,850	\$ 0
Libraries	278,983	0	278,983	279,661	279,661	678
Other Social, Cultural, and Recreational Agriculture and Natural Resources	777	0	777	1,800	1,800	1,023
Agricultural Extension Service	72,990	0	72,990	77,429	77,429	4,439
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	44,253	0	44,253	44,792	44,792	539
<u>Other Operations</u>						
Tourism	367,567	0	367,567	48,200	48,200	(319,367)
Housing and Urban Development	12,574	0	12,574	0	0	(12,574)
Other Economic and Community Development	187,479	0	187,479	0	187,479	0
Veterans' Services	32,773	0	32,773	37,039	37,039	4,266
Employee Benefits	0	0	0	66,500	66,500	66,500
Miscellaneous	154,450	0	154,450	240,850	240,850	86,400
Total Expenditures	\$ 11,281,674	\$ 89,000	\$ 11,370,674	\$ 11,794,735	\$ 12,361,459	\$ 990,785
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 754,721	\$ (89,000)	\$ 665,721	\$ (552,888)	\$ (860,245)	\$ 1,525,966
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 41,835	\$ 0	\$ 41,835	\$ 7,100	\$ 7,100	\$ 34,735
Transfers In	60,000	0	60,000	30,000	30,000	30,000
Transfers Out	(586,950)	0	(586,950)	(448,490)	(886,950)	300,000
Total Other Financing Sources	\$ (485,115)	\$ 0	\$ (485,115)	\$ (411,390)	\$ (849,850)	\$ 364,735
Net Change in Fund Balance	\$ 269,606	\$ (89,000)	\$ 180,606	\$ (964,278)	\$ (1,710,095)	\$ 1,890,701
Fund Balance, July 1, 2013	5,055,109	0	5,055,109	7,182,371	7,182,371	(2,127,262)
Fund Balance, June 30, 2014	\$ 5,324,715	\$ (89,000)	\$ 5,235,715	\$ 6,218,093	\$ 5,472,276	\$ (236,561)

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

Exhibit C-6

Marshall County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 862,771	\$ 803,192	\$ 803,192	\$ 59,579
Other Local Revenues	180,515	105,000	258,680	(78,165)
State of Tennessee	2,212,983	2,355,642	2,355,642	(142,659)
Total Revenues	<u>\$ 3,256,269</u>	<u>\$ 3,263,834</u>	<u>\$ 3,417,514</u>	<u>\$ (161,245)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 185,202	\$ 214,562	\$ 214,562	\$ 29,360
Highway and Bridge Maintenance	1,596,169	1,809,662	1,809,662	213,493
Operation and Maintenance of Equipment	806,329	736,899	860,579	54,250
Other Charges	72,402	79,950	79,950	7,548
Employee Benefits	34,828	79,008	79,008	44,180
Capital Outlay	869,975	1,142,000	1,172,000	302,025
Total Expenditures	<u>\$ 3,564,905</u>	<u>\$ 4,062,081</u>	<u>\$ 4,215,761</u>	<u>\$ 650,856</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (308,636)</u>	<u>\$ (798,247)</u>	<u>\$ (798,247)</u>	<u>\$ 489,611</u>
Net Change in Fund Balance	\$ (308,636)	\$ (798,247)	\$ (798,247)	\$ 489,611
Fund Balance, July 1, 2013	793,604	846,715	846,715	(53,111)
Fund Balance, June 30, 2014	<u>\$ 484,968</u>	<u>\$ 48,468</u>	<u>\$ 48,468</u>	<u>\$ 436,500</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,176,422
Equity in Pooled Cash and Investments	70,573
Accounts Receivable	1,308
Due from Other Governments	<u>301,981</u>
Total Assets	<u>\$ 1,550,284</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 63
Payroll Deductions Payable	124
Due to Other Taxing Units	301,981
Due to Litigants, Heirs, and Others	<u>1,248,116</u>
Total Liabilities	<u>\$ 1,550,284</u>

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

MARSHALL COUNTY, TENNESSEE
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MARSHALL COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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

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 Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. 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 \$5,886,833 were contributed by the county to the School Department during the year ended June 30, 2014.

Separate financial statements are provided for governmental funds 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, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds 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.

The discretely presented Marshall County Board of Public Utilities proprietary fund and the primary government's fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Marshall County reports the following major governmental funds:

General Fund – This is the county's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county's Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

General Capital Projects Fund – This fund accounts 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.

Additionally, Marshall County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Marshall

County, and assets being held in a custodial capacity for the Marshall County Joint Economic 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 funds:

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

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

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

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

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

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

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.

The discretely presented Marshall County Public Utilities' proprietary fund (enterprise fund) distinguishes operating revenues and expenses from nonoperating items and is 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 enterprise fund are charges for services. Operating expenses for the enterprise fund include payments to vendors, administrative expenses, and employee benefits.

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

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 position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

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

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

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

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

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

Most payables are disaggregated on the face of the financial statements. Current liabilities payable from restricted assets reflected in the General and Highway/Public Works funds represent deposits held for property damage on rented property (\$200) and road damage and repairs (\$11,308). 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 (\$96,830).

Retainage payable in the discretely presented Education Capital Projects Fund represents amounts withheld from payments made on

construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the Education Capital Projects Fund.

3. Inventories and Prepaid Items

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

Insurance prepayments reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements of the discretely presented School Department. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaid items are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the primary government, the discretely presented School Department, and the discretely presented Board of Public Utilities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more (\$25,000 infrastructure) and an estimated useful life of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the Marshall County Board of Public Utilities Fund is included as part of the capitalized value of the assets constructed.

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

6. Compensated Absences

It is the 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.

7. Long-term Obligations

In the government-wide financial statements and the Marshall County Board of Public Utilities' proprietary fund 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 Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

In the government-wide financial statements and the Marshall County Board of Public Utilities' proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Marshall County had \$25,111,583 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 position with no corresponding increase in the county's capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county’s Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

9. Minimum Fund Balance Policy

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum fund balance policy exists and consists of the sum of committed, assigned, and unassigned fund balance:

General Fund – 25 percent of current-year expenditures

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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 Position.

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

Primary Government

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officer – Fees Fund (special revenue fund), which is not budgeted, the primary government's General Capital Projects and Highway 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.

At June 30, 2014, Marshall County School Department reported a significant encumbrance in the General Purpose School Fund for textbooks totaling \$277,643.

B. Cash Shortage – Prior Year

On February 21, 2014, pursuant to an investigation initiated by the state Comptroller’s Office, a Marshall County deputy sheriff was indicted by the Marshall County Grand Jury on one count of theft of property under \$1,000 and one count of official misconduct. The deputy was accused of stealing a set of tires from the Sheriff’s Department, which he then mounted on his girlfriend’s car. The Sheriff’s Department terminated the deputy’s employment at the conclusion of the investigation. On June 18, 2014, the former deputy sheriff pled guilty to one count of official misconduct and the theft charges were dismissed.

C. Misappropriation of Assets

The Office of County Clerk had a misappropriation of assets totaling \$379 as of June 12, 2014. Details of this misappropriation are discussed in the Schedule of Findings and Questioned Costs section of the report.

D. Expenditures Exceeded Appropriations

Total expenditures and other uses exceeded total appropriations approved by the County Commission in the following funds:

Fund	Amount Overspent
Juvenile Services	\$ 1,473
Drug Control	6,246
School Bus Acquisition	104,418
Other Capital Projects	122,185

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Election Commission	\$ 4,083
Circuit Court	6,042
County Coroner/Medical Examiner	5,247
Other Public Safety	43
Tourism	319,367
Housing and Urban Development	12,574
General Debt Service:	
Principal on Debt - General Government	53,458
Interest on Debt - General Government	12,943

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and available fund balances.

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

The General Fund's actual fund balance at July 1, 2013, was \$5,055,109; however, the estimated fund balance reflected in the county's budget was \$7,182,371. Therefore, the estimated fund balance presented to the County Commission during the budget approval process exceeded the actual fund balance by \$2,127,262.

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, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2014.

B. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 13,365,386	\$ 77,774	\$ 0	\$ 13,443,160
Construction in Progress	571,690	77,887	0	649,577
Total Capital Assets Not Depreciated	\$ 13,937,076	\$ 155,661	\$ 0	\$ 14,092,737
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,230,747	\$ 601,249	\$ 0	\$ 17,831,996
Infrastructure	27,172,335	1,298,762	0	28,471,097
Other Capital Assets	6,942,100	558,784	(345,255)	7,155,629
Total Capital Assets Depreciated	\$ 51,345,182	\$ 2,458,795	\$ (345,255)	\$ 53,458,722
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,025,885	\$ 438,651	\$ 0	\$ 5,464,536
Infrastructure	15,642,765	538,521	0	16,181,286
Other Capital Assets	4,486,536	510,123	(309,411)	4,687,248
Total Accumulated Depreciation	\$ 25,155,186	\$ 1,487,295	\$ (309,411)	\$ 26,333,070
Total Capital Assets Depreciated, Net	\$ 26,189,996	\$ 971,500	\$ (35,844)	\$ 27,125,652
Governmental Activities Capital Assets, Net	\$ 40,127,072	\$ 1,127,161	\$ (35,844)	\$ 41,218,389

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

Governmental Activities:

General Government	\$ 149,170
Public Safety	344,493
Public Health and Welfare	183,279
Social, Cultural, and Recreational Services	8,044
Highway/Public Works	802,309
Total Depreciation Expense - Governmental Activities	<u>\$ 1,487,295</u>

Discretely Presented Marshall County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 2,375,826	\$ 0	\$ 0	\$ 2,375,826
Construction in Progress	0	699,345	0	699,345
Total Capital Assets Not Depreciated	\$ 2,375,826	\$ 699,345	\$ 0	\$ 3,075,171
Capital Assets Depreciated:				
Buildings and Improvements	\$ 69,758,253	\$ 78,964	\$ 0	\$ 69,837,217
Infrastructure	0	106,997	0	106,997
Other Capital Assets	6,444,670	398,664	(11,771)	6,831,563
Total Capital Assets Depreciated	\$ 76,202,923	\$ 584,625	\$ (11,771)	\$ 76,775,777
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 34,932,087	\$ 1,642,363	\$ 0	\$ 36,574,450
Infrastructure	0	4,012	0	4,012
Other Capital Assets	3,289,183	598,220	(11,771)	3,875,632
Total Accumulated Depreciation	\$ 38,221,270	\$ 2,244,595	\$ (11,771)	\$ 40,454,094
Total Capital Assets Depreciated, Net	\$ 37,981,653	\$ (1,659,970)	\$ 0	\$ 36,321,683
Governmental Activities Capital Assets, Net	\$ 40,357,479	\$ (960,625)	\$ 0	\$ 39,396,854

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

Governmental Activities:

Instruction	\$ 28,701
Support Services	2,196,531
Operation of Non-instructional Services	<u>19,363</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,244,595</u>

Discretely Presented Marshall County Board of Public Utilities

Business-type Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 105,997	\$ 52,100	\$ 0	\$ 158,097
Construction in Progress	1,269,254	1,225,493	(1,687,835)	806,912
Total Capital Assets Not Depreciated	\$ 1,375,251	\$ 1,277,593	\$ (1,687,835)	\$ 965,009
Capital Assets Depreciated:				
Buildings and Improvements	\$ 828,616	\$ 151,335	\$ 0	\$ 979,951
Infrastructure	22,167,981	1,487,500	0	23,655,481
Other Capital Assets	2,184,105	152,363	(18,272)	2,318,196
Total Capital Assets Depreciated	\$ 25,180,702	\$ 1,791,198	\$ (18,272)	\$ 26,953,628
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 125,562	\$ 21,625	\$ 0	\$ 147,187
Infrastructure	5,976,977	407,802	0	6,384,779
Other Capital Assets	1,371,962	181,589	(18,272)	1,535,279
Total Accumulated Depreciation	\$ 7,474,501	\$ 611,016	\$ (18,272)	\$ 8,067,245
Total Capital Assets Depreciated, Net	\$ 17,706,201	\$ 1,180,182	\$ 0	\$ 18,886,383
Business-type Activities Capital Assets, Net	\$ 19,081,452	\$ 2,457,775	\$ (1,687,835)	\$ 19,851,392

Depreciation expense totaled \$611,016 for the year ended June 30, 2014.

C. Construction Commitments

At June 30, 2014, the General Capital Projects Fund had uncompleted contracts of approximately \$9,994 for various construction projects. Funding has been received for these future expenditures.

At June 30, 2014, the discretely presented School Department's Education Capital Projects Fund had uncompleted contracts of approximately \$12,666,225 for the construction of school buildings. Funding for these future expenditures is expected to be received from general obligation bond proceeds issued by Marshall County on behalf of the School Department and available fund balance.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 60,000

This balance resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit: Marshall County Board of Public Utilities	Primary Government: General	\$ 131,070

This balance is adequate facilities taxes collected by the primary government and due to the component unit.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 586,950
Nonmajor governmental funds	60,000	0

Discretely Presented Marshall County School Department

	<u>Transfer In</u> General Purpose School Fund
Transfer Out	
Nonmajor governmental funds	\$ 27,476

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

E. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Marshall County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the primary government and the discretely presented School Department. 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 30 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, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	1.84 to 4	% 10-1-43	\$ 22,265,000	\$ 19,136,369
General Obligation Bonds - Refunding	2.04 to 3.8	9-1-27	22,830,000	15,943,631
Capital Outlay Notes	.75 to 3.36	1-1-24	6,682,250	3,322,833

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 847,912	\$ 28,603	\$ 876,515
2016	579,737	18,579	598,316
2017	246,575	13,369	259,944
2018	248,435	11,509	259,944
2019	250,297	9,647	259,944
2020-2024	1,149,877	19,938	1,169,815
Total	<u>\$ 3,322,833</u>	<u>\$ 101,645</u>	<u>\$ 3,424,478</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 2,560,000	\$ 1,274,816	\$ 3,834,816
2016	2,615,000	1,199,309	3,814,309
2017	2,700,000	1,131,338	3,831,338
2018	2,780,000	1,050,240	3,830,240
2019	2,585,000	967,823	3,552,823
2020-2024	9,930,000	3,751,639	13,681,639
2025-2029	6,655,000	2,528,747	9,183,747
2030-2034	2,490,000	1,783,547	4,273,547
2035-2039	1,215,000	1,693,330	2,908,330
2040-2044	1,550,000	1,731,129	3,281,129
Total	<u>\$ 35,080,000</u>	<u>\$ 17,111,918</u>	<u>\$ 52,191,918</u>

There is \$6,707,885 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes, totaled \$1,254, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2013	\$ 32,005,000	\$ 4,153,921
Additions	5,945,000	0
Reductions	(2,870,000)	(831,088)
	<hr/>	<hr/>
Balance, June 30, 2014	\$ 35,080,000	\$ 3,322,833
	<hr/>	<hr/>
Balance Due Within One Year	\$ 2,560,000	\$ 847,912
	<hr/>	<hr/>

	Compensated Absences
Balance, July 1, 2013	\$ 147,684
Additions	342,128
Reductions	(311,136)
	<hr/>
Balance, June 30, 2014	\$ 178,676
	<hr/>
Balance Due Within One Year	\$ 178,676
	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 38,581,509
Less: Due Within One Year	(3,586,588)
Add: Unamortized Premium on Debt	238,582
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 35,233,503
	<hr/>

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 Obligations

Long-term obligations activity for the discretely presented Marshall County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 138,169	\$ 5,231,944
Additions	225,541	932,391
Reductions	(210,711)	(592,748)
Balance, June 30, 2014	<u>\$ 152,999</u>	<u>\$ 5,571,587</u>
Balance Due Within One Year	<u>\$ 152,999</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 5,724,586
Less: Due Within One Year	<u>(152,999)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,571,587</u>

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

Discretely Presented Marshall County Board of Public Utilities

Revenue Bonds

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

Revenue bonds of the utility outstanding as of June 30, 2014, for business-type activities were as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
Water Revenue and Tax Bonds	2.5 to 4.5 %	6-26-51	\$ 8,330,000	\$ 7,828,378

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2014, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 133,135	\$ 266,681	\$ 399,816
2016	137,906	261,910	399,816
2017	142,853	256,963	399,816
2018	147,987	251,829	399,816
2019	153,311	246,505	399,816
2020-2024	853,675	1,145,405	1,999,080
2025-2029	1,020,221	978,859	1,999,080
2030-2034	1,118,538	784,066	1,902,604
2035-2039	1,231,133	584,227	1,815,360
2040-2044	1,359,938	355,448	1,715,386
2045-2049	1,225,256	133,579	1,358,835
2050-2051	304,425	6,898	311,323
Total	<u>\$ 7,828,378</u>	<u>\$ 5,272,370</u>	<u>\$ 13,100,748</u>

Changes in Long-term Obligations

Long-term obligations activity for the Board of Public Utilities for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2013	\$ 4,025,586	\$ 2,983,250
Additions	3,950,000	873,750
Reductions	(147,208)	(3,857,000)
Balance, June 30, 2014	<u>\$ 7,828,378</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 133,135</u>	<u>\$ 0</u>

	Compensated Absences
Balance, July 1, 2013	\$ 20,292
Additions	33,170
Reductions	(36,603)
Balance, June 30, 2014	<u>\$ 16,859</u>
Balance Due Within One Year	<u>\$ 16,859</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 7,845,237
Less: Due Within One Year	<u>(149,994)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,695,243</u>

F. 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, 2014, were \$115,099 and \$34,039, 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. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, Elinor Foster left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Courtney Boatright, and Norman Dalton left the Office of Sheriff and was succeeded by Billy Lamb.

The Marshall County Commission appointed Malinda White as director of accounts and budgets effective October 6, 2014.

On October 14, 2014, Marshall County issued \$9,655,000 in general obligation school refunding and improvement bonds.

On January 20, 2015, Marshall County issued \$8,000,000 in general obligation school improvement bonds.

D. Contingent Liabilities

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

Marshall County is contingently liable for certain water revenue and tax bonds totaling \$7,828,378 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.

E. Change in Administration

On June 30, 2014, Catherine Brooks left the Office of Director of Accounts and Budgets.

F. Joint Ventures

Primary Government

The Marshall County Joint Economic Development Board is a joint venture between Marshall County, the City of Lewisburg, and 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, 2014.

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, 2014.

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Employees of Marshall County and the discretely presented Marshall County Board of Public Utilities both participate in the Marshall County plan.

Plan Description

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

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

Funding Policy

Marshall County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 9.94 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, 2014, Marshall County’s annual pension cost of \$1,181,756 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 postretirement 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, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-14	\$1,181,756	100%	\$0
6-30-13	1,112,435	100	0
6-30-12	1,140,785	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 99 percent funded. The actuarial accrued liability for benefits was \$32.22 million, and the actuarial value of assets was \$31.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.32 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.66 million, and the ratio of the UAAL to the covered payroll was 3.02 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, 2014, was 8.88 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, 2014, 2013, and 2012, were \$1,717,390, \$1,712,417, and \$1,745,120, 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.

H. 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 health care 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 health care 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.shtml>.

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 members and a full subsidy based on years of service for post-65 members in the Medicare Supplement Plan. The School Department recognized expenditures of \$592,748 for postemployment health care during the year ended June 30, 2014.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 927,000
Interest on the NOPEBO	209,278
Adjustment to the ARC	(203,887)
Annual OPEB cost	<hr/> \$ 932,391
Amount of contribution	(592,748)
Increase/decrease in NOPEBO	<hr/> \$ 339,643
Net OPEB obligation, 7-1-13	<hr/> 5,231,944
Net OPEB obligation, 6-30-14	<hr/> <hr/> \$ 5,571,587

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 1,297,117	37 %	\$ 4,432,417
6-30-13	"	1,307,100	39	5,231,944
6-30-14	"	932,391	64	5,571,587

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

(dollars in thousands)

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 7,187
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 7,187
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 24,739
UAAL as a % of covered payroll	29%

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, 2013, 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 health care cost trend rate was 7.5 percent for fiscal year 2014. The trend will decrease to seven percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. 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.

J. 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 5-14-207, *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 Funding Progress – Pension Plan
Primary Government, Discretely Presented Marshall County School Department,
and Discretely Presented Marshall County Board of Public Utilities
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-13	\$ 31,899	\$ 32,221	\$ 322	99.00	% \$ 10,662	3.02 %
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

Exhibit E-2

Marshall County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Marshall County School Department
June 30, 2014

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-10	\$ 0	\$ 10,702	\$ 10,702	0 %	\$ 23,119	46 %
"	7-1-11	0	9,946	9,946	0	23,480	42
"	7-1-13	0	7,187	7,187	0	24,739	29

MARSHALL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

**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.

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

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

Capital Projects Funds

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

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

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.

Exhibit F-1

Marshall County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds				Capital Projects Funds	
	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Highway Capital Projects
Cash	\$ 0	\$ 0	\$ 0	\$ 26	\$ 26	\$ 0
Equity in Pooled Cash and Investments	75,980	513,708	50,477	0	640,165	517,082
Accounts Receivable	3,547	0	629	0	4,176	0
Due from Other Governments	0	15,992	0	0	15,992	0
Property Taxes Receivable	0	0	0	0	0	0
Allowance for Uncollectible Property Taxes	0	0	0	0	0	0
Total Assets	\$ 79,527	\$ 529,700	\$ 51,106	\$ 26	\$ 660,359	\$ 517,082
Accounts Payable	\$ 0	\$ 18,604	\$ 0	\$ 0	\$ 18,604	\$ 0
Payroll Deductions Payable	0	476	0	0	476	0
Due to Other Funds	60,000	0	0	0	60,000	0
Due to State of Tennessee	0	0	732	0	732	0
Total Liabilities	\$ 60,000	\$ 19,080	\$ 732	\$ 0	\$ 79,812	\$ 0
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Delinquent Property Taxes	0	0	0	0	0	0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Constitu- tional Officers - Fees	Total	Capital Projects Funds
	Juvenile Services	Solid Waste / Sanitation	Drug Control				
\$	0	0	50,374	0	0	50,374	0
	0	48,051	0	0	0	48,051	0
	0	0	0	0	0	0	517,082
	0	0	0	0	0	0	0
	0	0	0	26	26	26	0
	19,527	0	0	0	0	19,527	0
	0	462,569	0	0	0	462,569	0
\$	19,527	510,620	50,374	26	26	580,547	517,082
\$	79,527	529,700	51,106	26	26	660,359	517,082

FUND BALANCES

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

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Continued)

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	School Bus Acquisition	Other Capital Projects	Total	
\$	0 \$	0 \$	0 \$	0 \$
	1,126,445	1,344,048	2,987,575	3,627,740
	10,116	6,570	16,686	20,862
	0	0	0	15,992
	57,012	741,154	798,166	798,166
	(1,322)	(17,188)	(18,510)	(18,510)
\$	1,192,251 \$	2,074,584 \$	3,783,917 \$	4,444,276
\$	24,790 \$	126,459 \$	151,249 \$	169,853
	0	0	0	476
	0	0	0	60,000
	0	0	0	732
\$	24,790 \$	126,459 \$	151,249 \$	231,061
\$	53,837 \$	699,880 \$	753,717 \$	753,717
	1,656	24,086	25,742	25,742
\$	55,493 \$	723,966 \$	779,459 \$	779,459

(Continued)

ASSETS

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

LIABILITIES

Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Due to State of Tennessee
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Total Deferred Inflows of Resources

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	School Bus Acquisition	Other Capital Projects	Total	
\$	0	0	0	\$ 50,374
	0	0	0	48,051
	0	0	517,082	517,082
	1,111,968	1,145,118	2,257,086	2,257,086
	0	0	0	26
	0	0	0	19,527
	0	79,041	79,041	541,610
\$	1,111,968	1,224,159	2,853,209	\$ 3,433,756
\$	1,192,251	2,074,584	3,783,917	\$ 4,444,276

FUND BALANCES

Restricted:	
Restricted for Public Safety	
Restricted for Public Health and Welfare	
Restricted for Highways/Public Works	
Restricted for Capital Outlay	
Committed:	
Committed for Finance	
Committed for Administration of Justice	
Committed for Public Health and Welfare	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Exhibit F-2

Marshall County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				Constituti- onal Officers - Fees	Total	Capital Projects Funds
	Juvenile Services	Solid Waste/ Sanitation	Drug Control				
<u>Revenues</u>							
Local Taxes	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Fines, Forfeitures, and Penalties	60,418	0	11,912	0	72,330	0	0
Charges for Current Services	0	73,421	0	1,662	75,083	0	0
Other Local Revenues	0	865,747	8,119	0	873,866	0	0
State of Tennessee	0	370,968	0	0	370,968	0	0
Total Revenues	\$ 60,418 \$	1,310,136 \$	20,031 \$	1,662 \$	1,392,247 \$	0	0
<u>Expenditures</u>							
Current:							
Administration of Justice	\$ 8,623 \$	0 \$	0 \$	1,636 \$	10,259 \$	0	0
Public Safety	0	0	22,496	0	22,496	0	0
Public Health and Welfare	0	1,964,227	0	0	1,964,227	0	0
Support Services	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 8,623 \$	1,964,227 \$	22,496 \$	1,636 \$	1,996,982 \$	519,371	519,371
Excess (Deficiency) of Revenues Over Expenditures	\$ 51,795 \$	(654,091) \$	(2,465) \$	26 \$	(604,735) \$	(519,371)	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0 \$	6,044 \$	0 \$	0 \$	6,044 \$	0	0
Transfers In	0	586,950	0	0	586,950	0	0
Transfers Out	(60,000)	0	0	0	(60,000)	0	0
Total Other Financing Sources (Uses)	\$ (60,000) \$	592,994 \$	0 \$	0 \$	532,994 \$	0	0
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ (8,205) \$	(61,097) \$	(2,465) \$	26 \$	(71,741) \$	(519,371)	
Fund Balance, June 30, 2014	27,732	571,717	52,839	0	652,288	1,036,453	
Fund Balance, June 30, 2014	\$ 19,527 \$	510,620 \$	50,374 \$	26 \$	580,547 \$	517,082	

(Continued)

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	School Bus Acquisition	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 635,658	\$ 705,945	\$ 1,341,603	\$ 1,341,603
Fines, Forfeitures, and Penalties	0	0	0	72,330
Charges for Current Services	0	67,595	67,595	142,678
Other Local Revenues	0	0	0	873,866
State of Tennessee	103,391	22,703	126,094	497,062
Total Revenues	\$ 739,049	\$ 796,243	\$ 1,535,292	\$ 2,927,539
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 10,259
Public Safety	0	0	0	22,496
Public Health and Welfare	0	0	0	1,964,227
Support Services	389,418	0	389,418	389,418
Capital Projects	0	300,868	820,239	820,239
Total Expenditures	\$ 389,418	\$ 300,868	\$ 1,209,657	\$ 3,206,639
Excess (Deficiency) of Revenues Over Expenditures	\$ 349,631	\$ 495,375	\$ 325,635	\$ (279,100)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 6,044
Transfers In	0	0	0	586,950
Transfers Out	0	0	0	(60,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 532,994
Net Change in Fund Balances	\$ 349,631	\$ 495,375	\$ 325,635	\$ 253,894
Fund Balance, July 1, 2013	762,337	728,784	2,527,574	3,179,862
Fund Balance, June 30, 2014	\$ 1,111,968	\$ 1,224,159	\$ 2,853,209	\$ 3,433,756

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 60,418	\$ 65,000	\$ 65,000	\$ (4,582)
Other Local Revenues	0	0	3,200	(3,200)
Total Revenues	<u>\$ 60,418</u>	<u>\$ 65,000</u>	<u>\$ 68,200</u>	<u>\$ (7,782)</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Juvenile Court	\$ 8,623	\$ 3,950	\$ 7,150	\$ (1,473)
Total Expenditures	<u>\$ 8,623</u>	<u>\$ 3,950</u>	<u>\$ 7,150</u>	<u>\$ (1,473)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 51,795</u>	<u>\$ 61,050</u>	<u>\$ 61,050</u>	<u>\$ (9,255)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ 0
Total Other Financing Sources	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (8,205)	\$ 1,050	\$ 1,050	\$ (9,255)
Fund Balance, July 1, 2013	<u>27,732</u>	<u>76,562</u>	<u>76,562</u>	<u>(48,830)</u>
Fund Balance, June 30, 2014	<u>\$ 19,527</u>	<u>\$ 77,612</u>	<u>\$ 77,612</u>	<u>\$ (58,085)</u>

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 73,421	\$ 160,000	\$ 160,000	\$ (86,579)
Other Local Revenues	865,747	1,440,000	1,669,126	(803,379)
State of Tennessee	370,968	356,800	372,600	(1,632)
Other Governments and Citizens Groups	0	1,000	1,000	(1,000)
Total Revenues	\$ 1,310,136	\$ 1,957,800	\$ 2,202,726	\$ (892,590)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 1,964,227	\$ 1,810,571	\$ 2,189,497	\$ 225,270
Total Expenditures	\$ 1,964,227	\$ 1,810,571	\$ 2,189,497	\$ 225,270
Excess (Deficiency) of Revenues Over Expenditures	\$ (654,091)	\$ 147,229	\$ 13,229	\$ (667,320)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,044	\$ 0	\$ 0	\$ 6,044
Transfers In	586,950	0	586,950	0
Total Other Financing Sources	\$ 592,994	\$ 0	\$ 586,950	\$ 6,044
Net Change in Fund Balance	\$ (61,097)	\$ 147,229	\$ 600,179	\$ (661,276)
Fund Balance, July 1, 2013	571,717	564,941	564,941	6,776
Fund Balance, June 30, 2014	\$ 510,620	\$ 712,170	\$ 1,165,120	\$ (654,500)

Exhibit F-5

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 11,912	\$ 6,470	\$ 6,470	\$ 5,442
Other Local Revenues	8,119	2,000	2,000	6,119
Total Revenues	<u>\$ 20,031</u>	<u>\$ 8,470</u>	<u>\$ 8,470</u>	<u>\$ 11,561</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 22,496	\$ 16,250	\$ 16,250	\$ (6,246)
Total Expenditures	<u>\$ 22,496</u>	<u>\$ 16,250</u>	<u>\$ 16,250</u>	<u>\$ (6,246)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,465)</u>	<u>\$ (7,780)</u>	<u>\$ (7,780)</u>	<u>\$ 5,315</u>
Net Change in Fund Balance	\$ (2,465)	\$ (7,780)	\$ (7,780)	\$ 5,315
Fund Balance, July 1, 2013	<u>52,839</u>	<u>51,439</u>	<u>51,439</u>	<u>1,400</u>
Fund Balance, June 30, 2014	<u>\$ 50,374</u>	<u>\$ 43,659</u>	<u>\$ 43,659</u>	<u>\$ 6,715</u>

Exhibit F-6

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
School Bus Acquisition
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 635,658	\$ 230,000	\$ 230,000	\$ 405,658
State of Tennessee	103,391	100,000	100,000	3,391
Total Revenues	<u>\$ 739,049</u>	<u>\$ 330,000</u>	<u>\$ 330,000</u>	<u>\$ 409,049</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Transportation	\$ 389,418	\$ 285,000	\$ 285,000	\$ (104,418)
Total Expenditures	<u>\$ 389,418</u>	<u>\$ 285,000</u>	<u>\$ 285,000</u>	<u>\$ (104,418)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 349,631</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 304,631</u>
Net Change in Fund Balance	\$ 349,631	\$ 45,000	\$ 45,000	\$ 304,631
Fund Balance, July 1, 2013	<u>762,337</u>	<u>0</u>	<u>0</u>	<u>762,337</u>
Fund Balance, June 30, 2014	<u><u>\$ 1,111,968</u></u>	<u><u>\$ 45,000</u></u>	<u><u>\$ 45,000</u></u>	<u><u>\$ 1,066,968</u></u>

Exhibit F-7

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Capital Projects Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 705,945 \$	0 \$	705,945 \$	684,150 \$	684,150 \$	21,795
Charges for Current Services	67,595	0	67,595	0	0	67,595
State of Tennessee	22,703	0	22,703	0	0	22,703
Total Revenues	\$ 796,243 \$	0 \$	796,243 \$	684,150 \$	684,150 \$	112,093
<u>Expenditures</u>						
<u>Capital Outlay</u>						
Regular Capital Outlay	\$ 0 \$	71,317 \$	71,317 \$	0 \$	0 \$	(71,317)
Capital Projects						
General Administration Projects	193,093	0	193,093	250,000	250,000	56,907
Public Safety Projects	30,000	0	30,000	0	0	(30,000)
Education Capital Projects	77,775	0	77,775	0	0	(77,775)
Total Expenditures	\$ 300,868 \$	71,317 \$	372,185 \$	250,000 \$	250,000 \$	(122,185)
Excess (Deficiency) of Revenues Over Expenditures	\$ 495,375 \$	(71,317) \$	424,058 \$	434,150 \$	434,150 \$	(10,092)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 495,375 \$	(71,317) \$	424,058 \$	434,150 \$	434,150 \$	(10,092)
	728,784	0	728,784	0	0	728,784
Fund Balance, June 30, 2014	\$ 1,224,159 \$	(71,317) \$	1,152,842 \$	434,150 \$	434,150 \$	718,692

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,423,582	\$ 4,992,460	\$ 4,992,460	\$ 431,122
State of Tennessee	69,855	65,000	65,000	4,855
Other Governments and Citizens Groups	259,955	0	0	259,955
Total Revenues	\$ 5,753,392	\$ 5,057,460	\$ 5,057,460	\$ 695,932
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,124,130	\$ 847,184	\$ 1,070,672	\$ (53,458)
Highways and Streets	555,589	769,051	587,756	32,167
Education	2,021,369	2,084,701	2,041,235	19,866
<u>Interest on Debt</u>				
General Government	333,997	296,777	321,054	(12,943)
Highways and Streets	51,392	82,393	71,960	20,568
Education	728,409	979,250	966,679	238,270
<u>Other Debt Service</u>				
General Government	78,231	101,500	101,500	23,269
Highways and Streets	796	2,200	2,200	1,404
Education	1,827	12,500	69,167	67,340
Total Expenditures	\$ 4,895,740	\$ 5,175,556	\$ 5,232,223	\$ 336,483
Excess (Deficiency) of Revenues Over Expenditures	\$ 857,652	\$ (118,096)	\$ (174,763)	\$ 1,032,415
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 63,385	\$ 63,385	\$ (63,385)
Total Other Financing Sources	\$ 0	\$ 63,385	\$ 63,385	\$ (63,385)
Net Change in Fund Balance	\$ 857,652	\$ (54,711)	\$ (111,378)	\$ 969,030
Fund Balance, July 1, 2013	5,850,233	5,506,174	5,506,174	344,059
Fund Balance, June 30, 2014	\$ 6,707,885	\$ 5,451,463	\$ 5,394,796	\$ 1,313,089

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 of deeds; 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, 2014

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>Community Develop- ment - Agency</u>	<u>Constitu- tional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,176,422	\$ 1,176,422
Equity in Pooled Cash and Investments	0	70,573	0	70,573
Accounts Receivable	0	0	1,308	1,308
Due from Other Governments	301,981	0	0	301,981
Total Assets	<u>\$ 301,981</u>	<u>\$ 70,573</u>	<u>\$ 1,177,730</u>	<u>\$ 1,550,284</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 63	\$ 0	\$ 63
Payroll Deductions Payable	0	124	0	124
Due to Other Taxing Units	301,981	0	0	301,981
Due to Litigants, Heirs, and Others	0	70,386	1,177,730	1,248,116
Total Liabilities	<u>\$ 301,981</u>	<u>\$ 70,573</u>	<u>\$ 1,177,730</u>	<u>\$ 1,550,284</u>

Exhibit H-2

Marshall County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,801,349	\$ 1,801,349	\$ 0
Due from Other Governments	309,366	301,981	309,366	301,981
Total Assets	\$ 309,366	\$ 2,103,330	\$ 2,110,715	\$ 301,981
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 309,366	\$ 2,103,330	\$ 2,110,715	\$ 301,981
Total Liabilities	\$ 309,366	\$ 2,103,330	\$ 2,110,715	\$ 301,981
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 71,210	\$ 83,030	\$ 83,667	\$ 70,573
Total Assets	\$ 71,210	\$ 83,030	\$ 83,667	\$ 70,573
<u>Liabilities</u>				
Accounts Payable	\$ 1,351	\$ 63	\$ 1,351	\$ 63
Payroll Deductions Payable	1,213	124	1,213	124
Due to Litigants, Heirs, and Others	68,646	82,843	81,103	70,386
Total Liabilities	\$ 71,210	\$ 83,030	\$ 83,667	\$ 70,573
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,302,605	\$ 6,636,879	\$ 6,763,062	\$ 1,176,422
Accounts Receivable	296	1,308	296	1,308
Total Assets	\$ 1,302,901	\$ 6,638,187	\$ 6,763,358	\$ 1,177,730
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,302,901	\$ 6,638,187	\$ 6,763,358	\$ 1,177,730
Total Liabilities	\$ 1,302,901	\$ 6,638,187	\$ 6,763,358	\$ 1,177,730
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,302,605	\$ 6,636,879	\$ 6,763,062	\$ 1,176,422
Equity in Pooled Cash and Investments	71,210	1,884,379	1,885,016	70,573
Accounts Receivable	296	1,308	296	1,308
Due from Other Governments	309,366	301,981	309,366	301,981
Total Assets	\$ 1,683,477	\$ 8,824,547	\$ 8,957,740	\$ 1,550,284
<u>Liabilities</u>				
Accounts Payable	\$ 1,351	\$ 63	\$ 1,351	\$ 63
Payroll Deductions Payable	1,213	124	1,213	124
Due to Other Taxing Units	309,366	2,103,330	2,110,715	301,981
Due to Litigants, Heirs, and Others	1,371,547	6,721,030	6,844,461	1,248,116
Total Liabilities	\$ 1,683,477	\$ 8,824,547	\$ 8,957,740	\$ 1,550,284

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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 25,263,256	\$ 0	\$ 2,584,553	\$ 0	\$ (22,678,703)
Support Services	17,309,986	69,681	118,553	6,237,347	(10,884,405)
Operation of Non-instructional Services	3,409,468	1,005,385	2,342,597	0	(61,486)
Total Governmental Activities	\$ 45,982,710	\$ 1,075,066	\$ 5,045,703	\$ 6,237,347	\$ (33,624,594)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 9,048,061
Local Option Sales Tax					2,213,455
Other Local Taxes					3,093
Grants and Contributions Not Restricted to Specific Programs					26,500,089
Unrestricted Investment Income					16
Refund of Telecommunication and Internet Fees (E-Rate)					17,739
Miscellaneous					24,781
Total General Revenues					\$ 37,807,234
Change in Net Position					\$ 4,182,640
Net Position, July 1, 2013					41,015,267
Net Position, June 30, 2014					\$ 45,197,907

Marshall County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other	Governmental Funds		
				Governmental Funds	Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 2,135	\$ 0	2,135
Equity in Pooled Cash and Investments	5,094,401	5,512,190	591,471	11,198,062		11,198,062
Accounts Receivable	0	0	85,419	85,419		85,419
Due from Other Governments	635,626	0	174,627	810,253		810,253
Property Taxes Receivable	9,520,986	0	0	9,520,986		9,520,986
Allowance for Uncollectible Property Taxes	(220,792)	0	0	(220,792)		(220,792)
Prepaid Items	419,392	0	0	419,392		419,392
Total Assets	\$ 15,449,613	\$ 5,512,190	\$ 853,652	\$ 21,815,455		\$ 21,815,455
<u>LIABILITIES</u>						
Accounts Payable	\$ 10,800	\$ 83,452	\$ 0	\$ 0	\$ 0	94,252
Accrued Payroll	6,252	0	0	0	0	6,252
Payroll Deductions Payable	871,528	0	0	0	0	871,528
Contracts Payable	0	310,659	0	0	0	310,659
Retainage Payable	0	16,351	0	0	0	16,351
Total Liabilities	\$ 888,580	\$ 410,462	\$ 0	\$ 0	\$ 0	\$ 1,299,042
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 8,990,774	\$ 0	\$ 0	\$ 0	\$ 0	8,990,774
Deferred Delinquent Property Taxes	276,577	0	0	0	0	276,577
Other Deferred/Unavailable Revenue	286,880	0	0	0	0	286,880
Total Deferred Inflows of Resources	\$ 9,554,231	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,554,231

(Continued)

Marshall County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Marshall County School Department (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other	Governmental Funds		
FUND BALANCES						
Nonspendable:						
Prepaid Items	\$ 419,392	\$ 0	\$ 0	\$ 0	\$ 0	419,392
Restricted:						
Restricted for Education	17,180	0	0	753,652	0	770,832
Restricted for Capital Outlay	0	5,086,378	0	0	0	5,086,378
Committed:						
Committed for Education	0	0	0	100,000	0	100,000
Committed for Capital Projects	0	15,350	0	0	0	15,350
Assigned:						
Assigned for Education	413,436	0	0	0	0	413,436
Assigned for Capital Outlay	682,295	0	0	0	0	682,295
Unassigned	3,474,499	0	0	0	0	3,474,499
Total Fund Balances	\$ 5,006,802	\$ 5,101,728	\$ 853,652	\$ 853,652	\$ 10,962,182	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,449,613	\$ 5,512,190	\$ 853,652	\$ 853,652	\$ 21,815,455	

Exhibit I-3

Marshall County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Marshall County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 10,962,182
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,375,826	
Add: construction in progress	699,345	
Add: buildings and improvements net of accumulated depreciation	33,262,767	
Add: infrastructure net of accumulated depreciation	102,985	
Add: other capital assets net of accumulated depreciation	<u>2,955,931</u>	39,396,854
(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	\$ (152,999)	
Less: other postemployment benefits liability	<u>(5,571,587)</u>	(5,724,586)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>563,457</u>
Net position of governmental activities (Exhibit A)		<u>\$ 45,197,907</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, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Governmental Funds	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 11,242,429	\$ 0	\$ 0	\$ 0	\$ 11,242,429	
Licenses and Permits	1,776	0	0	0	1,776	
Charges for Current Services	69,681	0	1,005,385	0	1,075,066	
Other Local Revenues	42,520	0	16	0	42,536	
State of Tennessee	26,250,327	0	29,409	0	26,279,736	
Federal Government	413,898	0	4,821,931	0	5,235,829	
Other Governments and Citizens Groups	118,553	5,886,833	0	0	6,005,386	
Total Revenues	\$ 38,139,184	\$ 5,886,833	\$ 5,856,741	\$ 0	\$ 49,882,758	
<u>Expenditures</u>						
Current:						
Instruction	\$ 22,967,280	\$ 0	\$ 1,961,782	\$ 0	\$ 24,929,062	
Support Services	13,143,968	0	647,683	0	13,791,651	
Operation of Non-instructional Services	190,095	0	3,199,530	0	3,389,625	
Capital Outlay	880,694	0	0	0	880,694	
Debt Service:						
Other Debt Service	259,955	0	0	0	259,955	
Capital Projects	0	1,066,111	0	0	1,066,111	
Total Expenditures	\$ 37,441,992	\$ 1,066,111	\$ 5,808,995	\$ 0	\$ 44,317,098	
Excess (Deficiency) of Revenues Over Expenditures	\$ 697,192	\$ 4,820,722	\$ 47,746	\$ 0	\$ 5,565,660	

(Continued)

Exhibit I-4

Marshall County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Marshall County School Department (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects		Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 27,476	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,476
Transfers Out	0	0	0	(27,476)	(27,476)	(27,476)
Total Other Financing Sources (Uses)	\$ 27,476	\$ 0	\$ 0	\$ (27,476)	\$ 0	0
Net Change in Fund Balances	\$ 724,668	\$ 4,820,722	\$ 4,820,722	\$ 20,270	\$ 20,270	\$ 5,565,660
Fund Balance, July 1, 2013	4,282,134	281,006	281,006	833,382	833,382	5,396,522
Fund Balance, June 30, 2014	\$ 5,006,802	\$ 5,101,728	\$ 5,101,728	\$ 853,652	\$ 853,652	\$ 10,962,182

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, 2014

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)		\$ 5,565,660
(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	\$ 933,456	
Less: current-year depreciation expense	<u>(2,244,595)</u>	(1,311,139)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized		350,514
(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, 2013	\$ (631,379)	
Add: deferred delinquent property taxes and other deferred June 30, 2014	<u>563,457</u>	(67,922)
(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 other postemployment benefits liability	\$ (339,643)	
Change in compensated absences payable	<u>(14,830)</u>	<u>(354,473)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,182,640</u>

Exhibit I-6

Marshall County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,135	\$ 2,135
Equity in Pooled Cash and Investments	97,114	494,357	591,471
Accounts Receivable	0	85,419	85,419
Due from Other Governments	2,886	171,741	174,627
Total Assets	\$ 100,000	\$ 753,652	\$ 853,652
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 753,652	\$ 753,652
Committed:			
Committed for Education	100,000	0	100,000
Total Fund Balances	\$ 100,000	\$ 753,652	\$ 853,652

Exhibit I-7

Marshall County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,005,385	\$ 1,005,385
Other Local Revenues	0	16	16
State of Tennessee	0	29,409	29,409
Federal Government	2,636,941	2,184,990	4,821,931
Total Revenues	<u>\$ 2,636,941</u>	<u>\$ 3,219,800</u>	<u>\$ 5,856,741</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,961,782	\$ 0	\$ 1,961,782
Support Services	647,683	0	647,683
Operation of Non-instructional Services	0	3,199,530	3,199,530
Total Expenditures	<u>\$ 2,609,465</u>	<u>\$ 3,199,530</u>	<u>\$ 5,808,995</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 27,476</u>	<u>\$ 20,270</u>	<u>\$ 47,746</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (27,476)	\$ 0	\$ (27,476)
Total Other Financing Sources (Uses)	<u>\$ (27,476)</u>	<u>\$ 0</u>	<u>\$ (27,476)</u>
Net Change in Fund Balances	\$ 0	\$ 20,270	\$ 20,270
Fund Balance, July 1, 2013	100,000	733,382	833,382
Fund Balance, June 30, 2014	<u>\$ 100,000</u>	<u>\$ 753,652</u>	<u>\$ 853,652</u>

Exhibit I-8

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Marshall County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 11,242,429	\$ 0	\$ 0	\$ 11,242,429	\$ 10,921,133	\$ 10,921,133	\$ 321,296
Licenses and Permits	1,776	0	0	1,776	1,867	1,867	(91)
Charges for Current Services	69,681	0	0	69,681	73,600	73,600	(3,919)
Other Local Revenues	42,520	0	0	42,520	159,000	159,000	(116,480)
State of Tennessee	26,250,327	0	0	26,250,327	25,518,108	26,213,531	36,796
Federal Government	413,898	0	0	413,898	0	308,400	105,498
Other Governments and Citizens Groups	118,553	0	0	118,553	0	0	118,553
Total Revenues	\$ 38,139,184	\$ 0	\$ 0	\$ 38,139,184	\$ 36,673,708	\$ 37,677,531	\$ 461,653
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,155,448	(21)	\$ 319,856	\$ 19,475,283	\$ 19,927,746	\$ 19,983,564	\$ 508,281
Alternative Instruction Program	135,863	0	0	135,863	144,006	144,006	8,143
Special Education Program	2,274,753	0	0	2,274,753	2,320,143	2,320,143	45,390
Vocational Education Program	1,401,216	0	276	1,401,492	1,552,894	1,467,894	66,402
<u>Support Services</u>							
Attendance	217,167	0	0	217,167	202,200	226,200	9,033
Health Services	339,893	(21)	100	339,972	374,708	374,708	34,736
Other Student Support	808,828	0	158	808,986	758,885	827,185	18,199
Regular Instruction Program	1,513,166	0	180	1,513,346	1,550,774	1,568,774	55,428
Special Education Program	74,067	0	0	74,067	75,170	75,170	1,103
Vocational Education Program	91,494	0	0	91,494	83,609	98,609	7,115
Other Programs	149,138	0	0	149,138	0	149,138	0
Board of Education	487,998	0	0	487,998	532,092	532,092	44,094
Director of Schools	211,890	0	0	211,890	220,765	220,765	8,875
Office of the Principal	2,533,757	(52)	599	2,534,304	2,533,580	2,566,200	31,896
Fiscal Services	247,221	(555)	0	246,666	269,074	269,074	22,408
Human Services/Personnel	153,736	0	0	153,736	151,026	159,026	5,290
Operation of Plant	3,241,447	0	2,000	3,243,447	3,322,164	3,322,164	78,717
Maintenance of Plant	1,244,700	0	66,801	1,311,501	1,380,945	1,380,945	69,444

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 1,583,236	\$ 0	\$ 23,466	\$ 1,606,702	\$ 1,637,663	\$ 1,702,663	\$ 95,961
Central and Other	246,230	0	0	246,230	237,641	247,641	1,411
<u>Operation of Non-instructional Services</u>							
Early Childhood Education	190,095	0	0	190,095	198,101	198,101	8,006
Capital Outlay							
Regular Capital Outlay	880,694	(80,826)	17,295	817,163	614,621	1,031,531	214,368
Other Debt Service							
Education	259,955	0	0	259,955	0	259,955	0
Total Expenditures	\$ 37,441,992	\$ (81,475)	\$ 430,731	\$ 37,791,248	\$ 38,087,807	\$ 39,125,548	\$ 1,334,300
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 697,192	\$ 81,475	\$ (430,731)	\$ 347,936	\$ (1,414,099)	\$ (1,448,017)	\$ 1,795,953
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000	\$ 3,000	\$ (3,000)
Transfers In	27,476	0	0	27,476	20,000	20,000	7,476
Total Other Financing Sources	\$ 27,476	\$ 0	\$ 0	\$ 27,476	\$ 23,000	\$ 23,000	\$ 4,476
<u>Net Change in Fund Balance</u>	\$ 724,668	\$ 81,475	\$ (430,731)	\$ 375,412	\$ (1,391,099)	\$ (1,425,017)	\$ 1,800,429
Fund Balance, July 1, 2013	4,282,134	(81,475)	0	4,200,659	4,404,421	4,404,421	(203,762)
Fund Balance, June 30, 2014	\$ 5,006,802	\$ 0	\$ (430,731)	\$ 4,576,071	\$ 3,013,322	\$ 2,979,404	\$ 1,596,667

Exhibit I-9

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marshall County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,636,941	\$ 3,069,386	\$ 3,072,281	\$ (435,340)
Total Revenues	\$ 2,636,941	\$ 3,069,386	\$ 3,072,281	\$ (435,340)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,213,973	\$ 1,431,186	\$ 1,443,855	\$ 229,882
Special Education Program	694,004	789,449	781,155	87,151
Vocational Education Program	53,805	51,477	53,805	0
<u>Support Services</u>				
Other Student Support	21,583	36,516	33,788	12,205
Regular Instruction Program	284,600	377,580	365,480	80,880
Special Education Program	212,854	219,107	230,127	17,273
Vocational Education Program	3,340	3,340	3,340	0
Transportation	125,306	130,720	130,720	5,414
Total Expenditures	\$ 2,609,465	\$ 3,039,375	\$ 3,042,270	\$ 432,805
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,476	\$ 30,011	\$ 30,011	\$ (2,535)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (27,476)	\$ (30,011)	\$ (30,011)	\$ 2,535
Total Other Financing Sources	\$ (27,476)	\$ (30,011)	\$ (30,011)	\$ 2,535
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2013	100,000	100,000	100,000	0
Fund Balance, June 30, 2014	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,005,385	\$ 1,073,797	\$ 1,073,797	\$ (68,412)
Other Local Revenues	16	23	23	(7)
State of Tennessee	29,409	28,978	28,978	431
Federal Government	2,184,990	2,019,457	2,019,457	165,533
Total Revenues	<u>\$ 3,219,800</u>	<u>\$ 3,122,255</u>	<u>\$ 3,122,255</u>	<u>\$ 97,545</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 3,199,530	\$ 3,268,368	\$ 3,268,368	\$ 68,838
Total Expenditures	<u>\$ 3,199,530</u>	<u>\$ 3,268,368</u>	<u>\$ 3,268,368</u>	<u>\$ 68,838</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,270</u>	<u>\$ (146,113)</u>	<u>\$ (146,113)</u>	<u>\$ 166,383</u>
Net Change in Fund Balance	\$ 20,270	\$ (146,113)	\$ (146,113)	\$ 166,383
Fund Balance, July 1, 2013	733,382	733,596	733,596	(214)
Fund Balance, June 30, 2014	<u>\$ 753,652</u>	<u>\$ 587,483</u>	<u>\$ 587,483</u>	<u>\$ 166,169</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 Position
Discretely Presented Marshall County Board of Public Utilities
June 30, 2014

Major
Enterprise Fund
Marshall County
Board of
Public Utilities

ASSETS

Current Assets:		
Cash	\$	1,803
Equity in Pooled Cash and Investments		2,200,450
Inventories		56,511
Accounts Receivable		195,321
Due from Other Governments		36,074
Due from Primary Government		131,070
Restricted Assets:		
Customer Deposits		96,830
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land		158,097
Construction in Progress		806,912
Assets Net of Accumulated Depreciation:		
Buildings and Improvements		832,764
Infrastructure		17,270,702
Other Capital Assets		782,917
Total Assets	\$	<u>22,569,451</u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$	47,727
Payroll Deductions Payable		9,737
Accrued Interest Payable		9,160
Current Liabilities Payable from Restricted Assets:		
Customer Deposits Payable		96,830
Noncurrent Liabilities:		
Due Within One Year		149,994
Due in More Than One Year		7,695,243
Total Liabilities	\$	<u>8,008,691</u>

NET POSITION

Net Investment in Capital Assets	\$	12,173,046
Unrestricted		<u>2,387,714</u>
Total Net Position	\$	<u><u>14,560,760</u></u>

Exhibit J-2

Marshall County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2014

	Major Enterprise Fund Marshall County Board of Public Utilities
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,810,552
Other Local Revenues	4,001
Total Operating Revenues	<u>\$ 1,814,553</u>
<u>Operating Expenses</u>	
Other Economic and Community Development	\$ 969,461
Depreciation	611,016
Total Operating Expenses	<u>\$ 1,580,477</u>
Operating Income (Loss)	<u>\$ 234,076</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 5,913
Contribution from Primary Government (Adequate Facilities Tax)	131,070
Grants	189,799
Insurance Recovery	8,344
Interest on Bonds	(217,640)
Interest on Notes	(12,080)
Other Debt Issuance Costs	(3,040)
Total Nonoperating Revenues (Expenses)	<u>\$ 102,366</u>
Income (Loss) Before Contributions	\$ 336,442
Capital Contributions	95,585
Change in Net Position	<u>\$ 432,027</u>
Net Position, July 1, 2013	<u>14,128,733</u>
Net Position, June 30, 2014	<u><u>\$ 14,560,760</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, 2014

	<u>Major Enterprise Fund Marshall County Board of Public Utilities</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,801,876
Other Receipts (Payments)	4,001
Payments to Vendors	(542,241)
Payments to Employees	(423,263)
Payments to Fringe Benefits	(178,757)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 661,616</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Proceeds from Capital Debt	\$ 4,823,750
Acquisition and Construction of Capital Assets	(1,380,956)
Capital Contributions	95,585
Principal Paid on Notes	(3,857,000)
Interest Paid on Notes	(12,080)
Principal Paid on Bonds	(147,208)
Interest Paid on Bonds	(217,640)
Other Debt Issuance Costs	(3,040)
Insurance Recovery	8,344
Proceeds from Capital Grants	260,635
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (429,610)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Contributions from Primary Government (Adequate Facilities Tax)	\$ 201,095
Contributions and Gifts	12,517
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 213,612</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 5,913</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 5,913</u>
Increase (Decrease) in Cash	\$ 451,531
Cash, July 1, 2013	<u>1,847,552</u>
Cash, June 30, 2014	<u><u>\$ 2,299,083</u></u>

(Continued)

Exhibit J-3

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

	Major <u>Enterprise Fund</u> Marshall County Board of <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)	\$ 234,076
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	611,016
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(8,676)
(Increase) Decrease in Inventories	3,057
Increase (Decrease) in Accounts Payable	16,257
Increase (Decrease) in Accrued Payroll	(1,433)
Increase (Decrease) in Payroll Deductions Payable	8,734
Increase (Decrease) in Retainage Payable	(24,555)
Increase (Decrease) in Accrued Interest Payable	(194,803)
Increase (Decrease) in Customer Deposits	21,376
Increase (Decrease) in Accrued Leave	<u>(3,433)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 661,616</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 1,803
Equity in Pooled Cash and Investments Per Net Position	2,200,450
Restricted Customer Deposits	<u>96,830</u>
Cash, June 30, 2014	<u>\$ 2,299,083</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marshall County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
Primary Government and Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-14
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Projects, Education, and Highway	\$ 2,700,000	3.36 %	12-1-02	12-14-14	\$ 530,000	\$ 0	\$ 260,000	\$ 270,000
Energy Efficient Schools Initiative	2,982,250	.75	3-28-11	1-1-24	2,623,921	0	241,088	2,382,833
Highway Capital Outlay Notes, Series 2013	1,000,000	1.05	4-7-13	4-1-16	1,000,000	0	330,000	670,000
Total Notes Payable					\$ 4,153,921	\$ 0	\$ 831,088	\$ 3,322,833
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Bonds	2,430,000	3.25 to 4	9-1-01	9-5-13	\$ 360,000	\$ 0	\$ 360,000	\$ 0
School Refunding	7,975,000	3.47	3-17-05	6-1-20	5,535,000	0	610,000	4,925,000
School Bonds	7,050,000	3.7	1-1-06	5-1-31	5,825,000	0	225,000	5,600,000
General Obligation Bond	5,000,000	3.63 to 4	6-1-07	6-1-31	4,050,000	0	160,000	3,890,000
School Refunding	5,115,000	3.8	9-11-08	11-1-20	3,695,000	0	395,000	3,300,000
GO Public Improvement Refunding Bonds, Series 2011	6,160,000	3.32	3-15-11	9-1-27	5,775,000	0	325,000	5,450,000
GO Refunding Bonds, Series 2011	3,580,000	2.04	6-23-11	5-1-24	2,735,587	0	466,956	2,268,631
GO Improvement Bonds, Series 2011	1,020,000	2.04	6-23-11	5-1-24	779,413	0	133,044	646,369
GO Improvement Bonds, Series 2013	3,250,000	1.84	5-31-13	5-1-28	3,250,000	0	195,000	3,055,000
GO School Improvement Bonds, Series 2013	5,945,000	3.86	12-23-13	10-1-43	0	5,945,000	0	5,945,000
Total Bonds Payable					\$ 32,005,000	\$ 5,945,000	\$ 2,870,000	\$ 35,080,000

(Continued)

Exhibit K-1

Marshall County, Tennessee
Schedule of Changes in Long-term Notes 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 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
DISCRETELY PRESENTED MARSHALL COUNTY BOARD OF PUBLIC UTILITIES								
NOTES PAYABLE								
Water Revenue and Tax Bond Anticipation Note	\$ 3,857,000	3	% 12-22-10	12-18-13	\$ 2,983,250	\$ 873,750	\$ 3,857,000	\$ 0
Total Notes Payable					\$ 2,983,250	\$ 873,750	\$ 3,857,000	\$ 0
BONDS PAYABLE								
Water Revenue and Tax Bonds, Series 2003	849,000	4.38	6-22-04	6-22-42	\$ 751,970	\$ 0	\$ 13,314	\$ 738,656
Water Revenue and Tax Bonds, Series 2005	667,000	4.5	3-17-06	3-17-44	506,611	0	64,238	442,373
Water Revenue and Tax Bonds, Series 2007	1,940,000	4.13	4-16-09	4-16-47	1,843,649	0	25,700	1,817,949
Water Revenue and Tax Bonds, Series 2009	3,950,000	3	12-18-13	12-18-50	0	3,950,000	29,572	3,920,428
Water Revenue and Tax Bonds, Series 2011A	515,000	2.75	5-8-13	5-8-51	514,356	0	7,842	506,514
Water Revenue and Tax Bonds, Series 2011B	409,000	2.5	6-26-13	6-26-51	409,000	0	6,542	402,458
Total Bonds Payable					\$ 4,025,586	\$ 3,950,000	\$ 147,208	\$ 7,828,378

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	
2015	\$ 847,912	\$ 28,603	\$ 876,515
2016	579,737	18,579	598,316
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	\$ 3,322,833	\$ 101,645	\$ 3,424,478

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 2,560,000	\$ 1,274,816	\$ 3,834,816
2016	2,615,000	1,199,309	3,814,309
2017	2,700,000	1,131,338	3,831,338
2018	2,780,000	1,050,240	3,830,240
2019	2,585,000	967,823	3,552,823
2020	2,645,000	882,596	3,527,596
2021	2,715,000	799,259	3,514,259
2022	1,480,000	736,535	2,216,535
2023	1,520,000	688,911	2,208,911
2024	1,570,000	644,338	2,214,338
2025	1,435,000	596,104	2,031,104
2026	1,485,000	550,330	2,035,330
2027	1,550,000	501,748	2,051,748
2028	1,305,000	456,256	1,761,256
2029	880,000	424,309	1,304,309
2030	915,000	396,293	1,311,293
2031	955,000	371,258	1,326,258
2032	200,000	339,801	539,801
2033	210,000	342,114	552,114
2034	210,000	334,081	544,081
2035	220,000	335,696	555,696
2036	240,000	346,306	586,306
2037	250,000	345,894	595,894
2038	250,000	335,425	585,425
2039	255,000	330,009	585,009
2040	280,000	343,450	623,450
2041	295,000	345,513	640,513
2042	310,000	346,900	656,900
2043	325,000	347,613	672,613
2044	340,000	347,653	687,653
Total	\$ 35,080,000	\$ 17,111,918	\$ 52,191,918

(Continued)

Exhibit K-2

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

DISCRETELY PRESENTED MARSHALL
COUNTY BOARD OF PUBLIC UTILITIES

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 133,135	\$ 266,681	\$ 399,816
2016	137,906	261,910	399,816
2017	142,853	256,963	399,816
2018	147,987	251,829	399,816
2019	153,311	246,505	399,816
2020	158,836	240,980	399,816
2021	164,565	235,251	399,816
2022	170,511	229,305	399,816
2023	176,681	223,135	399,816
2024	183,082	216,734	399,816
2025	189,726	210,090	399,816
2026	196,620	203,196	399,816
2027	203,773	196,043	399,816
2028	211,198	188,618	399,816
2029	218,904	180,912	399,816
2030	226,902	172,914	399,816
2031	235,202	164,614	399,816
2032	220,549	156,279	376,828
2033	214,185	148,887	363,072
2034	221,700	141,372	363,072
2035	229,486	133,586	363,072
2036	237,557	125,515	363,072
2037	245,922	117,150	363,072
2038	254,591	108,481	363,072
2039	263,577	99,495	363,072
2040	272,891	90,181	363,072
2041	282,549	80,523	363,072
2042	284,463	70,531	354,994
2043	255,692	61,432	317,124
2044	264,343	52,781	317,124
2045	273,292	43,832	317,124
2046	282,556	34,568	317,124
2047	267,813	25,062	292,875
2048	197,838	18,018	215,856
2049	203,757	12,099	215,856
2050	209,789	6,067	215,856
2051	94,636	831	95,467
Total	\$ 7,828,378	\$ 5,272,370	\$ 13,100,748

Exhibit K-3

Marshall County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marshall County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Juvenile Services	General	Operations	\$ 60,000
General	Solid Waste/Sanitation	"	586,950
Total Transfers Primary Government			<u>\$ 646,950</u>
<u>DISCRETELY PRESENTED MARSHALL</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	\$ 27,476
Total Transfers Discretely Presented Marshall County School Department			<u>\$ 27,476</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 75,804	\$ 50,000	Auto Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, TCA	72,195	100,000	"
Director of Schools	State Board of Education and County Board of Education	118,453 (1)	50,000	"
Trustee	Section 8-24-102, TCA	65,632	1,400,000	"
Assessor of Property	Section 8-24-102, TCA	65,632	50,000	"
County Clerk	Section 8-24-102, TCA	65,632	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	65,632	65,000	"
Clerk and Master	Section 8-24-102, TCA	65,632 (2)	100,000	"
Register of Deeds	Section 8-24-102, TCA	65,632	25,000	"
Sheriff	Section 8-24-102, TCA	72,195 (3)	25,000	"
Director of Accounts and Budgets	Chapter 17, Private Acts of 2005, and County Commission	70,608	700,000	"
Board of Public Utilities Manager	Board of Public Utilities	54,315 (4)	(5)	
<u>Employee Blanket Bonds</u>				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			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 and longevity pay of \$1,000. Does not include a cell phone allowance of \$50 per month, 83 percent of the premium for family health and dental insurance (\$10,617), and the director's five percent share of retirement (\$5,923).
- (2) Does not include special commissioner fees of \$1,636.
- (3) Does not include a law enforcement training supplement of \$600.
- (4) Does not include longevity pay of \$500.
- (5) 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, 2014

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,822,006	\$ 0	\$ 0	\$ 0	\$ 0	\$ 413,930
Trustee's Collections - Prior Year	95,291	0	0	0	0	8,197
Trustee's Collections - Bankruptcy	27,007	0	0	0	0	2,412
Circuit/Clerk and Master Collections - Prior Years	67,936	0	0	0	0	5,844
Interest and Penalty	34,937	0	0	0	0	3,004
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	204,279	0	0	0	0	0
Hotel/Motel Tax	123,918	0	0	0	0	0
Wheel Tax	67,128	0	0	0	0	201,385
Litigation Tax - General	162,085	0	0	0	0	0
Litigation Tax - Special Purpose	27,625	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Courthouse Security	98,926	0	0	0	0	0
Business Tax	182,792	0	0	0	0	0
Mixed Drink Tax	82	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	227,999
Adequate Facilities/Development Tax	131,070	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	0
Wholesale Beer Tax	100,168	0	0	0	0	0
Interstate Telecommunications Tax	1,702	0	0	0	0	0
Total Local Taxes	\$ 6,146,952	\$ 0	\$ 0	\$ 0	\$ 0	\$ 862,771

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	27,128	0	0	0	0	0
Permits						
Beer Permits	1,282	0	0	0	0	0
Building Permits	165,871	0	0	0	0	0
Other Permits	3,195	0	0	0	0	0
Total Licenses and Permits	\$ 197,476	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	4,452	0	0	0	0	0
Officers Costs	1,758	0	0	0	0	0
Drug Control Fines	0	0	0	167	0	0
Drug Court Fees	0	0	0	731	0	0
Jail Fees	0	0	0	48	0	0
DUI Treatment Fines	254	0	0	0	0	0
Data Entry Fee - Circuit Court	6,471	0	0	0	0	0
Courtroom Security Fee	1,987	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	16,417	0	0	0	0	0
Officers Costs	32,293	0	0	0	0	0
Game and Fish Fines	815	0	0	0	0	0
Drug Control Fines	0	0	0	4,058	0	0
Drug Court Fees	0	0	0	6,272	0	0
Jail Fees	0	0	0	636	0	0
Interpreter Fee	25	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$ 5,160	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - General Sessions Court	12,069	0	0	0	0	0
Courtroom Security Fee	249	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,036	0	0	0	0	0
Officers Costs	4,607	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,392	0	0	0	0	0
Courtroom Security Fee	4	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,655	0	0	0	0	0
Data Entry Fee - Chancery Court	3,832	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	0	60,418	0	0	0	0
<u>Judicial District Drug Program</u>						
Fines	876	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	10,212	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 108,564	\$ 60,418	\$ 0	\$ 11,912	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 0	\$ 61,862	\$ 0	\$ 0	\$ 0
Surcharge - General	0	0	11,559	0	0	0
Patient Charges	1,199,408	0	0	0	0	0
Zoning Studies	5,090	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Work Release Charges for Board	24,245 \$	0 \$	0 \$	0 \$	0 \$	0
Water Sales	30,775	0	0	0	0	0
<u>Fees</u>						
Engineer Review Fees	200	0	0	0	0	0
Copy Fees	12,211	0	0	0	0	0
Library Fees	1,937	0	0	0	0	0
Telephone Commissions	43,752	0	0	0	0	0
Vending Machine Collections	11,038	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	1,662	0
Data Processing Fee - Register	10,240	0	0	0	0	0
Data Processing Fee - Sheriff	3,098	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,900	0	0	0	0	0
Data Processing Fee - County Clerk	3,601	0	0	0	0	0
Total Charges for Current Services	\$ 1,347,495	\$ 0	\$ 73,421	\$ 0	\$ 1,662	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	81,685 \$	0 \$	0 \$	0 \$	0 \$	4
Lease/Rentals	14,000	0	0	0	0	0
Sale of Materials and Supplies	1,881	0	0	0	0	1,892
Sale of Gasoline	0	0	0	0	0	47,379
Sale of Maps	4,761	0	0	0	0	0
Sale of Recycled Materials	0	0	565,747	0	0	0
Miscellaneous Refunds	25,987	0	0	2,164	0	14,450
Expenditure Credits	12,547	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Highway / Public Works
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	3,469 \$	0 \$	0 \$	0 \$	0 \$	86,790
Damages Recovered from Individuals	3	0	0	0	0	0
Contributions and Gifts	6,474	0	300,000	5,955	0	0
Performance Bond Forfeitures	238	0	0	0	0	30,000
<u>Other Local Revenues</u>						
Other Local Revenues	726	0	0	0	0	0
Total Other Local Revenues	\$ 151,771 \$	0 \$	865,747 \$	8,119 \$	0 \$	180,515
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	356,210 \$	0 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	64,362	0	0	0	0	0
General Sessions Court Clerk	205,510	0	0	0	0	0
Clerk and Master	133,346	0	0	0	0	0
Juvenile Court Clerk	42,498	0	0	0	0	0
Register	119,458	0	0	0	0	0
Sheriff	13,710	0	0	0	0	0
Trustee	565,029	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,500,123 \$	0 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	9,000 \$	0 \$	0 \$	0 \$	0 \$	0
Solid Waste Grants	0	0	333,768	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Highway / Public Works
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees		
State of Tennessee (Cont.)							
Public Safety Grants							
Law Enforcement Training Programs	\$ 12,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Health and Welfare Grants	30,171	0	0	0	0	0	0
Health Department Programs	59,697	0	0	0	0	0	0
Other Health and Welfare Grants							
Public Works Grants							
Bridge Program	0	0	0	0	0	0	162,390
State Aid Program	0	0	0	0	0	0	390,252
Litter Program	0	0	37,200	0	0	0	0
Tennessee Industrial Infrastructure Program	307,457	0	0	0	0	0	0
Other State Revenues							
Income Tax	40,244	0	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0	0
Vehicle Certificate of Title Fees	1,424	0	0	0	0	0	0
Alcoholic Beverage Tax	53,721	0	0	0	0	0	0
Mixed Drink Tax	324	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	162,411	0	0	0	0	0	13,971
Contracted Prisoner Boarding	1,526,472	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,624,278
Petroleum Special Tax	0	0	0	0	0	0	22,092
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
State Shared Sales Tax - Cities	4,824	0	0	0	0	0	0
Other State Grants	3,513	0	0	0	0	0	0
Other State Revenues	3,499	0	0	0	0	0	0
Total State of Tennessee	\$ 2,248,327	\$ 0	\$ 370,968	\$ 0	\$ 0	\$ 0	2,212,983

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 36,197	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	183,930	0	0	0	0	0
<u>Direct Federal Revenue</u>						
FHA Grant	7,216	0	0	0	0	0
Other Direct Federal Revenue	8,550	0	0	0	0	0
Total Federal Government	\$ 235,893	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 23,970	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	72,234	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	3,590	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 99,794	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 12,036,395	\$ 60,418	\$ 1,310,136	\$ 20,031	\$ 1,662	\$ 3,256,269

(Continued)

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

	Debt Service		Capital Projects Funds			Total		
	General	Debt Service	School Bus Acquisition	Other Capital Projects				
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$	2,069,638	\$	51,748	\$	670,082	\$	8,027,404
Trustee's Collections - Prior Year		40,986		1,023		13,320		158,817
Trustee's Collections - Bankruptcy		14,732		426		8,186		52,763
Circuit/Clerk and Master Collections - Prior Years		29,220		731		9,497		113,228
Interest and Penalty		15,026		376		4,860		58,203
Payments in-Lieu-of Taxes - T.V.A.		0		6,945		0		6,945
Payments in-Lieu-of Taxes - Local Utilities		0		120,626		0		120,626
Payments in-Lieu-of Taxes - Other		0		358,435		0		358,435
<u>County Local Option Taxes</u>								
Local Option Sales Tax		2,080,536		0		0		2,284,815
Hotel/Motel Tax		0		0		0		123,918
Wheel Tax		1,074,051		0		0		1,342,564
Litigation Tax - General		0		0		0		162,085
Litigation Tax - Special Purpose		0		0		0		27,625
Litigation Tax - Jail, Workhouse, or Courthouse		99,393		0		0		99,393
Litigation Tax - Courthouse Security		0		0		0		98,926
Business Tax		0		0		0		182,792
Mixed Drink Tax		0		0		0		82
Mineral Severance Tax		0		0		0		227,999
Adequate Facilities/Development Tax		0		0		0		131,070
<u>Statutory Local Taxes</u>								
Bank Excise Tax		0		95,348		0		95,348
Wholesale Beer Tax		0		0		0		100,168
Interstate Telecommunications Tax		0		0		0		1,702
Total Local Taxes	\$	5,423,582	\$	635,658	\$	705,945	\$	13,774,908

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General	Debt Service	School Bus Acquisition	Other Capital Projects		
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$	0 \$	0 \$	0 \$	0 \$	27,128
<u>Permits</u>						
Beer Permits		0	0	0	0	1,282
Building Permits		0	0	0	0	165,871
Other Permits		0	0	0	0	3,195
Total Licenses and Permits	\$	0 \$	0 \$	0 \$	0 \$	197,476
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$	0 \$	0 \$	0 \$	0 \$	4,452
Officers Costs		0	0	0	0	1,758
Drug Control Fines		0	0	0	0	167
Drug Court Fees		0	0	0	0	731
Jail Fees		0	0	0	0	48
DUI Treatment Fines		0	0	0	0	254
Data Entry Fee - Circuit Court		0	0	0	0	6,471
Courtroom Security Fee		0	0	0	0	1,987
<u>General Sessions Court</u>						
Fines		0	0	0	0	16,417
Officers Costs		0	0	0	0	32,293
Game and Fish Fines		0	0	0	0	815
Drug Control Fines		0	0	0	0	4,058
Drug Court Fees		0	0	0	0	6,272
Jail Fees		0	0	0	0	636
Interpreter Fee		0	0	0	0	25

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General	Debt Service	School Bus Acquisition	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$	0 \$	0 \$	0 \$	0 \$	5,160
Data Entry Fee - General Sessions Court		0	0	0	0	12,069
Courtroom Security Fee		0	0	0	0	249
<u>Juvenile Court</u>						
Fines		0	0	0	0	3,036
Officers Costs		0	0	0	0	4,607
Data Entry Fee - Juvenile Court		0	0	0	0	2,392
Courtroom Security Fee		0	0	0	0	4
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	1,655
Data Entry Fee - Chancery Court		0	0	0	0	3,832
<u>Other Courts - In-county</u>						
Fines		0	0	0	0	60,418
<u>Judicial District Drug Program</u>						
Fines		0	0	0	0	876
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties		0	0	0	0	10,212
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	180,894
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$	0 \$	0 \$	67,595 \$	0	129,457
Surcharge - General		0	0	0	0	11,559
Patient Charges		0	0	0	0	1,199,408
Zoning Studies		0	0	0	0	5,090

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General	Debt Service	School Bus Acquisition	Other Capital Projects		
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Work Release Charges for Board	\$	0 \$	0 \$	0 \$	0 \$	24,245
Water Sales		0	0	0	0	30,775
<u>Fees</u>						
Engineer Review Fees		0	0	0	0	200
Copy Fees		0	0	0	0	12,211
Library Fees		0	0	0	0	1,937
Telephone Commissions		0	0	0	0	43,752
Vending Machine Collections		0	0	0	0	11,038
Constitutional Officers' Fees and Commissions		0	0	0	0	1,662
Data Processing Fee - Register		0	0	0	0	10,240
Data Processing Fee - Sheriff		0	0	0	0	3,098
Sexual Offender Registration Fee - Sheriff		0	0	0	0	1,900
Data Processing Fee - County Clerk		0	0	0	0	3,601
Total Charges for Current Services	\$	0 \$	0 \$	0 \$	67,595 \$	1,490,173
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$	0 \$	0 \$	0 \$	0 \$	81,689
Lease/Rentals		0	0	0	0	14,000
Sale of Materials and Supplies		0	0	0	0	3,773
Sale of Gasoline		0	0	0	0	47,379
Sale of Maps		0	0	0	0	4,761
Sale of Recycled Materials		0	0	0	0	565,747
Miscellaneous Refunds		0	0	0	0	42,601
Expenditure Credits		0	0	0	0	12,547

(Continued)

Exhibit K-5

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

	Debt Service		Capital Projects Funds			Total
	Fund		School	Bus	Other	
	General	Debt	Acquisition	Capital	Projects	
	Service					
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	\$	0 \$	0 \$	0 \$	0 \$	90,259
Damages Recovered from Individuals		0	0	0	0	3
Contributions and Gifts		0	0	0	0	312,429
Performance Bond Forfeitures		0	0	0	0	30,238
<u>Other Local Revenues</u>		0	0	0	0	726
Total Other Local Revenues	\$	0 \$	0 \$	0 \$	0 \$	1,206,152
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$	0 \$	0 \$	0 \$	0 \$	356,210
Circuit Court Clerk		0	0	0	0	64,362
General Sessions Court Clerk		0	0	0	0	205,510
Clerk and Master		0	0	0	0	133,346
Juvenile Court Clerk		0	0	0	0	42,498
Register		0	0	0	0	119,458
Sheriff		0	0	0	0	13,710
Trustee		0	0	0	0	565,029
Total Fees Received from County Officials	\$	0 \$	0 \$	0 \$	0 \$	1,500,123
<u>State of Tennessee</u>						
General Government Grants	\$	0 \$	0 \$	0 \$	0 \$	9,000
Juvenile Services Program		0	0	0	0	333,768
Solid Waste Grants						

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General	Debt Service	School Bus Acquisition	Other Capital Projects		
<u>State of Tennessee (Cont.)</u>						
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	\$	0 \$	0 \$	0 \$		12,600
Health and Welfare Grants						
Health Department Programs		0	0	0		30,171
Other Health and Welfare Grants		0	0	0		59,697
<u>Public Works Grants</u>						
Bridge Program		0	0	0		162,390
State Aid Program		0	0	0		390,252
Litter Program		0	0	0		37,200
Tennessee Industrial Infrastructure Program		0	0	0		307,457
<u>Other State Revenues</u>						
Income Tax		0	0	0		40,244
Beer Tax		0	0	0		17,806
Vehicle Certificate of Title Fees		0	0	0		1,424
Alcoholic Beverage Tax		0	0	0		53,721
Mixed Drink Tax		0	0	0		324
State Revenue Sharing - T.V.A.		69,855	103,391	22,703		372,331
Contracted Prisoner Boarding		0	0	0		1,526,472
Gasoline and Motor Fuel Tax		0	0	0		1,624,278
Petroleum Special Tax		0	0	0		22,092
Registrar's Salary Supplement		0	0	0		15,164
State Shared Sales Tax - Cities		0	0	0		4,824
Other State Grants		0	0	0		3,513
Other State Revenues		0	0	0		3,499
Total State of Tennessee	\$	69,855 \$	103,391 \$	22,703 \$		5,028,227

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General	Debt Service	School Bus Acquisition	Other Capital Projects		
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,197
Other Federal through State	0	0	0	0	0	183,930
<u>Direct Federal Revenue</u>						
FHA Grant	0	0	0	0	0	7,216
Other Direct Federal Revenue	0	0	0	0	0	8,550
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 235,893
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,970
Contributions	259,955	0	0	0	0	332,189
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	3,590
Total Other Governments and Citizens Groups	\$ 259,955	\$ 0	\$ 0	\$ 0	\$ 0	\$ 359,749
<u>Total</u>	\$ 5,753,392	\$ 739,049	\$ 796,243	\$ 0	\$ 0	\$ 23,973,595

Marshall County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Marshall County School Department
 For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Education Capital Projects			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 8,640,714	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,640,714
Trustee's Collections - Prior Year	171,116	0	0	0	0	0	171,116
Trustee's Collections - Bankruptcy	46,897	0	0	0	0	0	46,897
Circuit/Clerk and Master Collections - Prior Years	115,907	0	0	0	0	0	115,907
Interest and Penalty	64,857	0	0	0	0	0	64,857
<u>County Local Option Taxes</u>							
Local Option Sales Tax	2,199,845	0	0	0	0	0	2,199,845
<u>Statutory Local Taxes</u>							
Interstate Telecommunications Tax	3,093	0	0	0	0	0	3,093
Total Local Taxes	\$ 11,242,429	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,242,429
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 1,776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,776
Total Licenses and Permits	\$ 1,776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,776
<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Lunch Payments - Children	\$ 0	\$ 0	\$ 523,732	\$ 0	\$ 0	\$ 0	\$ 523,732
Lunch Payments - Adults	0	0	53,629	0	0	0	53,629
Income from Breakfast	0	0	56,985	0	0	0	56,985
A la carte Sales	0	0	371,039	0	0	0	371,039
Receipts from Individual Schools	69,681	0	0	0	0	0	69,681
Total Charges for Current Services	\$ 69,681	\$ 0	\$ 1,005,385	\$ 0	\$ 0	\$ 0	\$ 1,075,066

(Continued)

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria		Education Capital Projects		
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0	0	16	0	0	0	16
Sale of Materials and Supplies	11,126	0	0	0	0	0	11,126
E-Rate Funding	17,739	0	0	0	0	0	17,739
Miscellaneous Refunds	13,355	0	0	0	0	0	13,355
<u>Nonrecurring Items</u>							
Damages Recovered from Individuals	300	0	0	0	0	0	300
Total Other Local Revenues	\$ 42,520	\$ 0	\$ 16	\$ 0	\$ 0	\$ 0	\$ 42,536
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-behalf Contributions for OPEB	\$ 149,138	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 149,138
<u>State Education Funds</u>							
Basic Education Program	24,955,000	0	0	0	0	0	24,955,000
Early Childhood Education	128,198	0	0	0	0	0	128,198
School Food Service	0	0	29,409	0	0	0	29,409
Driver Education	12,265	0	0	0	0	0	12,265
Other State Education Funds	483,832	0	0	0	0	0	483,832
Career Ladder Program	153,531	0	0	0	0	0	153,531
Career Ladder - Extended Contract	27,895	0	0	0	0	0	27,895
<u>Other State Revenues</u>							
Mixed Drink Tax	122,641	0	0	0	0	0	122,641
State Revenue Sharing - T.V.A.	190,000	0	0	0	0	0	190,000
Other State Grants	27,827	0	0	0	0	0	27,827
Total State of Tennessee	\$ 26,250,327	\$ 0	\$ 29,409	\$ 0	\$ 0	\$ 0	\$ 26,279,736

(Continued)

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	Education Capital Projects		
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,322,160	\$ 0	\$ 0	\$ 1,322,160	
USDA - Commodities Breakfast	0	0	388,712	0	0	388,712	
USDA - Other	0	0	455,613	0	0	455,613	
Vocational Education - Basic Grants to States	0	66,817	18,505	0	0	18,505	
Title I Grants to Local Education Agencies	0	1,081,534	0	0	0	1,081,534	
Special Education - Grants to States	0	1,021,125	0	0	0	1,021,125	
Special Education Preschool Grants	0	23,041	0	0	0	23,041	
English Language Acquisition Grants	0	15,678	0	0	0	15,678	
Rural Education	0	96,279	0	0	0	96,279	
Eisenhower Professional Development State Grants	0	165,337	0	0	0	165,337	
Race-to-the-Top - ARRA	0	167,130	0	0	0	167,130	
Other Federal through State	413,898	0	0	0	0	413,898	
Total Federal Government	\$ 413,898	\$ 2,636,941	\$ 2,184,990	\$ 0	\$ 0	\$ 5,235,829	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 118,553	\$ 0	\$ 0	\$ 5,886,833	\$ 6,005,386	\$ 6,005,386	
Total Other Governments and Citizens Groups	\$ 118,553	\$ 0	\$ 0	\$ 5,886,833	\$ 6,005,386	\$ 6,005,386	
Total	\$ 38,139,184	\$ 2,636,941	\$ 3,219,800	\$ 5,886,833	\$ 49,882,758	\$ 49,882,758	

Exhibit K-7

Marshall County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	73,276	
Social Security		4,529	
Extension Service Medicare		1,062	
Audit Services		22,120	
Communication		2,434	
Contracts with Private Agencies		4,368	
Dues and Memberships		3,003	
Legal Notices, Recording, and Court Costs		1,364	
Postal Charges		258	
Printing, Stationery, and Forms		610	
Royalties		22	
Other Supplies and Materials		2,051	
Liability Insurance		17,043	
Workers' Compensation Insurance		1,093	
Liability Claims		10,311	
Total County Commission			\$ 143,544

Board of Equalization

Board and Committee Members Fees	\$	1,400	
Social Security		87	
Extension Service Medicare		20	
Liability Insurance		903	
Workers' Compensation Insurance		607	
Total Board of Equalization			3,017

Other Boards and Committees

Board and Committee Members Fees	\$	3,550	
Social Security		220	
Extension Service Medicare		52	
Liability Insurance		2,347	
Workers' Compensation Insurance		364	
Total Other Boards and Committees			6,533

County Mayor/Executive

County Official/Administrative Officer	\$	75,804	
Secretary(ies)		4,395	
Part-time Personnel		16,197	
In-service Training		630	
Social Security		5,883	
Extension Service Medicare		1,376	
State Retirement		7,972	
Employee and Dependent Insurance		1,515	
Communication		2,087	
Dues and Memberships		1,500	
Postal Charges		388	
Travel		294	
Office Supplies		1,544	

(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.)

Liability Insurance	\$	362	
Workers' Compensation Insurance		2,312	
Other Charges		215	
Office Equipment		93	
Total County Mayor/Executive			\$ 122,567

County Attorney

Legal Services	\$	15,619	
Total County Attorney			15,619

Election Commission

Supervisor/Director	\$	59,068	
Deputy(ies)		28,792	
Election Commission		1,348	
In-service Training		2,195	
Social Security		5,518	
Extension Service Medicare		1,291	
State Retirement		8,733	
Employee and Dependent Insurance		297	
Communication		1,762	
Data Processing Services		14,655	
Legal Notices, Recording, and Court Costs		1,040	
Maintenance and Repair Services - Office Equipment		271	
Postal Charges		2,094	
Printing, Stationery, and Forms		116	
Travel		2,942	
Office Supplies		1,030	
Liability Insurance		3,430	
Workers' Compensation Insurance		2,294	
Voting Machines		69,566	
Total Election Commission			206,442

Register of Deeds

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		55,603	
Part-time Personnel		1,005	
Longevity Pay		850	
In-service Training		2,031	
Social Security		6,757	
Extension Service Medicare		1,580	
State Retirement		12,135	
Employee and Dependent Insurance		20,015	
Communication		1,041	
Contracts with Government Agencies		800	
Data Processing Services		14,854	
Dues and Memberships		603	
Evaluation and Testing		66	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Maintenance and Repair Services - Office Equipment	\$	600	
Postal Charges		659	
Office Supplies		2,409	
Liability Insurance		542	
Workers' Compensation Insurance		2,562	
Office Equipment		219	
Total Register of Deeds	\$		189,963

Building

Assistant(s)	\$	24,144	
Supervisor/Director		48,858	
Secretary(ies)		24,434	
Longevity Pay		450	
In-service Training		1,964	
Social Security		5,523	
Extension Service Medicare		1,292	
State Retirement		9,094	
Employee and Dependent Insurance		18,539	
Communication		2,914	
Dues and Memberships		405	
Legal Services		5,516	
Legal Notices, Recording, and Court Costs		1,062	
Licenses		45	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		1,523	
Postal Charges		595	
Printing, Stationery, and Forms		634	
Towing Services		65	
Travel		192	
Gasoline		4,350	
Office Supplies		276	
Liability Insurance		542	
Vehicle and Equipment Insurance		944	
Workers' Compensation Insurance		2,157	
Other Charges		286	
Total Building			156,344

County Buildings

Contributions	\$	118,552	
Janitorial Services		23,000	
Maintenance and Repair Services - Buildings		117,217	
Maintenance and Repair Services - Vehicles		1,062	
Pest Control		2,164	
Disposal Fees		4,448	
Custodial Supplies		3,672	
Electricity		89,997	
Gasoline		1,651	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Natural Gas	\$	25,197	
Water and Sewer		3,416	
Vehicle and Equipment Insurance		1,863	
Other Charges		10,800	
Total County Buildings			\$ 403,039

Finance

Accounting and Budgeting

Assistant(s)	\$	60,535	
Supervisor/Director		70,608	
Accountants/Bookkeepers		109,071	
Part-time Personnel		11,239	
Longevity Pay		1,800	
In-service Training		1,125	
Social Security		15,001	
Extension Service Medicare		3,508	
State Retirement		21,423	
Employee and Dependent Insurance		35,264	
On-behalf Payments to OPEB		3,892	
Communication		2,019	
Contracts with Private Agencies		9,353	
Data Processing Services		1,117	
Dues and Memberships		50	
Evaluation and Testing		195	
Maintenance and Repair Services - Office Equipment		1,200	
Postal Charges		6,322	
Travel		991	
Office Supplies		6,837	
Liability Insurance		1,264	
Workers' Compensation Insurance		5,598	
Office Equipment		1,237	
Total Accounting and Budgeting			369,649

Property Assessor's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		83,782	
Secretary(ies)		18,969	
Part-time Personnel		370	
Longevity Pay		1,600	
Other Salaries and Wages		167	
In-service Training		155	
Social Security		10,266	
Extension Service Medicare		2,401	
State Retirement		16,896	
Employee and Dependent Insurance		20,039	
On-behalf Payments to OPEB		3,568	
Communication		1,663	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Data Processing Services	\$	9,860	
Dues and Memberships		1,500	
Evaluation and Testing		66	
Legal Notices, Recording, and Court Costs		149	
Maintenance and Repair Services - Office Equipment		643	
Postal Charges		2,004	
Rentals		365	
Travel		1,031	
Office Supplies		1,670	
Other Supplies and Materials		4,074	
Liability Insurance		1,445	
Workers' Compensation Insurance		4,263	
Office Equipment		1,916	
Total Property Assessor's Office			\$ 254,494

Reappraisal Program

Assistant(s)	\$	29,539	
Deputy(ies)		17,273	
Secretary(ies)		17,373	
Social Security		3,871	
Extension Service Medicare		906	
State Retirement		6,380	
Employee and Dependent Insurance		5,546	
Data Processing Services		3,209	
Maintenance and Repair Services - Vehicles		730	
Postal Charges		452	
Gasoline		1,355	
Office Supplies		336	
Liability Insurance		180	
Vehicle and Equipment Insurance		496	
Workers' Compensation Insurance		1,393	
Total Reappraisal Program			89,039

County Trustee's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		54,887	
Part-time Personnel		457	
Longevity Pay		1,250	
In-service Training		449	
Social Security		6,876	
Extension Service Medicare		1,608	
State Retirement		12,104	
Employee and Dependent Insurance		22,835	
Communication		1,532	
Contracts with Private Agencies		5,525	
Dues and Memberships		603	
Legal Services		978	

(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.)

Legal Notices, Recording, and Court Costs	\$	42	
Maintenance and Repair Services - Office Equipment		214	
Postal Charges		5,009	
Office Supplies		1,142	
Liability Insurance		542	
Workers' Compensation Insurance		2,562	
Office Equipment		250	
Total County Trustee's Office	\$		184,497

County Clerk's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		153,037	
Part-time Personnel		8,420	
Longevity Pay		3,100	
In-service Training		1,402	
Social Security		13,345	
Extension Service Medicare		3,121	
State Retirement		21,985	
Employee and Dependent Insurance		38,646	
Communication		3,646	
Data Processing Services		13,847	
Dues and Memberships		578	
Evaluation and Testing		66	
Maintenance and Repair Services - Office Equipment		1,422	
Postal Charges		7,261	
Office Supplies		4,942	
Liability Insurance		1,264	
Workers' Compensation Insurance		4,502	
Office Equipment		8,115	
Total County Clerk's Office			354,331

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		166,808	
Attendants		7,100	
Longevity Pay		2,950	
Jury and Witness Expense		25,036	
In-service Training		85	
Social Security		13,747	
Extension Service Medicare		3,215	
State Retirement		23,398	
Employee and Dependent Insurance		44,089	
Communication		5,152	
Data Processing Services		17,700	
Dues and Memberships		568	
Evaluation and Testing		49	

(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.)

Maintenance and Repair Services - Office Equipment	\$	2,436	
Postal Charges		3,885	
Office Supplies		5,582	
Liability Insurance		1,264	
Workers' Compensation Insurance		7,284	
Office Equipment		9,066	
Total Circuit Court			\$ 405,046

General Sessions Judge

Judge(s)	\$	133,203	
Secretary(ies)		29,524	
Other Salaries and Wages		22,319	
In-service Training		345	
Social Security		10,301	
Extension Service Medicare		2,661	
State Retirement		16,175	
Employee and Dependent Insurance		11,838	
Communication		675	
Dues and Memberships		245	
Evaluation and Testing		66	
Licenses		400	
Postal Charges		311	
Travel		258	
Office Supplies		906	
Liability Insurance		362	
Workers' Compensation Insurance		4,052	
Total General Sessions Judge			233,641

Chancery Court

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		66,030	
Part-time Personnel		4,455	
Longevity Pay		350	
In-service Training		697	
Social Security		7,922	
Extension Service Medicare		1,853	
State Retirement		12,958	
Employee and Dependent Insurance		23,497	
On-behalf Payments to OPEB		391	
Communication		2,005	
Contracts with Private Agencies		8,481	
Dues and Memberships		588	
Evaluation and Testing		66	
Legal Services		112	
Legal Notices, Recording, and Court Costs		586	
Maintenance and Repair Services - Office Equipment		600	
Postal Charges		3,191	

(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.)

Office Supplies	\$	2,976	
Liability Insurance		812	
Premiums on Corporate Surety Bonds		60	
Workers' Compensation Insurance		3,006	
Office Equipment		6,416	
Total Chancery Court			\$ 212,684

Juvenile Court

Probation Officer(s)	\$	30,527	
Youth Service Officer(s)		37,558	
Guidance Personnel		44,602	
Longevity Pay		1,550	
Overtime Pay		3,741	
In-service Training		537	
Social Security		7,205	
Extension Service Medicare		1,685	
State Retirement		11,727	
Employee and Dependent Insurance		17,022	
Communication		2,115	
Dues and Memberships		35	
Maintenance and Repair Services - Office Equipment		540	
Postal Charges		483	
Travel		2,460	
Office Supplies		2,199	
Liability Insurance		542	
Workers' Compensation Insurance		2,323	
Other Charges		4,356	
Total Juvenile Court			171,207

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	72,195	
Assistant(s)		41,925	
Deputy(ies)		538,457	
Investigator(s)		82,818	
Accountants/Bookkeepers		31,928	
Salary Supplements		21,794	
Dispatchers/Radio Operators		120,927	
School Resource Officer		151,678	
Longevity Pay		7,800	
Overtime Pay		118,310	
In-service Training		12,600	
Social Security		71,297	
Extension Service Medicare		16,674	
State Retirement		104,604	
Employee and Dependent Insurance		179,363	
Communication		4,352	

(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.)

Contracts with Private Agencies	\$	4,620	
Data Processing Services		6,357	
Dues and Memberships		2,420	
Evaluation and Testing		4,370	
Legal Services		275	
Maintenance and Repair Services - Equipment		3,963	
Maintenance and Repair Services - Office Equipment		150	
Maintenance and Repair Services - Vehicles		28,610	
Pest Control		180	
Postal Charges		1,865	
Towing Services		360	
Transportation - Other than Students		181	
Travel		3,506	
Tuition		15,200	
Disposal Fees		1,843	
Other Contracted Services		5,191	
Diesel Fuel		78	
Electricity		22,658	
Gasoline		91,423	
Law Enforcement Supplies		11,403	
Natural Gas		4,400	
Office Supplies		4,340	
Tires and Tubes		9,533	
Uniforms		11,376	
Water and Sewer		20,025	
Liability Insurance		50,281	
Premiums on Corporate Surety Bonds		492	
Vehicle and Equipment Insurance		18,553	
Workers' Compensation Insurance		29,853	
Other Charges		10,953	
Communication Equipment		182	
Law Enforcement Equipment		3,630	
Motor Vehicles		4,758	
Office Equipment		972	
Other Capital Outlay		1,218	
Total Sheriff's Department			\$ 1,951,941

Jail

Assistant(s)	\$	29,665
Supervisor/Director		35,822
Salary Supplements		16,800
Guards		441,759
Clerical Personnel		26,856
Cafeteria Personnel		23,986
Longevity Pay		3,850
Overtime Pay		43,425
In-service Training		400

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Social Security	\$	36,606	
Extension Service Medicare		8,561	
State Retirement		54,411	
Employee and Dependent Insurance		128,255	
Communication		3,456	
Contracts with Private Agencies		6,633	
Data Processing Services		7,975	
Evaluation and Testing		2,341	
Maintenance and Repair Services - Equipment		1,326	
Maintenance and Repair Services - Office Equipment		450	
Maintenance and Repair Services - Vehicles		2,150	
Medical and Dental Services		155,423	
Pest Control		336	
Postal Charges		1,524	
Towing Services		75	
Travel		807	
Disposal Fees		5,530	
Electricity		67,975	
Food Supplies		252,733	
Natural Gas		42,283	
Office Supplies		4,240	
Prisoners Clothing		8,088	
Uniforms		2,818	
Water and Sewer		47,025	
Other Supplies and Materials		66,083	
Liability Insurance		32,932	
Vehicle and Equipment Insurance		1,378	
Workers' Compensation Insurance		15,784	
Office Equipment		229	
Other Equipment		15,000	
Total Jail			\$ 1,594,990

Rural Fire Protection

In-service Training	\$	220	
Maintenance and Repair Services - Vehicles		12,810	
Towing Services		400	
Other Contracted Services		28,000	
Diesel Fuel		6,892	
Electricity		13,694	
Gasoline		1,303	
Natural Gas		10,835	
Water and Sewer		1,408	
Excess Risk Insurance		7,782	
Liability Insurance		21,854	
Vehicle and Equipment Insurance		17,285	
Workers' Compensation Insurance		1,880	
Total Rural Fire Protection			124,363

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Assistant(s)	\$	6,346	
Supervisor/Director		39,868	
Truck Drivers		13,078	
Secretary(ies)		25,124	
Part-time Personnel		7,890	
Longevity Pay		1,000	
Social Security		5,715	
Extension Service Medicare		1,337	
State Retirement		7,190	
Employee and Dependent Insurance		6,437	
Unemployment Compensation		120	
Communication		1,653	
Contracts with Government Agencies		600	
Data Processing Services		59	
Dues and Memberships		50	
Evaluation and Testing		176	
Maintenance and Repair Services - Equipment		80	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		18,004	
Postal Charges		398	
Towing Services		2,023	
Diesel Fuel		9,149	
Gasoline		2,831	
Ice		4,349	
Office Supplies		709	
Uniforms		455	
Other Supplies and Materials		34,173	
Liability Insurance		1,107	
Vehicle and Equipment Insurance		4,381	
Workers' Compensation Insurance		1,574	
Other Charges		273	
Total Civil Defense			\$ 196,689

Other Emergency Management

Other Supplies and Materials	\$	519	
Total Other Emergency Management			519

County Coroner/Medical Examiner

Assistant(s)	\$	545	
Supervisor/Director		5,000	
Social Security		342	
Extension Service Medicare		80	
State Retirement		54	
Other Contracted Services		54,937	
Liability Insurance		1,264	
Workers' Compensation Insurance		180	
Total County Coroner/Medical Examiner			62,402

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Communication	\$	623	
Total Other Public Safety			\$ 623

Public Health and Welfare

Local Health Center

Communication	\$	6,076	
Contracts with Private Agencies		572	
Janitorial Services		14,213	
Pest Control		120	
Disposal Fees		798	
Drugs and Medical Supplies		76	
Electricity		10,631	
Natural Gas		2,749	
Office Supplies		371	
Water and Sewer		597	
Other Charges		3,164	
Furniture and Fixtures		2,436	
Total Local Health Center			41,803

Rabies and Animal Control

Assistant(s)	\$	25,255	
Overtime Pay		4,591	
Social Security		1,808	
Extension Service Medicare		423	
State Retirement		2,967	
Employee and Dependent Insurance		5,552	
Communication		459	
Contracts with Government Agencies		4,831	
Maintenance and Repair Services - Vehicles		1,702	
Gasoline		3,886	
Uniforms		399	
Other Supplies and Materials		23	
Liability Insurance		180	
Vehicle and Equipment Insurance		449	
Workers' Compensation Insurance		613	
Total Rabies and Animal Control			53,138

Ambulance/Emergency Medical Services

Supervisor/Director	\$	57,911	
Medical Personnel		11,000	
Paraprofessionals		1,432,409	
Longevity Pay		8,550	
In-service Training		7,340	
Social Security		90,081	
Extension Service Medicare		21,067	
State Retirement		136,686	
Employee and Dependent Insurance		144,782	

(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.)

Communication	\$	6,817	
Contracts with Government Agencies		3,000	
Contracts with Private Agencies		2,201	
Dues and Memberships		620	
Evaluation and Testing		2,490	
Licenses		2,000	
Maintenance and Repair Services - Buildings		22	
Maintenance and Repair Services - Equipment		5,275	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		41,991	
Pest Control		384	
Postal Charges		425	
Towing Services		50	
Travel		945	
Disposal Fees		912	
Custodial Supplies		1,806	
Diesel Fuel		70,895	
Drugs and Medical Supplies		60,332	
Electricity		20,991	
Gasoline		5,986	
Natural Gas		7,746	
Office Supplies		4,054	
Tires and Tubes		7,320	
Uniforms		5,757	
Water and Sewer		780	
Other Supplies and Materials		1,110	
Liability Insurance		10,122	
Vehicle and Equipment Insurance		7,705	
Workers' Compensation Insurance		31,615	
Liability Claims		100	
Office Equipment		120	
Other Equipment		23,541	
Total Ambulance/Emergency Medical Services			\$ 2,237,478

Maternal and Child Health Services

Contracts with Government Agencies	\$	4,050	
Total Maternal and Child Health Services			4,050

Other Local Health Services

Paraprofessionals	\$	58,904	
Secretary(ies)		37,003	
Social Security		5,703	
Extension Service Medicare		1,334	
State Retirement		7,249	
Employee and Dependent Insurance		22,165	
Evaluation and Testing		132	
Travel		514	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Liability Insurance	\$	2,097	
Workers' Compensation Insurance		3,708	
Other Charges		32	
Total Other Local Health Services			\$ 138,841

Regional Mental Health Center

Contracts with Government Agencies	\$	21,600	
Contributions		4,500	
Total Regional Mental Health Center			26,100

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		45,000	
Total Other Public Health and Welfare			84,285

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Assistant(s)	\$	29,966	
Supervisor/Director		43,090	
Librarians		68,048	
Part-time Personnel		33,492	
Longevity Pay		2,700	
Social Security		10,733	
Extension Service Medicare		2,510	
State Retirement		14,294	
Employee and Dependent Insurance		17,701	
Communication		5,010	
Contracts with Private Agencies		1,669	
Data Processing Services		6,109	
Dues and Memberships		586	
Evaluation and Testing		132	
Janitorial Services		3,224	
Legal Notices, Recording, and Court Costs		254	
Maintenance and Repair Services - Equipment		220	
Pest Control		240	
Postal Charges		834	
Travel		24	
Disposal Fees		250	
Custodial Supplies		342	

(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.)

Electricity	\$	12,975	
Gasoline		18	
Library Books/Media		3,625	
Natural Gas		3,586	
Office Supplies		1,192	
Periodicals		681	
Water and Sewer		803	
Other Supplies and Materials		2,265	
Liability Insurance		4,829	
Workers' Compensation Insurance		4,286	
Office Equipment		3,295	
Total Libraries	\$		278,983

Other Social, Cultural, and Recreational

Other Charges	\$	777	
Total Other Social, Cultural, and Recreational			777

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	8,405	
Supervisor/Director		14,700	
Secretary(ies)		7,228	
Educational Assistants		8,405	
Social Security		1,492	
Extension Service Medicare		562	
State Retirement		4,219	
Communication		1,936	
Dues and Memberships		90	
Janitorial Services		11,525	
Custodial Supplies		1,736	
Electricity		5,800	
Natural Gas		3,700	
Office Supplies		51	
Water and Sewer		500	
Other Supplies and Materials		1,500	
Office Equipment		1,141	
Total Agricultural Extension Service			72,990

Forest Service

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

Soil Conservation

Assistant(s)	\$	30,083	
Longevity Pay		650	
Social Security		1,640	
Extension Service Medicare		384	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

State Retirement	\$	3,055	
Employee and Dependent Insurance		7,650	
Liability Insurance		180	
Workers' Compensation Insurance		611	
Total Soil Conservation			\$ 44,253

Other Operations

Tourism

Contributions	\$	41,394	
Transportation - Other than Students		1,615	
Other Charges		1,000	
Site Development		323,558	
Total Tourism			367,567

Housing and Urban Development

Other Contracted Services	\$	12,574	
Total Housing and Urban Development			12,574

Other Economic and Community Development

Contributions	\$	187,479	
Total Other Economic and Community Development			187,479

Veterans' Services

Assistant(s)	\$	7,059	
Supervisor/Director		15,211	
Social Security		1,381	
Extension Service Medicare		323	
Communication		1,424	
Data Processing Services		399	
Dues and Memberships		78	
Evaluation and Testing		132	
Postal Charges		350	
Transportation - Other than Students		2,280	
Travel		1,186	
Office Supplies		1,059	
Liability Insurance		362	
Vehicle and Equipment Insurance		362	
Workers' Compensation Insurance		499	
Office Equipment		668	
Total Veterans' Services			32,773

Miscellaneous

Bank Charges	\$	717	
Contracts with Government Agencies		55	
Fiscal Agent Charges		4	
Trustee's Commission		132,422	
Other Charges		21,252	
Total Miscellaneous			154,450

Total General Fund \$ 11,281,674

(Continued)

Exhibit K-7

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

<u>Juvenile Services Fund</u>		
<u>Administration of Justice</u>		
<u>Juvenile Court</u>		
Penalties	\$	5,072
Other Supplies and Materials		2,936
Trustee's Commission		615
Total Juvenile Court		<u>8,623</u>
	\$	8,623
Total Juvenile Services Fund		
	\$	8,623
<u>Solid Waste/Sanitation Fund</u>		
<u>Public Health and Welfare</u>		
<u>Sanitation Management</u>		
Supervisor/Director	\$	64,845
Foremen		40,276
Equipment Operators - Light		27,061
Truck Drivers		59,808
Secretary(ies)		21,843
Temporary Personnel		16,745
Part-time Personnel		117,721
Longevity Pay		750
Overtime Pay		33,267
In-service Training		828
Social Security		22,930
Extension Service Medicare		5,363
State Retirement		22,185
Employee and Dependent Insurance		33,888
Advertising		851
Communication		5,068
Contracts with Private Agencies		18,564
Contracts with Public Carriers		28,314
Dues and Memberships		435
Evaluation and Testing		986
Legal Notices, Recording, and Court Costs		310
Maintenance and Repair Services - Buildings		12,506
Maintenance and Repair Services - Equipment		31,066
Maintenance and Repair Services - Vehicles		38,421
Pest Control		80
Postal Charges		422
Printing, Stationery, and Forms		251
Rentals		23,574
Travel		1,204
Disposal Fees		25,620
Custodial Supplies		760
Diesel Fuel		63,406
Electricity		33,482
Food Supplies		40,863
Garage Supplies		30,171
Gasoline		6,693
Instructional Supplies and Materials		279

(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	\$	9,064	
Office Supplies		2,762	
Propane Gas		5,864	
Uniforms		2,479	
Water and Sewer		7,714	
Other Supplies and Materials		3,401	
Liability Insurance		10,064	
Trustee's Commission		6,772	
Vehicle and Equipment Insurance		8,660	
Workers' Compensation Insurance		3,036	
Other Charges		19,598	
Building Improvements		103,838	
Office Equipment		516	
Building Purchases		586,950	
Solid Waste Equipment		319,851	
Other Equipment		42,822	
Total Sanitation Management			\$ 1,964,227

Total Solid Waste/Sanitation Fund \$ 1,964,227

Drug Control Fund

Public Safety

Drug Enforcement

Remittance of Revenue Collected	\$	731	
Other Supplies and Materials		21,653	
Trustee's Commission		112	
Total Drug Enforcement			\$ 22,496

Total Drug Control Fund 22,496

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,636	
Total Chancery Court			\$ 1,636

Total Constitutional Officers - Fees Fund 1,636

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	72,195	
Assistant(s)		23,714	
Accountants/Bookkeepers		34,491	
Salary Supplements		5,400	
Longevity Pay		1,000	
Overtime Pay		3,900	

(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.)

Social Security	\$	8,488	
Extension Service Medicare		1,985	
State Retirement		13,452	
Employee and Dependent Insurance		8,838	
Dues and Memberships		2,771	
Legal Services		50	
Legal Notices, Recording, and Court Costs		405	
Maintenance and Repair Services - Equipment		695	
Maintenance and Repair Services - Office Equipment		1,355	
Postal Charges		950	
Travel		1,355	
Office Supplies		589	
Other Charges		1,319	
Office Equipment		2,250	
Total Administration			\$ 185,202

Highway and Bridge Maintenance

Salary Supplements	\$	200	
Foremen		81,670	
Equipment Operators		383,696	
Truck Drivers		216,513	
Laborers		92,791	
Longevity Pay		11,350	
Overtime Pay		18,630	
Social Security		48,445	
Extension Service Medicare		11,256	
State Retirement		76,511	
Employee and Dependent Insurance		147,537	
Asphalt		251,105	
Crushed Stone		175,229	
Fertilizer, Lime, and Seed		8,086	
General Construction Materials		3,756	
Pipe		50,218	
Road Signs		9,833	
Salt		8,895	
Wood Products		448	
Total Highway and Bridge Maintenance			1,596,169

Operation and Maintenance of Equipment

Foremen	\$	46,229	
Mechanic(s)		105,158	
Longevity Pay		2,250	
Overtime Pay		2,112	
Social Security		9,104	
Extension Service Medicare		2,125	
State Retirement		15,516	
Employee and Dependent Insurance		24,779	

(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.)

Laundry Service	\$	10,242	
Diesel Fuel		128,087	
Equipment and Machinery Parts		214,775	
Garage Supplies		94,572	
Gasoline		55,861	
Lubricants		14,714	
Tires and Tubes		53,043	
Other Supplies and Materials		27,762	
Total Operation and Maintenance of Equipment			\$ 806,329

Other Charges

Communication	\$	6,109	
Electricity		10,825	
Water and Sewer		2,806	
Trustee's Commission		29,262	
Vehicle and Equipment Insurance		20,900	
Liability Claims		2,500	
Total Other Charges			72,402

Employee Benefits

Liability Insurance	\$	8,905	
Workers' Compensation Insurance		25,923	
Total Employee Benefits			34,828

Capital Outlay

Bridge Construction	\$	180,682	
Highway Construction		43,419	
Highway Equipment		20,587	
Motor Vehicles		77,231	
Plant Operation Equipment		5,595	
State Aid Projects		542,461	
Total Capital Outlay			869,975

Total Highway/Public Works Fund \$ 3,564,905

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	988,930	
Principal on Notes		135,200	
Total General Government			\$ 1,124,130

Highways and Streets

Principal on Bonds	\$	165,789	
Principal on Notes		389,800	
Total Highways and Streets			555,589

(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	\$ 1,715,281	
Principal on Notes	306,088	
Total Education		\$ 2,021,369

Interest on Debt

General Government

Interest on Bonds	\$ 327,008	
Interest on Notes	6,989	
Total General Government		333,997

Highways and Streets

Interest on Bonds	\$ 38,122	
Interest on Notes	13,270	
Total Highways and Streets		51,392

Education

Interest on Bonds	\$ 706,193	
Interest on Notes	22,216	
Total Education		728,409

Other Debt Service

General Government

Contracts with Private Agencies	\$ 642	
Trustee's Commission	75,844	
Other Debt Issuance Charges	1,500	
Other Debt Service	245	
Total General Government		78,231

Highways and Streets

Contracts with Private Agencies	\$ 296	
Other Debt Issuance Charges	500	
Total Highways and Streets		796

Education

Contracts with Private Agencies	\$ 827	
Other Debt Issuance Charges	1,000	
Total Education		1,827

Total General Debt Service Fund \$ 4,895,740

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Architects	\$ 48,337	
Heating and Air Conditioning Equipment	29,550	
Total Administration of Justice Projects		\$ 77,887

(Continued)

Exhibit K-7

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Education Capital Projects</u>			
Contributions	\$	5,886,833	
Underwriter's Discount		86,492	
Other Debt Issuance Charges		58,167	
Total Education Capital Projects		<u>6,031,492</u>	\$ 6,031,492
Total General Capital Projects Fund			\$ 6,109,379
<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Highway Construction	\$	399,525	
Highway Equipment		119,846	
Total Highway and Street Capital Projects		<u>519,371</u>	\$ 519,371
Total Highway Capital Projects Fund			519,371
<u>School Bus Acquisition Fund</u>			
<u>Support Services</u>			
<u>Transportation</u>			
Trustee's Commission	\$	14,114	
Transportation Equipment		375,304	
Total Transportation		<u>389,418</u>	\$ 389,418
Total School Bus Acquisition Fund			389,418
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Trustee's Commission	\$	14,414	
Other Capital Outlay		178,679	
Total General Administration Projects		<u>193,093</u>	\$ 193,093
<u>Public Safety Projects</u>			
Motor Vehicles	\$	30,000	
Total Public Safety Projects		<u>30,000</u>	30,000
<u>Education Capital Projects</u>			
Other Capital Outlay	\$	77,775	
Total Education Capital Projects		<u>77,775</u>	77,775
Total Other Capital Projects Fund			<u>300,868</u>
Total Governmental Funds - Primary Government			<u>\$ 29,058,337</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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,649,400	
Career Ladder Program	76,651	
Career Ladder Extended Contracts	38,246	
Homebound Teachers	6,671	
Educational Assistants	723,517	
Other Salaries and Wages	45,574	
Certified Substitute Teachers	64,096	
Non-certified Substitute Teachers	115,090	
Social Security	791,911	
State Retirement	1,193,819	
Medical Insurance	2,653,623	
Dental Insurance	10,282	
Unemployment Compensation	36,119	
Employer Medicare	186,975	
Maintenance and Repair Services - Equipment	72,807	
Travel	2,432	
Tuition	3,000	
Other Contracted Services	14,105	
Instructional Supplies and Materials	244,724	
Textbooks	59,175	
Other Charges	101,651	
Regular Instruction Equipment	65,580	
Total Regular Instruction Program		\$ 19,155,448

Alternative Instruction Program

Teachers	\$ 89,130	
Educational Assistants	6,704	
Certified Substitute Teachers	378	
Non-certified Substitute Teachers	518	
Social Security	5,615	
State Retirement	7,915	
Medical Insurance	17,712	
Dental Insurance	119	
Unemployment Compensation	302	
Employer Medicare	1,316	
Other Contracted Services	5,754	
Instructional Supplies and Materials	400	
Total Alternative Instruction Program		135,863

Special Education Program

Teachers	\$ 1,180,173	
Career Ladder Program	14,975	
Homebound Teachers	3,225	
Educational Assistants	258,515	
Speech Pathologist	108,274	
Certified Substitute Teachers	9,444	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Non-certified Substitute Teachers	\$	14,264	
Social Security		90,368	
State Retirement		139,145	
Medical Insurance		416,738	
Dental Insurance		1,571	
Unemployment Compensation		5,088	
Employer Medicare		21,349	
Contracts with Private Agencies		5,000	
Travel		21	
Instructional Supplies and Materials		5,800	
In Service/Staff Development		269	
Other Equipment		534	
Total Special Education Program			\$ 2,274,753

Vocational Education Program

Teachers	\$	959,005	
Career Ladder Program		5,496	
Certified Substitute Teachers		2,144	
Non-certified Substitute Teachers		5,482	
Social Security		56,584	
State Retirement		85,579	
Medical Insurance		164,601	
Dental Insurance		684	
Unemployment Compensation		2,132	
Employer Medicare		13,278	
Other Contracted Services		29,849	
Instructional Supplies and Materials		32,965	
Vocational Instruction Equipment		43,417	
Total Vocational Education Program			1,401,216

Support Services

Attendance

Supervisor/Director	\$	64,066	
Career Ladder Program		1,000	
Social Workers		65,461	
Social Security		7,587	
State Retirement		12,285	
Medical Insurance		24,757	
Dental Insurance		137	
Unemployment Compensation		270	
Employer Medicare		1,774	
Maintenance Agreements		13,601	
Travel		1,170	
Other Contracted Services		19,000	
Other Supplies and Materials		2,199	
In Service/Staff Development		2,324	
Attendance Equipment		1,536	
Total Attendance			217,167

(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.)

Health Services

Career Ladder Program	\$	1,000	
Medical Personnel		145,540	
Other Salaries and Wages		65,216	
Social Security		12,360	
State Retirement		16,862	
Medical Insurance		40,794	
Dental Insurance		178	
Unemployment Compensation		951	
Employer Medicare		2,891	
Travel		870	
Other Contracted Services		40,000	
Other Supplies and Materials		9,901	
In Service/Staff Development		1,734	
Other Charges		1,596	
Total Health Services			\$ 339,893

Other Student Support

Career Ladder Program	\$	5,500	
Guidance Personnel		521,600	
Other Salaries and Wages		3,682	
Social Security		29,576	
State Retirement		44,379	
Medical Insurance		89,996	
Dental Insurance		341	
Unemployment Compensation		1,103	
Employer Medicare		7,317	
Contracts with Government Agencies		61,734	
Evaluation and Testing		22,922	
Travel		60	
Other Contracted Services		7,420	
Other Supplies and Materials		2,984	
In Service/Staff Development		3,070	
Other Charges		7,144	
Total Other Student Support			808,828

Regular Instruction Program

Supervisor/Director	\$	323,226	
Career Ladder Program		10,000	
Librarians		434,353	
Education Media Personnel		168,296	
Instructional Computer Personnel		74,685	
Secretary(ies)		27,655	
Other Salaries and Wages		3,276	
Social Security		60,304	
State Retirement		89,685	
Medical Insurance		215,895	

(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.)

Regular Instruction Program (Cont.)

Dental Insurance	\$	715	
Unemployment Compensation		2,220	
Employer Medicare		14,149	
Communication		2,131	
Travel		4,758	
Other Contracted Services		25,363	
Library Books/Media		22,517	
Other Supplies and Materials		10,272	
In Service/Staff Development		20,121	
Other Equipment		3,545	
Total Regular Instruction Program			\$ 1,513,166

Special Education Program

Psychological Personnel	\$	51,152	
Social Security		2,940	
State Retirement		4,542	
Medical Insurance		13,794	
Dental Insurance		46	
Unemployment Compensation		90	
Employer Medicare		687	
Travel		416	
In Service/Staff Development		400	
Total Special Education Program			74,067

Vocational Education Program

Supervisor/Director	\$	35,343	
Secretary(ies)		19,706	
Social Security		3,263	
State Retirement		5,394	
Medical Insurance		20,643	
Dental Insurance		68	
Unemployment Compensation		135	
Employer Medicare		763	
Communication		1,968	
Travel		944	
Other Contracted Services		3,267	
Total Vocational Education Program			91,494

Other Programs

On-behalf Payments to OPEB	\$	149,138	
Total Other Programs			149,138

Board of Education

Board and Committee Members Fees	\$	7,375	
Social Security		457	
Employer Medicare		107	

(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.)

Board of Education (Cont.)

Dues and Memberships	\$	6,395	
Legal Services		19,924	
Other Contracted Services		4,000	
Liability Insurance		53,145	
Trustee's Commission		253,742	
Workers' Compensation Insurance		134,976	
In Service/Staff Development		70	
Criminal Investigation of Applicants - TBI		5,896	
Other Charges		1,911	
Total Board of Education			\$ 487,998

Director of Schools

County Official/Administrative Officer	\$	118,453	
Secretary(ies)		39,920	
Social Security		9,327	
State Retirement		20,409	
Medical Insurance		16,037	
Dental Insurance		520	
Unemployment Compensation		180	
Employer Medicare		2,243	
Communication		642	
Dues and Memberships		2,444	
Office Supplies		25	
In Service/Staff Development		1,489	
Other Charges		201	
Total Director of Schools			211,890

Office of the Principal

Principals	\$	683,778	
Career Ladder Program		14,000	
Assistant Principals		705,376	
Secretary(ies)		193,794	
Clerical Personnel		209,125	
Social Security		105,847	
State Retirement		164,356	
Medical Insurance		271,147	
Dental Insurance		1,277	
Unemployment Compensation		3,361	
Employer Medicare		24,755	
Dues and Memberships		5,850	
Other Contracted Services		10,840	
Office Supplies		4,683	
Other Charges		121,770	
Administration Equipment		13,798	
Total Office of the Principal			2,533,757

(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

Supervisor/Director	\$	38,778	
Accountants/Bookkeepers		131,289	
Social Security		10,082	
State Retirement		13,050	
Medical Insurance		27,587	
Dental Insurance		91	
Unemployment Compensation		450	
Employer Medicare		2,358	
Data Processing Services		8,253	
Travel		127	
Other Contracted Services		8,582	
Data Processing Supplies		789	
Other Supplies and Materials		555	
In Service/Staff Development		1,416	
Other Charges		45	
Administration Equipment		3,769	
Total Fiscal Services			\$ 247,221

Human Services/Personnel

Supervisor/Director	\$	69,450	
Clerical Personnel		37,640	
Social Security		6,158	
State Retirement		9,909	
Medical Insurance		14,037	
Dental Insurance		91	
Unemployment Compensation		180	
Employer Medicare		1,440	
Travel		207	
Office Supplies		1,597	
Other Supplies and Materials		1,710	
In Service/Staff Development		1,037	
Other Charges		9,804	
Administration Equipment		476	
Total Human Services/Personnel			153,736

Operation of Plant

Secretary(ies)	\$	46,070	
Custodial Personnel		829,414	
Other Salaries and Wages		48,109	
Social Security		53,262	
State Retirement		76,822	
Medical Insurance		226,462	
Dental Insurance		730	
Unemployment Compensation		4,111	
Employer Medicare		12,456	
Disposal Fees		59,867	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Contracted Services	\$	131,759	
Custodial Supplies		109,570	
Electricity		1,179,360	
Natural Gas		151,755	
Water and Sewer		142,732	
Other Supplies and Materials		1,164	
Boiler Insurance		8,295	
Building and Contents Insurance		151,140	
In Service/Staff Development		1,065	
Plant Operation Equipment		7,304	
Total Operation of Plant			\$ 3,241,447

Maintenance of Plant

Maintenance Personnel	\$	493,266	
Other Salaries and Wages		26,186	
Social Security		28,905	
State Retirement		46,729	
Medical Insurance		136,060	
Dental Insurance		360	
Unemployment Compensation		1,516	
Employer Medicare		6,856	
Communication		826	
Maintenance and Repair Services - Buildings		236,309	
Maintenance and Repair Services - Equipment		139,873	
Travel		2,335	
Other Contracted Services		121,802	
Other Supplies and Materials		1,090	
In Service/Staff Development		1,686	
Other Charges		844	
Maintenance Equipment		57	
Total Maintenance of Plant			1,244,700

Transportation

Supervisor/Director	\$	52,367	
Mechanic(s)		96,962	
Bus Drivers		483,021	
Clerical Personnel		19,389	
Other Salaries and Wages		40,811	
Social Security		36,720	
State Retirement		63,664	
Medical Insurance		318,649	
Dental Insurance		1,373	
Unemployment Compensation		4,380	
Employer Medicare		8,693	
Communication		949	
Medical and Dental Services		3,455	

(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.)

Travel	\$	980	
Other Contracted Services		13,910	
Diesel Fuel		250,449	
Gasoline		57,348	
Tires and Tubes		21,200	
Vehicle Parts		48,912	
Vehicle and Equipment Insurance		46,664	
Other Charges		9,764	
Transportation Equipment		3,576	
Total Transportation			\$ 1,583,236

Central and Other

Clerical Personnel	\$	17,180	
Social Security		987	
State Retirement		1,433	
Life Insurance		14,990	
Medical Insurance		129,732	
Dental Insurance		46	
Unemployment Compensation		144	
Employer Medicare		231	
Other Fringe Benefits		65,228	
Communication		2,973	
Postal Charges		5,175	
Office Supplies		70	
Other Supplies and Materials		644	
Other Charges		7,397	
Total Central and Other			246,230

Operation of Non-instructional Services

Early Childhood Education

Teachers	\$	87,382	
Educational Assistants		23,920	
Social Security		6,157	
State Retirement		10,137	
Medical Insurance		37,649	
Dental Insurance		135	
Unemployment Compensation		364	
Employer Medicare		1,440	
Instructional Supplies and Materials		14,682	
In Service/Staff Development		738	
Other Charges		504	
Regular Instruction Equipment		6,987	
Total Early Childhood Education			190,095

(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.)

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$ 880,694	
Total Regular Capital Outlay		\$ 880,694

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 259,955	
Total Education		<u>259,955</u>

Total General Purpose School Fund		\$ 37,441,992
-----------------------------------	--	---------------

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 610,271	
Educational Assistants	110,505	
Certified Substitute Teachers	1,595	
Non-certified Substitute Teachers	2,528	
Social Security	36,076	
State Retirement	50,741	
Medical Insurance	134,527	
Dental Insurance	502	
Unemployment Compensation	2,883	
Employer Medicare	8,907	
Instructional Supplies and Materials	212,995	
Regular Instruction Equipment	42,443	
Total Regular Instruction Program		\$ 1,213,973

Special Education Program

Teachers	\$ 89,328	
Homebound Teachers	912	
Educational Assistants	268,307	
Speech Pathologist	108,949	
Other Salaries and Wages	840	
Certified Substitute Teachers	2,000	
Non-certified Substitute Teachers	3,000	
Social Security	27,315	
State Retirement	40,013	
Medical Insurance	130,330	
Dental Insurance	602	
Unemployment Compensation	2,539	
Employer Medicare	6,316	
Instructional Supplies and Materials	2,376	
Other Charges	9,973	
Special Education Equipment	1,204	
Total Special Education Program		694,004

(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.)

Vocational Education Program

Vocational Instruction Equipment	\$	53,805	
Total Vocational Education Program			\$ 53,805

Support Services

Other Student Support

Other Salaries and Wages	\$	2,497	
Travel		7,175	
Other Supplies and Materials		400	
Other Charges		11,511	
Total Other Student Support			21,583

Regular Instruction Program

Supervisor/Director	\$	20,555	
Secretary(ies)		21,499	
Other Salaries and Wages		135,765	
Social Security		10,425	
State Retirement		16,094	
Medical Insurance		25,206	
Dental Insurance		96	
Unemployment Compensation		391	
Employer Medicare		2,412	
Travel		9,564	
Other Supplies and Materials		4,218	
In Service/Staff Development		38,375	
Total Regular Instruction Program			284,600

Special Education Program

Supervisor/Director	\$	32,300	
Secretary(ies)		24,000	
Clerical Personnel		18,520	
Social Security		4,249	
State Retirement		7,143	
Medical Insurance		20,754	
Dental Insurance		105	
Unemployment Compensation		204	
Employer Medicare		994	
Travel		2,857	
Other Contracted Services		99,728	
In Service/Staff Development		1,500	
Other Charges		500	
Total Special Education Program			212,854

Vocational Education Program

Supervisor/Director	\$	3,340	
Total Vocational Education Program			3,340

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	47,695	
Other Salaries and Wages		27,691	
Social Security		4,021	
State Retirement		7,000	
Medical Insurance		37,166	
Dental Insurance		274	
Unemployment Compensation		519	
Employer Medicare		940	
Total Transportation			<u>\$ 125,306</u>

Total School Federal Projects Fund \$ 2,609,465

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	57,184	
Clerical Personnel		38,798	
Cafeteria Personnel		902,556	
Social Security		56,524	
State Retirement		78,156	
Medical Insurance		304,283	
Dental Insurance		1,245	
Unemployment Compensation		6,321	
Employer Medicare		13,265	
Other Fringe Benefits		282	
Communication		2,407	
Transportation - Other than Students		11,252	
Travel		4,907	
Other Contracted Services		39,053	
Food Supplies		1,066,635	
Office Supplies		7,165	
Uniforms		3,299	
USDA - Commodities		388,712	
Other Supplies and Materials		118,568	
In Service/Staff Development		6,486	
Food Service Equipment		92,432	
Total Food Service			<u>\$ 3,199,530</u>

Total Central Cafeteria Fund 3,199,530

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	432,150	
Consultants		21,640	
Contracts with Government Agencies		27,828	

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Education Capital Projects (Cont.)</u>		
Evaluation and Testing	\$	1,236
Permits		1,000
Building Construction		578,857
Land		3,400
Total Education Capital Projects		<u>1,066,111</u>
Total Education Capital Projects Fund		<u>\$ 1,066,111</u>
Total Governmental Funds - Marshall County School Department		<u>\$ 44,317,098</u>

Exhibit K-9

Marshall County, Tennessee
Schedule of Detailed Revenues and Expenses
Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2014

Revenues

Operating Revenues

Charges for Current Services

General Service Charges

Sewer Fees	\$ 7,988
Water Sales	1,654,025
Forfeited Discounts	31,673
Water Tap Sales	86,515
Service Charges	30,351
Total Charges for Current Services	<u>\$ 1,810,552</u>

Other Local Revenues

Recurring Items

Sale of Recycled Materials	\$ 3,080
Miscellaneous Refunds	921
Total Other Local Revenues	<u>\$ 4,001</u>
Total Operating Revenues	<u>\$ 1,814,553</u>

Nonoperating Revenues

Investment Income	\$ 5,913
Contribution from Primary Government (Adequate Facilities Tax)	131,070
Grants	285,384
Insurance Recovery	8,344
Total Nonoperating Revenues	<u>\$ 430,711</u>

Total Revenues	<u>\$ 2,245,264</u>
----------------	---------------------

Expenses

Operating Expenses

Other Economic and Community Development

Assistants	\$ 38,829
Supervisor/Director	54,315
Accountants/Bookkeepers	112,609
Foremen	40,337
Equipment Operators	44,827
Laborers	109,820
Longevity Pay	5,500
Overtime Pay	17,026
Board and Committee Members Fees	2,850
Social Security	24,824
Employer Medicare	5,805
State Retirement	40,173
Employee and Dependent Insurance	107,955
Audit Services	2,464
Communication	14,391
Contracts with Government Agencies	98,886
Data Processing Services	13,849
Dues and Memberships	3,258
Evaluation and Testing	4,176

(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.)

Janitorial Services	\$ 1,437
Legal Services	8,700
Legal Notices, Recording and Court Costs	691
Licenses	270
Maintenance and Repair Services - Buildings	11,413
Maintenance and Repair Services - Equipment	4,808
Maintenance and Repair Services - Office Equipment	540
Maintenance and Repair Services - Vehicles	12,092
Pest Control	240
Postal Charges	15,473
Travel	29
Other Contracted Services	4,344
Custodial Supplies	1,770
Diesel Fuel	23,380
Electricity	30,394
Gasoline	36,578
Natural Gas	3,504
Office Supplies	3,064
Small Tools	4,105
Tires and Tubes	2,243
Uniforms	3,929
Water and Sewer	1,275
Liability Insurance	9,923
Trustee's Commission	20,319
Vehicle and Equipment Insurance	5,150
Workers' Compensation Insurance	7,656
Depreciation	611,016
Liability Claims	5,408
In-Service/Staff Development	510
Fines, Assessments, and Penalties	5,164
Other Charges	1,481
Communications Equipment	58
Furniture and Fixtures	182
Office Equipment	237
Plant Operation Equipment	1,200
Total Other Economic and Community Development	<u>\$ 1,580,477</u>
Total Operating Expenses	<u>\$ 1,580,477</u>

Nonoperating Expenses

General Government Debt Service

Interest on Bonds	\$ 217,640
Interest on Notes	12,080
Other Debt Issuance Charges	3,040
Total Nonoperating Expenses	<u>\$ 232,760</u>

Total Expenses	<u>\$ 1,813,237</u>
----------------	---------------------

Exhibit K-10

Marshall County, Tennessee
Schedule of Utility Rates
Discretely Presented Marshall County Board of Public Utilities
June 30, 2014

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	3,534	

Exhibit K-11

Marshall County, Tennessee
 Schedule of Unaccounted for Water
 Discretely Presented Marshall County Board of Public Utilities
 For the Year Ended June 30, 2014

AWWA Free Water Audit Software: Reporting Worksheet

WAS v4.0
AWWA Free Water Audit Software
 Copyright © 2004, All Rights Reserved

Water Audit Report for: **Marshall County Board of Public Utilities (0000105)**
 Reporting Year: **2014** 7/2013 - 7/2014

Please enter data in the white cells below. Where available, selected values should be used, if metered values are unavailable, please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

Master Meter and Supply Error Adjustments

WATER SUPPLIED

Volume from own sources: MG/Yr
 Water imported: MG/Yr
 Water exported: MG/Yr

WATER SUPPLIED: MG/Yr

AUTHORIZED CONSUMPTION

Billed unmetered: MG/Yr
 Billed unmetered: MG/Yr
 Unbilled unmetered: MG/Yr
 Unbilled unmetered: MG/Yr
 Unbilled unmetered volume entered is greater than the recommended default value

AUTHORIZED CONSUMPTION: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr
 Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: MG/Yr
 Systematic data handling errors: MG/Yr

Apparent Losses: MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: MG/Yr

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr
 = Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 373.0 miles
 Number of active AND inactive service connections: 3,534
 Service connection density: conn./mile main

Are customer meters typically located at the curbside or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: 115.0 psi

COST DATA

Total annual cost of operating water system: \$2,404,745 \$/Year
 Customer retail unit cost (applied to Apparent Losses): \$7.80 \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$2,560.00 \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 72 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: Water imported
- 2: Unauthorized consumption
- 3: Customer metering inaccuracies



AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0
 American Water Works Association
 Copyright © 2014. All Rights Reserved

Water Audit Report for: **Marshall County Board of Public Utilities (0000105)**
 Reporting Year: **2014** | **7/2013 - 7/2014**

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 72 out of 100 ***

System Attributes:

Apparent Losses:	9.774	MG/Yr
+ Real Losses:	26.902	MG/Yr
= Water Losses:	36.675	MG/Yr
Unavoidable Annual Real Losses (UARL):	106.95	MG/Yr
Annual cost of Apparent Losses:	\$76,236	
Annual cost of Real Losses:	\$68,868	

Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	18.5%
	Non-revenue water as percent by cost of operating system:	6.4%
Operational Efficiency:	Apparent Losses per service connection per day:	7.58 gallons/connection/day
	Real Losses per service connection per day:	N/A gallons/connection/day
	Real Losses per length of main per day*:	197.59 gallons/mile/day
	Real Losses per service connection per day per psi pressure:	N/A gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):		26.90 million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:		0.25

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

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, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,801,349
Total Cash Receipts	<u>\$ 1,801,349</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,783,336
Trustee's Commission	18,013
Total Cash Disbursements	<u>\$ 1,801,349</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise Marshall County's basic financial statements, and have issued our report thereon dated February 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marshall County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marshall County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marshall County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2014-001 and 2014-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-002(A), 2014-003, 2014-005, and 2014-007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002(B,C,D,E) and 2014-006.

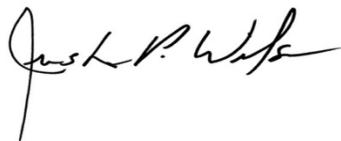
Marshall County's Responses to Findings

Marshall County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Marshall County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marshall County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 12, 2015

JPW/yu



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Marshall County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Marshall County's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Marshall County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Marshall County's compliance.

Opinion on Each Major Federal Program

In our opinion, Marshall County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Marshall County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marshall County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

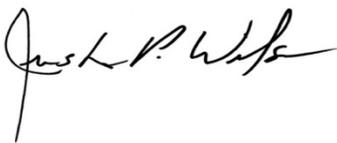
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise Marshall County's basic financial statements. We issued our report thereon dated February 12, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 12, 2015

JPW/yu

Marshall County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

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	\$ 972,195
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	455,613
National School Lunch Program	10.555	N/A	1,322,160 (4)
Summer Food Service Program for Children	10.559	N/A	18,505
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	388,712 (4)
Total U.S. Department of Agriculture			\$ 3,157,185
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 7,216
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	N/A	36,074
Total U.S. Department of Housing and Urban Development			\$ 43,290
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 2,750
Passed-through State Department of Finance and Administration:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	1,260
Total U.S. Department of Justice			\$ 4,010
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z14GHS217	\$ 6,400
Alcohol Open Container Requirements	20.607	Z12GHS183	5,000
Total U.S. Department of Transportation			\$ 11,400
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,735
Total U.S. Institute of Museum and Library Services			\$ 1,735
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,092,285
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,021,125
Special Education - Preschool Grants	84.173	N/A	23,041
Career and Technical Education - Basic Grants to States	84.048	N/A	66,817
Twenty-first Century Community Learning Centers	84.287	(2)	413,898
Rural Education	84.358	(2)	91,563
English Language Acquisition Grants	84.365	N/A	15,324
Improving Teacher Quality State Grants	84.367	N/A	159,655
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	167,131
Total U.S. Department of Education			\$ 3,050,839
U.S. Election Assistance Commission			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 68,106
Total U.S. Election Assistance Commission			\$ 68,106

(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 Health and Human Services:			
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	GG1437881	\$ 70,079
Total U.S. Department of Health and Human Services			\$ 70,079
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 31,350
Homeland Security Grant Program	97.067	(3)	36,197
Total U.S. Department of Homeland Security			\$ 67,547
Total Expenditures of Federal Awards			\$ 6,474,191

State Grants

	Contract Number		
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(2)	\$ 9,000
FastTrack Industrial Development Program - State Department of Economic and Community Development	N/A	(2)	362,737
Health Department Program - State Department of Health	N/A	GG1338810	59,697
Early Childhood Education - State Department of Education	N/A	(2)	128,198
Statewide Student Management System - State Department of Education	N/A	(2)	13,601
Coordinated School Health - State Department of Education	N/A	(2)	53,705
ACT/Explorer/Plan Testing - State Department of Education	N/A	(2)	6,344
Arts Student Ticket Subsidy - Tennessee Arts Commission	N/A	(2)	4,620
Middle School Run Club Services Grant - State Department of Environment and Conservation	N/A	(2)	6,250
Three Star Economic Development Projects - State Department of Economic and Community Development	N/A	(2)	20,470
Safe Schools Act 2003 - State Department of Education	N/A	(2)	30,300
Internet Connectivity - State Department of Education	N/A	(2)	15,345
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	19,600
Litter Grant - State Department of Transportation	N/A	(2)	37,200
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)	14,168
Recycling Hub and Spoke Grant - State Department of Environment and Conservation	N/A	(2)	198,103
Total State Grants			\$ 979,338

CFDA - Catalog of Federal Domestic Assistance
N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) 34101-15613 \$16,090; 34101-14714 \$3,848; 34101-16712 \$16,259.
- (4) Total for CFDA No. 10.555 is \$1,710,872.

Marshall County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

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, 2013, which have not been corrected.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	172	Material audit adjustments were required for proper financial statement presentation
2013-004	176	Deficiencies were noted in budget operations
2013-009	180	Employees shared usernames and passwords at the Ambulance Service

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-014	182	A donated capital asset was not properly valued

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-017	184	Multiple employees operated from the same cash drawer

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-019	185	Duties were not segregated adequately

MARSHALL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on Marshall County's financial statements is unmodified.
2. The audit of the financial statements of Marshall County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Marshall County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed 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 Special Education Cluster: Special Education – Grants to States, and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); the Twenty-first Century Community Learning Centers (CFDA No. 84.287); and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. 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 current director of accounts and budgets and the public utilities office manager provided written responses to certain findings. Other management officials did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2014-001

MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION (Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2014, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Audit adjustments were required to increase accounts receivables by \$128,544 and to decrease accounts payable by \$88,501. Generally accepted accounting principles require Marshall County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Marshall County should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF ACCOUNTS AND BUDGETS MALINDA WHITE

I concur. Procedures are now in place to correct this finding. Year-end accruals for accounts receivable, accounts payable, and payroll deductions will be reviewed for accuracy. General ledger accounts are reviewed monthly.

FINDING 2014-002

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B., C., D., and E. – Material Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations of the office:

- A. Some budget amendments were improperly posted as journal entries instead of budget entries. Additionally, some budget amendments that had been approved were never posted. We presented audit adjustments to management that they approved and posted to properly present the budget in the financial statements in this report.
- B. The General Fund’s estimated beginning fund balance at July 1, 2013, exceeded the actual fund balance presented to the County Commission by \$2,127,262. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management’s failure to properly estimate the actual ending fund balance for June 30, 2013.
- C. Total expenditures and other uses exceeded total appropriations approved by the County Commission in the following funds:

<u>Fund</u>	<u>Amount Overspent</u>
Juvenile Services	\$ 1,473
Drug Control	6,246
School Bus Acquisition	104,418
Other Capital Projects	122,185

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Election Commission	\$ 4,083
Circuit Court	6,042
County Coroner/Medical Examiner	5,247
Other Public Safety	43
Tourism	319,367
Housing and Urban Development	12,574
General Debt Service:	
Principal on Debt - General Government	53,458
Interest on Debt - General Government	12,943

- E. Salaries exceeded line-item appropriations in the General and Solid Waste/Sanitation funds by amounts ranging from \$40 to \$16,142.

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

The budget resolution approved by the County Commission states that the salary, wages, or remuneration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures and management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Budget amendments should be posted accurately. Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended when it becomes apparent that the original estimate varies from the actual by a material amount. Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – CURRENT DIRECTOR OF ACCOUNTS AND BUDGETS MALINDA WHITE

I concur. Financial statements are reviewed each month for the correct posting of budget amendments and journal entries. Procedures are in place to properly estimate the beginning fund balances for each county fund. Reviews are in place to ensure expenditures will not exceed appropriations approved by the County Commission. Also, reviews are in place to ensure expenditures do not exceed major appropriation categories. Salary line-items are monitored, and if needed, budget amendments have been proposed and approved.

FINDING 2014-003

EMPLOYEES OF THE AMBULANCE SERVICE SHARED USERNAMES AND PASSWORDS

(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. 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 is the result of management's failure to correct the finding noted in the prior-year audit report. The office outsourced its billing operations to a third party in September 2014; therefore this deficiency no longer exists.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF ACCOUNTS AND BUDGETS MALINDA WHITE

I concur. This finding has been corrected.

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

FINDING 2014-004

DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSET RECORDS

(Internal Control – Material Weakness Under *Government Auditing Standards*)

Our examination of the capital asset records revealed the following deficiencies.

- A. In October 2012, the State of Tennessee donated a waterline located in Henry Horton State Park to the Marshall County Board of Public Utilities. State engineers valued the waterline at \$180,000; however, the waterline was recorded in the board's capital asset records for \$1 instead of fair market value at the date of donation. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.
- B. Land donated to the Public Utility during the audit period was inadvertently recorded twice in the capital asset records, resulting in an overstatement of \$27,000.

Generally accepted accounting principles require accountability for all assets owned by the board, such as equipment, vehicles, and infrastructure. These deficiencies can be attributed to a lack of management oversight. We provided management with audit adjustments that they accepted to properly present capital assets in the financial statements in this report. Without accurate inventory records, the board cannot adequately control its assets.

RECOMMENDATION

The office should maintain accurate capital asset records for all board owned assets as required by generally accepted accounting principles. Donated assets should be recorded at their fair market value at the date of donation. Management should review the capital asset records to avoid duplicate entries.

MANAGEMENT'S RESPONSE – BOARD OF PUBLIC UTILITIES OFFICE MANAGER

Capital asset records for Henry Horton State Park have been corrected

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

FINDING 2014-005

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

Employees operated from the same cash drawer in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk and the 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should assign each employee their own cash drawer.

OFFICE OF COUNTY CLERK

FINDING 2014-006

AN EMPLOYEE MISAPPROPRIATED ASSETS TOTALING \$379

(Noncompliance Under *Government Auditing Standards*)

On June 12, 2014, the county clerk contacted auditors regarding suspicious activity related to license plate decals and subsequently filed a fraud reporting form with our office. An employee issued a license plate to her boyfriend on April 1, 2014, and another on June 2, 2014, without paying the related fees of \$184. She issued two other license plates to individuals on May 23, 2014, and May 29, 2014, without paying the related fees of \$195. The employee concealed the misappropriations by manipulating the date of each transaction in the office computer system. When confronted on June 12, 2014, the employee paid for the transactions with personal funds, and her employment was terminated later that day.

RECOMMENDATION

The clerk should review her internal control procedures related to issuing license plates to ensure employees are not manipulating dates in the computer system.

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

FINDING 2014-007

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below 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.

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. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**MARSHALL COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

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