

ANNUAL FINANCIAL REPORT
MARSHALL COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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State Auditors

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

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Summary of Audit Findings

Annual Financial Report
Marshall County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Marshall County as of and for the year ended June 30, 2015.

Results

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

Our audit resulted in three 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 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.

OFFICES OF 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, 2015

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
Courtney Boatright, Circuit, General Sessions, and Juvenile Courts Clerk
Kimberlee Alsup, Clerk and Master
Dorris Wayne Weaver, Register of Deeds
Billy Lamb, Sheriff
Malinda White, Director of Accounts and Budgets
Jessie Whaley, Jr., Board of Public Utilities Manager

Board of County Commissioners

Michael Waggoner, Chairman	John Christmas
Dean Delk	Wesley Neece
Joseph Warner	Daniel Morgan
Anna Childress	Seth Warf
E.W. Hill, Jr.	Sheldon Davis
R.L. Williams	Phil Willis
Mickey King	Tina Lilly
Jennifer Smith	Bob Hopkins III
Tony Beyer	Glen White

Board of Education

Donnie Moses, Chairman	John Allen
Susan Hunter	Harvey Jones, Jr.
Kristen Gold	Ken Lilly
Sheryl McClintock	Julie Cathey

Board of Public Utilities

Mickey King, Chairman	Danny Morgan
Tony Beyer	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, 2015, 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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.10. to the financial statements, which describes a restatement increasing the beginning Governmental Activities net position by \$105,813, decreasing the discretely presented Marshall County School Department net position by \$6,302,911, and increasing the discretely presented Marshall County Board of Public Utilities net position by \$10,714 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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 schedule of changes in the county's net pension liability and related ratios; schedules of county, school, and board of public utilities contributions; schedule of school's proportionate share of the net pension liability; and schedule of funding progress – other postemployment benefits plans on pages 83-89 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 and Other Capital Projects Funds, 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 and Other Capital Projects Funds, 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,

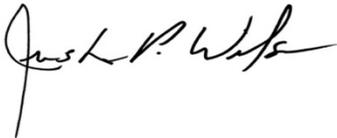
the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Other Capital Projects Funds, combining and individual fund financial statements of the Marshall County School Department (a discretely presented 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 September 30, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Marshall County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government Governmental Activities	Component Units	
		Marshall County School Department	Marshall County Board of Public Utilities
<u>ASSETS</u>			
Cash	\$ 450	\$ 2,135	\$ 1,803
Equity in Pooled Cash and Investments	17,410,334	12,802,229	2,336,686
Inventories	0	0	50,211
Accounts Receivable	3,957,840	1,012	212,599
Allowance for Uncollectibles	(1,811,708)	0	0
Due from Other Governments	1,150,590	841,320	375,309
Due from Primary Government	0	0	192,597
Property Taxes Receivable	8,927,651	9,618,824	0
Allowance for Uncollectible Property Taxes	(166,528)	(179,421)	0
Restricted Assets:			
Customer Deposits	0	0	129,464
Net Pension Asset - Agent Plan	896,767	1,346,551	90,797
Net Pension Asset - Cost-sharing Plan	0	80,066	0
Capital Assets:			
Assets Not Depreciated:			
Land	13,370,886	2,407,026	355,901
Construction in Progress	0	14,797,258	685,794
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	13,674,941	31,729,504	807,671
Infrastructure	12,589,507	97,635	18,195,395
Other Capital Assets	2,712,211	2,861,900	581,025
Total Assets	<u>\$ 72,712,941</u>	<u>\$ 76,406,039</u>	<u>\$ 24,015,252</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 367,659	\$ 0	\$ 0
Pension Changes in Experience	62,274	287,893	6,305
Pension Changes in Contributions after Measurement Date	436,735	2,052,494	34,386
Total Deferred Outflows of Resources	<u>\$ 866,668</u>	<u>\$ 2,340,387</u>	<u>\$ 40,691</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 78,531	\$ 95,322	\$ 33,825
Accrued Payroll	0	7,467	0
Accrued Interest Payable	401,421	0	9,001
Payroll Deductions Payable	173,543	760,058	16,709
Contracts Payable	0	912,516	337,475
Retainage Payable	0	150,196	21,687
Due to State of Tennessee	4,914	0	0
Due to Component Units	192,597	0	0
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	200	0	129,464
Noncurrent Liabilities:			
Due Within One Year	3,339,128	145,379	158,443
Due in More Than One Year (net of unamortized premium on debt)	45,632,616	5,972,080	7,505,040
Total Liabilities	<u>\$ 49,822,950</u>	<u>\$ 8,043,018</u>	<u>\$ 8,211,644</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental</u> <u>Activities</u>	Component Units	
		Marshall County School Department	Marshall County Board of Public Utilities
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 8,492,456	\$ 9,149,937	\$ 0
Pension Changes in Investment Earnings	847,872	7,870,214	85,846
Change in the Proportionate Share of Pension Contributions	0	60,426	0
Total Deferred Inflows of Resources	<u>\$ 9,340,328</u>	<u>\$ 17,080,577</u>	<u>\$ 85,846</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 31,341,748	\$ 51,893,323	\$ 12,980,543
Restricted for:			
General Government	63,404	0	0
Finance	25,504	0	0
Administration of Justice	506,671	0	0
Public Safety	66,404	0	0
Public Health and Welfare	119,854	0	0
Social, Cultural and Recreational	1,000	0	0
Highway/Public Works	865,609	0	0
Other Purposes	547,904	0	45,642
Central Cafeteria	0	791,770	0
Education	0	19,401	0
Capital Projects	2,808,098	4,759,970	0
Unrestricted	<u>(21,929,865)</u>	<u>(3,841,633)</u>	<u>2,732,268</u>
Total Net Position	<u>\$ 14,416,331</u>	<u>\$ 53,622,831</u>	<u>\$ 15,758,453</u>

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

Exhibit B

Marshall County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units		
						Marshall County School Department	Marshall County Board of Public Utilities	
Primary Government:								
General Government	\$ 1,181,191	\$ 379,283	\$ 19,582	\$ 0	\$ (782,326)	\$ 0	\$ 0	0
Finance	1,195,430	939,126	0	0	(256,304)	0	0	0
Administration of Justice	1,935,637	588,083	10,300	0	(1,337,254)	0	0	0
Public Safety	3,755,710	1,260,783	84,620	0	(2,410,307)	0	0	0
Public Health and Welfare	3,719,305	1,890,142	514,312	172,750	(1,142,101)	0	0	0
Social, Cultural, and Recreational Services	436,394	14,677	39,830	0	(381,887)	0	0	0
Agriculture and Natural Resources	120,716	0	0	0	(120,716)	0	0	0
Highways	3,138,130	278,153	1,670,532	226,293	(963,152)	0	0	0
Education	14,467,369	0	259,955	0	(14,207,414)	0	0	0
Interest on Long-term Debt	1,234,499	0	0	0	(1,234,499)	0	0	0
Total Governmental Activities	\$ 31,184,381	\$ 5,350,247	\$ 2,599,131	\$ 399,043	\$ (22,835,960)	\$ 0	\$ 0	0
Total Primary Government	\$ 31,184,381	\$ 5,350,247	\$ 2,599,131	\$ 399,043	\$ (22,835,960)	\$ 0	\$ 0	0
Component Units:								
Marshall County School Department	\$ 43,458,506	\$ 1,107,362	\$ 5,639,043	\$ 14,021,433	\$ 0	\$ (22,690,668)	\$ 0	0
Marshall County Board of Public Utilities	2,191,249	1,962,152	270,801	1,112,054	0	0	0	1,153,758
Total Component Units	\$ 45,649,755	\$ 3,069,514	\$ 5,909,844	\$ 15,133,487	\$ 0	\$ (22,690,668)	\$ 0	1,153,758

(Continued)

Exhibit B

Marshall County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Governmental Activities	Marshall County School Department	Marshall County Board of Public Utilities
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$ 6,401,238			\$ 9,267,171	\$ 0	0
Property Taxes Levied for Debt Service		2,191,564			0	0	0
Local Option Sales Tax		2,508,610			2,392,568	0	0
Wheel Tax		1,343,319			0	0	0
Mineral Severance Tax		298,620			0	0	0
Business Tax		237,854			0	0	0
Hotel/Motel Tax		139,795			0	0	0
Litigation Tax		306,034			0	0	0
Adequate Facilities/Development Tax		192,597			0	0	0
Wholesale Beer Tax		97,219			0	0	0
Other Local Taxes		2,268			9,574	0	0
Grants and Contributions Not Restricted for Specific Programs		1,318,434			25,608,276	0	0
Unrestricted Investment Income		77,552			152	6,406	0
Miscellaneous		45,514			53,981	26,273	0
Pension Income		5,356			86,781	542	0
Total General Revenues		\$ 15,165,974			\$ 37,418,503	\$ 33,221	
Change in Net Position		\$ (7,669,986)			\$ 14,727,835	\$ 1,186,979	
Net Position, July 1, 2014		21,980,504			45,197,907	14,560,760	
Restatement - See Note I.D.10.		105,813			(6,302,911)	10,714	
Net Position, June 30, 2015		\$ 14,416,331			\$ 53,622,831	\$ 15,758,453	

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

Marshall County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds					Other Capital Projects
	General	Highway / Public Works	General Debt Service	General Capital Projects		
\$	450	0	0	0	0	0
Equity in Pooled Cash and Investments	5,809,201	496,757	7,179,237	8,984	1,460,001	
Accounts Receivable	3,763,497	19,789	108,287	0	15,787	
Allowance for Uncollectibles	(1,811,708)	0	0	0	0	
Due from Other Governments	293,559	411,416	405,576	0	0	
Property Taxes Receivable	5,702,177	460,782	1,439,944	0	1,324,748	
Allowance for Uncollectible Property Taxes	(106,363)	(8,595)	(26,859)	0	(24,711)	
Total Assets	\$ 13,650,813	\$ 1,380,149	\$ 9,106,185	\$ 8,984	\$ 2,775,825	

ASSETS

Cash	450
Equity in Pooled Cash and Investments	5,809,201
Accounts Receivable	3,763,497
Allowance for Uncollectibles	(1,811,708)
Due from Other Governments	293,559
Property Taxes Receivable	5,702,177
Allowance for Uncollectible Property Taxes	(106,363)
Total Assets	\$ 13,650,813

LIABILITIES

Accounts Payable	46,888
Payroll Deductions Payable	137,210
Due to Component Units	192,597
Due to State of Tennessee	0
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	200
Total Liabilities	\$ 376,895

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	5,424,214	438,320	1,369,751	0	1,260,171
Deferred Delinquent Property Taxes	152,099	12,267	38,533	0	35,366
Other Deferred/Unavailable Revenue	1,740,888	172,633	202,788	0	0
Total Deferred Inflows of Resources	\$ 7,317,201	\$ 623,220	\$ 1,611,072	\$ 0	\$ 1,295,537

(Continued)

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

	Major Funds					Other Capital Projects
	General	Highway / Public Works	General Debt Service	General Capital Projects		
\$	63,404	0	0	0	0	0
Restricted for General Government	25,504	0	0	0	0	0
Restricted for Finance	506,671	0	0	0	0	0
Restricted for Administration of Justice	4,361	0	0	0	0	0
Restricted for Public Safety	119,854	0	0	0	0	0
Restricted for Public Health and Welfare	1,000	0	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	0	700,404	0	0	0	0
Restricted for Highways/Public Works	0	0	0	0	8,984	1,293,458
Restricted for Capital Outlay	31,712	0	0	0	0	0
Restricted for Capital Projects						
Committed:						
Committed for General Government	33,405	0	0	0	0	0
Committed for Administration of Justice	0	0	0	0	0	10,500
Committed for Public Safety	18,602	0	0	0	0	0
Committed for Public Health and Welfare	0	0	0	0	0	176,330
Committed for Social, Cultural, and Recreational Services	21,801	0	0	0	0	0
Committed for Debt Service	0	0	7,494,563	0	0	0
Committed for Other Purposes	149,699	0	0	0	0	0
Unassigned	4,980,704	0	0	0	0	0
Total Fund Balances	<u>5,956,717</u>	<u>700,404</u>	<u>7,494,563</u>	<u>8,984</u>	<u>1,480,288</u>	<u>0</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>13,650,813</u>	<u>1,380,149</u>	<u>9,106,185</u>	<u>8,984</u>	<u>2,775,825</u>	<u>0</u>

(Continued)

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
	0	\$ 450	
	2,456,154		17,410,334
	50,480		3,957,840
	0		(1,811,708)
	40,039		1,150,590
	0		8,927,651
	0		(166,528)
	<u>\$ 2,546,673</u>		<u>\$ 29,468,629</u>

ASSETS

Cash	450
Equity in Pooled Cash and Investments	17,410,334
Accounts Receivable	3,957,840
Allowance for Uncollectibles	(1,811,708)
Due from Other Governments	1,150,590
Property Taxes Receivable	8,927,651
Allowance for Uncollectible Property Taxes	(166,528)

Total Assets

LIABILITIES

Accounts Payable	78,531
Payroll Deductions Payable	173,543
Due to Component Units	192,597
Due to State of Tennessee	4,914
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	200
Total Liabilities	<u>\$ 449,785</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	8,492,456
Deferred Delinquent Property Taxes	238,265
Other Deferred/Unavailable Revenue	2,116,309
Total Deferred Inflows of Resources	<u>\$ 10,847,030</u>

(Continued)

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
	\$	0	\$ 63,404
		0	25,504
		0	506,671
		62,043	66,404
		48,051	167,905
		0	1,000
		431,888	1,132,292
		1,514,640	2,817,082
		0	31,712
		0	33,405
		12,867	23,367
		0	18,602
		461,369	637,699
		0	21,801
		0	7,494,563
		0	149,699
		0	4,980,704
	<u>\$</u>	<u>2,530,858</u>	<u>\$ 18,171,814</u>
	\$	2,546,673	\$ 29,468,629

FUND BALANCES

Restricted:			
Restricted for General Government			
Restricted for Finance			
Restricted for Administration of Justice			
Restricted for Public Safety			
Restricted for Public Health and Welfare			
Restricted for Social, Cultural, and Recreational Services			
Restricted for Highways/Public Works			
Restricted for Capital Outlay			
Restricted for Capital Projects			
Committed:			
Committed for General Government			
Committed for Administration of Justice			
Committed for Public Safety			
Committed for Public Health and Welfare			
Committed for Social, Cultural, and Recreational Services			
Committed for Debt Service			
Committed for Other Purposes			
Unassigned			
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources, and Fund Balances			

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

Exhibit C-2

Marshall County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2015

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)		\$ 18,171,814
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 13,370,886	
Add: buildings and improvements net of accumulated depreciation	13,674,941	
Add: infrastructure net of accumulated depreciation	12,589,507	
Add: other capital assets net of accumulated depreciation	<u>2,712,211</u>	42,347,545
(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	\$ (2,139,921)	
Less: bonds payable	(45,885,000)	
Add: deferred amount on refunding	367,659	
Less: compensated absences payable	(174,391)	
Less: other deferred revenue - premium on debt	(772,432)	
Less: accrued interest on notes and bonds	<u>(401,421)</u>	(49,005,506)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 499,009	
Less: deferred inflows of resources related to pensions	<u>(847,872)</u>	(348,863)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		896,767
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,354,574</u>
Net position of governmental activities (Exhibit A)		<u>\$ 14,416,331</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, 2015

	Major Funds					Other Capital Projects
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 6,376,255	\$ 944,374	\$ 5,624,446	\$ 0	\$ 0	726,770
Licenses and Permits	202,176	0	0	0	0	0
Fines, Forfeitures, and Penalties	108,313	0	0	0	0	0
Charges for Current Services	1,600,576	0	0	0	0	97,290
Other Local Revenues	125,950	36,632	0	0	0	0
Fees Received from County Officials	1,495,427	0	0	0	0	0
State of Tennessee	1,618,626	1,908,422	73,352	0	0	23,839
Federal Government	99,992	0	0	0	0	0
Other Governments and Citizens Groups	163,110	0	259,955	0	0	10,500
Total Revenues	\$ 11,790,425	\$ 2,889,428	\$ 5,957,753	\$ 0	\$ 0	\$ 858,399
<u>Expenditures</u>						
Current:						
General Government	\$ 1,290,889	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	1,252,129	0	0	0	0	0
Administration of Justice	977,677	0	0	0	0	0
Public Safety	3,793,412	0	0	0	0	0
Public Health and Welfare	2,628,624	0	0	0	0	0
Social, Cultural, and Recreational Services	351,176	0	0	0	0	0
Agriculture and Natural Resources	124,982	0	0	0	0	0
Other Operations	813,625	0	0	0	0	0
Highways	0	2,673,992	0	0	0	0
Capital Outlay	0	0	0	0	0	71,317
Debt Service:						
Principal on Debt	0	0	3,107,912	0	0	0
Interest on Debt	0	0	1,258,017	0	0	0

(Continued)

Exhibit C-3

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

	Major Funds					Other Capital Projects
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)	\$ 0	\$ 0	\$ 5,179,303	\$ 0	\$ 0	\$ 0
Other Debt Service	0	0	0	14,836,168	0	379,726
Capital Projects						
Total Expenditures	\$ 11,232,514	\$ 2,673,992	\$ 9,545,232	\$ 14,836,168	\$ 14,836,168	\$ 451,043
Excess (Deficiency) of Revenues Over Expenditures	\$ 557,911	\$ 215,436	\$ (3,587,479)	\$ (14,836,168)	\$ (14,836,168)	\$ 407,356
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 13,550,000	\$ 0	\$ 0
Refunding Debt Issued	0	0	4,105,000	0	0	0
Premiums on Debt Issued	0	0	269,157	291,983	0	0
Insurance Recovery	14,091	0	0	0	0	0
Transfers In	60,000	0	0	0	0	0
Transfers Out	0	0	0	0	0	(151,227)
Total Other Financing Sources (Uses)	\$ 74,091	\$ 0	\$ 4,374,157	\$ 13,841,983	\$ 13,841,983	\$ (151,227)
Net Change in Fund Balances	\$ 632,002	\$ 215,436	\$ 786,678	\$ (994,185)	\$ (994,185)	\$ 256,129
Fund Balance, July 1, 2014	5,324,715	484,968	6,707,885	1,003,169	1,003,169	1,224,159
Fund Balance, June 30, 2015	\$ 5,956,717	\$ 700,404	\$ 7,494,563	\$ 8,984	\$ 8,984	\$ 1,480,288

(Continued)

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmen- tal Funds
<u>Revenues</u>			
Local Taxes	\$ 645,666	\$ 0	\$ 14,317,511
Licenses and Permits			202,176
Fines, Forfeitures, and Penalties		66,080	174,393
Charges for Current Services		155,126	1,852,992
Other Local Revenues		1,140,987	1,303,569
Fees Received from County Officials		0	1,495,427
State of Tennessee		355,757	3,979,996
Federal Government		0	99,992
Other Governments and Citizens Groups		0	433,565
Total Revenues	<u>\$ 2,363,616</u>	<u>\$ 0</u>	<u>\$ 23,859,621</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 0	\$ 1,290,889
Finance			1,252,129
Administration of Justice		1,335	979,012
Public Safety		6,150	3,799,562
Public Health and Welfare		1,280,204	3,908,828
Social, Cultural, and Recreational Services		0	351,176
Agriculture and Natural Resources		0	124,982
Other Operations		0	813,625
Highways		0	2,673,992
Capital Outlay		0	71,317
Debt Service:			
Principal on Debt		0	3,107,912
Interest on Debt		0	1,258,017

(Continued)

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmen- tal Funds
<u>Expenditures (Cont.)</u>			
Debt Service (Cont.)			
Other Debt Service	0	\$	5,179,303
Capital Projects	847,493		16,063,387
Total Expenditures	<u>2,135,182</u>	<u>\$</u>	<u>40,874,131</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$</u>	<u>228,434</u>	<u>\$ (17,014,510)</u>
<u>Other Financing Sources (Uses)</u>			
Bonds Issued	0	\$	13,550,000
Refunding Debt Issued	0		4,105,000
Premiums on Debt Issued	0		561,140
Insurance Recovery	1,600		15,691
Transfers In	151,227		211,227
Transfers Out	(60,000)		(211,227)
Total Other Financing Sources (Uses)	<u>92,827</u>	<u>\$</u>	<u>18,231,831</u>
Net Change in Fund Balances	<u>\$</u>	<u>321,261</u>	<u>\$ 1,217,321</u>
Fund Balance, July 1, 2014	2,209,597		16,954,493
Fund Balance, June 30, 2015	<u>\$</u>	<u>2,530,858</u>	<u>\$ 18,171,814</u>

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

Exhibit C-4

Marshall County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2015

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)		\$	1,217,321
(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	\$	2,803,267	
Less: current-year depreciation expense		<u>(1,556,810)</u>	1,246,457
(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			(117,301)
(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, 2014	\$	(2,720,847)	
Add: deferred delinquent property taxes and other deferred June 30, 2015		<u>2,354,574</u>	(366,273)
(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	\$	(17,655,000)	
Add: principal payments on bonds		6,850,000	
Add: principal payments on notes		1,182,912	
Less: change in premium on debt issuances		(533,850)	
Add: change in deferred amount on refunding debt		<u>35,854</u>	(10,120,084)
(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 net pension liability/asset	\$	790,954	
Change in deferred outflows of resources related to pensions		499,009	
Change in deferred inflows of resources related to pensions		(847,872)	
Change in accrued interest payable		23,518	
Change in compensated absences payable		<u>4,285</u>	469,894
Change in net position of governmental activities (Exhibit B)			<u>\$ (7,669,986)</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 6,376,255	\$ 0	\$ 0	\$ 6,376,255	\$ 6,046,811	\$ 6,046,811	\$ 329,444
Licenses and Permits	202,176	0	0	202,176	139,500	139,500	62,676
Fines, Forfeitures, and Penalties	108,313	0	0	108,313	106,950	106,950	1,363
Charges for Current Services	1,600,576	0	0	1,600,576	1,408,500	1,346,500	254,076
Other Local Revenues	125,950	0	0	125,950	126,150	129,243	(3,293)
Fees Received from County Officials	1,495,427	0	0	1,495,427	1,418,000	1,418,000	77,427
State of Tennessee	1,618,626	0	0	1,618,626	1,855,621	1,812,887	(194,261)
Federal Government	99,992	0	0	99,992	57,747	92,427	7,565
Other Governments and Citizens Groups	163,110	0	0	163,110	188,660	254,160	(91,050)
Total Revenues	\$ 11,790,425	\$ 0	\$ 0	\$ 11,790,425	\$ 11,347,939	\$ 11,346,478	\$ 443,947

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures							
General Government							
County Commission	\$ 175,596	\$ (57,000)	\$ 500	\$ 119,096	\$ 312,228	\$ 138,621	\$ 19,525
Board of Equalization	1,291	0	0	1,291	3,345	1,835	544
Other Boards and Committees	5,113	0	0	5,113	12,241	9,528	4,415
County Mayor/Executive	132,619	0	0	132,619	139,009	136,335	3,716
County Attorney	26,995	0	0	26,995	40,250	55,250	28,255
Election Commission	181,690	0	0	181,690	192,670	186,945	5,255
Register of Deeds	188,553	0	0	188,553	196,701	193,596	5,043
Planning	0	0	0	0	7,250	0	0
Building	167,988	0	0	167,988	169,675	178,425	10,437
County Buildings	411,044	0	2,675	413,719	341,439	475,939	62,220
Finance							
Accounting and Budgeting	351,129	0	0	351,129	375,530	368,668	17,539
Property Assessor's Office	255,773	0	0	255,773	275,323	291,054	35,281
Reappraisal Program	80,047	0	0	80,047	92,989	91,415	11,368
County Trustee's Office	198,158	0	0	198,158	207,039	208,539	10,381
County Clerk's Office	367,022	0	0	367,022	370,370	373,353	6,331

(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)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 375,374	\$ 0	158	\$ 375,532	\$ 423,334	\$ 422,323	\$ 46,791
General Sessions Judge	228,414	0	0	228,414	240,010	237,795	9,381
Chancery Court	211,364	0	0	211,364	241,832	232,269	20,905
Juvenile Court	162,525	0	0	162,525	175,147	174,481	11,956
<u>Public Safety</u>							
Sheriff's Department	1,905,221	0	1,300	1,906,521	2,142,805	2,065,234	158,713
Jail	1,481,787	0	600	1,482,387	1,668,629	1,622,659	140,272
Rural Fire Protection	110,939	0	6,234	117,173	155,617	132,214	15,041
Civil Defense	234,507	(32,000)	5,124	207,631	243,754	230,072	22,441
Other Emergency Management	238	0	0	238	1,400	1,000	762
County Coroner/Medical Examiner	60,173	0	0	60,173	59,323	70,129	9,956
Other Public Safety	547	0	0	547	580	580	33
<u>Public Health and Welfare</u>							
Local Health Center	82,476	0	0	82,476	57,100	106,471	23,995
Rabies and Animal Control	50,405	0	0	50,405	58,142	59,048	8,643
Ambulance/Emergency Medical Services	2,244,377	0	1,728	2,246,105	2,314,513	2,322,201	76,096
Maternal and Child Health Services	4,050	0	0	4,050	8,100	6,100	2,050
Other Local Health Services	135,184	0	0	135,184	266,600	264,779	129,595
Regional Mental Health Center	26,100	0	0	26,100	24,100	26,100	0
Appropriation to State	0	0	0	0	2,000	0	0
Other Public Health and Welfare	86,032	0	0	86,032	86,032	86,034	2
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	70,350	0	0	70,350	70,350	70,350	0
Libraries	280,826	0	1,645	282,471	307,096	313,408	30,937
Other Social, Cultural, and Recreational	0	0	0	0	1,800	1,800	1,800
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	79,382	0	0	79,382	84,826	84,826	5,444
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	43,600	0	0	43,600	43,945	44,554	954

(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)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 50,444	\$ 0	\$ 0	\$ 50,444	\$ 50,900	\$ 55,900	\$ 5,456
Housing and Urban Development	12,258	0	0	12,258	0	16,900	4,642
Other Economic and Community Development	250,006	0	0	250,006	0	357,490	107,484
Veterans' Services	27,835	0	0	27,835	36,439	35,577	7,742
Other Charges	473,082	0	0	473,082	0	538,728	65,646
Miscellaneous	0	0	0	0	240,850	0	0
Total Expenditures	\$ 11,232,514	\$ (89,000)	\$ 19,964	\$ 11,163,478	\$ 11,743,283	\$ 12,290,525	\$ 1,127,047
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 557,911	\$ 89,000	\$ (19,964)	\$ 626,947	\$ (395,344)	\$ (944,047)	\$ 1,570,994
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 14,091	\$ 0	\$ 0	\$ 14,091	\$ 13,000	\$ 15,677	\$ (1,586)
Transfers In	60,000	0	0	60,000	60,000	60,000	0
Transfers Out	0	0	0	0	(448,490)	0	0
Total Other Financing Sources	\$ 74,091	\$ 0	\$ 0	\$ 74,091	\$ (375,490)	\$ 75,677	\$ (1,586)
Net Change in Fund Balance	\$ 632,002	\$ 89,000	\$ (19,964)	\$ 701,038	\$ (770,834)	\$ (868,370)	\$ 1,569,408
Fund Balance, July 1, 2014	5,324,715	(89,000)	0	5,235,715	4,991,759	5,235,715	0
Fund Balance, June 30, 2015	\$ 5,956,717	\$ 0	\$ (19,964)	\$ 5,936,753	\$ 4,220,925	\$ 4,367,345	\$ 1,569,408

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 944,374	\$ 843,616	\$ 843,616	\$ 100,758
Other Local Revenues	36,632	50,000	61,308	(24,676)
State of Tennessee	1,908,422	2,139,252	2,139,252	(230,830)
Total Revenues	<u>\$ 2,889,428</u>	<u>\$ 3,032,868</u>	<u>\$ 3,044,176</u>	<u>\$ (154,748)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 210,014	\$ 215,109	\$ 215,109	\$ 5,095
Highway and Bridge Maintenance	1,400,127	1,700,638	1,696,831	296,704
Operation and Maintenance of Equipment	654,389	740,301	740,301	85,912
Other Charges	80,691	80,743	84,550	3,859
Employee Benefits	25,467	28,925	28,925	3,458
Capital Outlay	303,304	743,203	554,511	251,207
Total Expenditures	<u>\$ 2,673,992</u>	<u>\$ 3,508,919</u>	<u>\$ 3,320,227</u>	<u>\$ 646,235</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 215,436</u>	<u>\$ (476,051)</u>	<u>\$ (276,051)</u>	<u>\$ 491,487</u>
Net Change in Fund Balance	\$ 215,436	\$ (476,051)	\$ (276,051)	\$ 491,487
Fund Balance, July 1, 2014	484,968	518,560	484,968	0
Fund Balance, June 30, 2015	<u>\$ 700,404</u>	<u>\$ 42,509</u>	<u>\$ 208,917</u>	<u>\$ 491,487</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,002,276
Equity in Pooled Cash and Investments	65,470
Accounts Receivable	303
Due from Other Governments	<u>345,500</u>
Total Assets	<u>\$ 1,413,549</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 512
Payroll Deductions Payable	1,384
Due to Other Taxing Units	345,500
Due to Litigants, Heirs, and Others	<u>1,066,153</u>
Total Liabilities	<u>\$ 1,413,549</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, 2015

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 \$13,617,306 were contributed by the county to the School Department during the year ended June 30, 2015.

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.

Other Capital Projects Fund – This fund accounts for various capital projects and capital outlay for the county. Local taxes are the foundational revenues of this fund.

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 the receipt of debt issued by Marshall County and contributed to the School Department for building 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 Fund represents deposits held for property damage on rented property (\$200). 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 (\$129,464).

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

3. Inventories

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.

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. Deferred outflows of resources represent 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 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 items are for the deferred charge on refunding debt, pension changes in experience, and pension changes in employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent 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 items are from the following sources: current and delinquent property taxes, pension changes in investment earnings, changes in proportionate share of pension contributions, 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.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of pension obligations.

As of June 30, 2015, Marshall County had \$36,632,516 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

10. Restatements

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement to increase Marshall County’s beginning net position by \$105,813, decrease Marshall County School Department’s beginning net position by (\$6,302,911), and increase Marshall County Board of Public Utilities’ beginning net position by \$10,714 has been recognized on the Statement of Activities.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Marshall County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Marshall County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Marshall County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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

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 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, 2015, the Marshall County School Department reported significant encumbrances in the General Purpose School Fund for textbooks and roofing projects in the amounts of \$235,993 and \$477,227, respectively.

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, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 13,443,160	\$ 0	\$ (72,274)	\$ 13,370,886
Construction in Progress	649,577	1,079,627	(1,729,204)	0
Total Capital Assets Not Depreciated	<u>\$ 14,092,737</u>	<u>\$ 1,079,627</u>	<u>\$ (1,801,478)</u>	<u>\$ 13,370,886</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,831,996	\$ 1,764,263	\$ 0	\$ 19,596,259
Infrastructure	28,471,097	857,218	0	29,328,315
Other Capital Assets	7,155,629	831,363	(206,760)	7,780,232
Total Capital Assets Depreciated	<u>\$ 53,458,722</u>	<u>\$ 3,452,844</u>	<u>\$ (206,760)</u>	<u>\$ 56,704,806</u>

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,464,536	\$ 456,782	\$ 0	\$ 5,921,318
Infrastructure	16,181,286	557,522	0	16,738,808
Other Capital Assets	4,687,248	542,506	(161,733)	5,068,021
Total Accumulated Depreciation	<u>\$ 26,333,070</u>	<u>\$ 1,556,810</u>	<u>\$ (161,733)</u>	<u>\$ 27,728,147</u>
Total Capital Assets Depreciated, Net	<u>\$ 27,125,652</u>	<u>\$ 1,896,034</u>	<u>\$ (45,027)</u>	<u>\$ 28,976,659</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,218,389</u>	<u>\$ 2,975,661</u>	<u>\$ (1,846,505)</u>	<u>\$ 42,347,545</u>

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

Governmental Activities:

General Government	\$ 161,457
Public Safety	353,781
Public Health and Welfare	240,514
Social, Cultural, and Recreational Services	1,659
Highway/Public Works	<u>799,399</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,556,810</u>

Discretely Presented Marshall County School Department**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 2,375,826	\$ 31,200	\$ 0	\$ 2,407,026
Construction in Progress	699,345	14,097,913	0	14,797,258
Total Capital Assets Not Depreciated	<u>\$ 3,075,171</u>	<u>\$ 14,129,113</u>	<u>\$ 0</u>	<u>\$ 17,204,284</u>

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Depreciated:				
Buildings and Improvements	\$ 69,837,217	\$ 113,962	\$ 0	\$ 69,951,179
Infrastructure	106,997	0	0	106,997
Other Capital Assets	6,831,563	499,673	(12,040)	7,319,196
Total Capital Assets Depreciated	\$ 76,775,777	\$ 613,635	\$ (12,040)	\$ 77,377,372
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 36,574,450	\$ 1,647,225	\$ 0	\$ 38,221,675
Infrastructure	4,012	5,350	0	9,362
Other Capital Assets	3,875,632	593,704	(12,040)	4,457,296
Total Accumulated Depreciation	\$ 40,454,094	\$ 2,246,279	\$ (12,040)	\$ 42,688,333
Total Capital Assets Depreciated, Net	\$ 36,321,683	\$ (1,632,644)	\$ 0	\$ 34,689,039
Governmental Activities Capital Assets, Net	\$ 39,396,854	\$ 12,496,469	\$ 0	\$ 51,893,323

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

Governmental Activities:

Instruction	\$ 31,800
Support Services	2,195,116
Operation of Non-instructional Services	<u>19,363</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,246,279</u>

Discretely Presented Marshall County Board of Public Utilities

Business-type Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 158,097	\$ 197,804	\$ 0	\$ 355,901
Construction in Progress	806,912	1,165,664	(1,286,782)	685,794
Total Capital Assets Not Depreciated	\$ 965,009	\$ 1,363,468	\$ (1,286,782)	\$ 1,041,695
Capital Assets Depreciated:				
Buildings and Improvements	\$ 979,951	\$ 0	\$ 0	\$ 979,951
Infrastructure	23,655,481	1,343,482	0	24,998,963
Other Capital Assets	2,318,196	0	(65,881)	2,252,315
Total Capital Assets Depreciated	\$ 26,953,628	\$ 1,343,482	\$ (65,881)	\$ 28,231,229
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 147,187	\$ 25,093	\$ 0	\$ 172,280
Infrastructure	6,384,779	418,789	0	6,803,568
Other Capital Assets	1,535,279	201,892	(65,881)	1,671,290
Total Accumulated Depreciation	\$ 8,067,245	\$ 645,774	\$ (65,881)	\$ 8,647,138
Total Capital Assets Depreciated, Net	\$ 18,886,383	\$ 697,708	\$ 0	\$ 19,584,091
Business-type Activities Capital Assets, Net	\$ 19,851,392	\$ 2,061,176	\$ (1,286,782)	\$ 20,625,786

Depreciation expense totaled \$645,774 for the year ended June 30, 2015.

C. Construction Commitments

At June 30, 2015, the discretely presented School Department's Education Capital Projects Fund had uncompleted contracts of approximately \$634,869 for the construction of school buildings. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit: Marshall County Board of Public Utilities	Primary Government: General	\$ 192,597

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, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Fund
Other Capital Projects Fund	\$ 0	\$ 151,227
Nonmajor governmental fund	60,000	0

Discretely Presented Marshall County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 100,000
Nonmajor governmental fund	36,768	0

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, 2015, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	1.84 to 4	%	12-1-44	\$ 35,815,000	\$ 31,868,260
General Obligation Bonds - Refunding	2.04 to 3.8		12-1-44	18,960,000	14,016,740
Capital Outlay Notes	0.75		1-1-24	2,982,250	2,139,921

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 244,737	\$ 15,207	\$ 259,944
2017	246,575	13,369	259,944
2018	248,435	11,509	259,944
2019	250,297	9,647	259,944
2020	252,182	7,762	259,944
2021-2024	897,695	12,176	909,871
Total	\$ 2,139,921	\$ 69,670	\$ 2,209,591

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 2,920,000	\$ 1,473,479	\$ 4,393,479
2017	3,005,000	1,389,503	4,394,503
2018	3,080,000	1,302,565	4,382,565
2019	2,885,000	1,213,721	4,098,721
2020	2,935,000	1,127,330	4,062,330
2021-2025	10,345,000	4,515,932	14,860,932
2026-2030	8,075,000	2,987,531	11,062,531
2031-2035	4,090,000	1,889,045	5,979,045
2036-2040	4,005,000	1,227,220	5,232,220
2041-2045	4,545,000	407,017	4,952,017
Total	<u>\$ 45,885,000</u>	<u>\$ 17,533,343</u>	<u>\$ 63,418,343</u>

There is \$7,494,563 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes, totaled \$1,569, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2014	\$ 35,080,000	\$ 3,322,833
Additions	17,655,000	0
Reductions	(6,850,000)	(1,182,912)
Balance, June 30, 2015	<u>\$ 45,885,000</u>	<u>\$ 2,139,921</u>
Balance Due Within One Year	<u>\$ 2,920,000</u>	<u>\$ 244,737</u>
		Compensated Absences
Balance, July 1, 2014		\$ 178,676
Additions		344,414
Reductions		(348,699)
Balance, June 30, 2015		<u>\$ 174,391</u>
Balance Due Within One Year		<u>\$ 174,391</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 48,199,312
Less: Due Within One Year	(3,339,128)
Add: Unamortized Premium on Debt	<u>772,432</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 45,632,616</u></u>

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

Current Refunding

On October 14, 2014, Marshall County refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$4,105,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the refunding, total debt service payments over the next six years will be reduced by \$293,019, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$281,689 was obtained.

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, 2015, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 152,999	\$ 5,571,587
Additions	216,048	965,740
Reductions	<u>(223,668)</u>	<u>(565,247)</u>
Balance, June 30, 2015	<u><u>\$ 145,379</u></u>	<u><u>\$ 5,972,080</u></u>
Balance Due Within One Year	<u><u>\$ 145,379</u></u>	<u><u>\$ 0</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 6,117,459
Less: Due Within One Year	<u>(145,379)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,972,080</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, 2015, for business-type activities were as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-15</u>
Water Revenue and Tax Bonds	2.5 to 4.5 %	6-26-51	\$ 8,330,000	\$ 7,645,243

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2015, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 140,203	\$ 259,613	\$ 399,816
2017	145,256	254,560	399,816
2018	150,500	249,316	399,816
2019	155,939	243,877	399,816
2020	161,585	238,231	399,816
2021-2025	900,325	1,098,755	1,999,080
2026-2030	1,027,928	923,291	1,951,219
2031-2035	1,072,241	743,119	1,815,360
2036-2040	1,274,538	540,822	1,815,360
2041-2045	1,360,339	309,099	1,669,438
2046-2050	1,161,753	95,814	1,257,567
2051	94,636	831	95,467
Total	\$ 7,645,243	\$ 4,957,328	\$ 12,602,571

Changes in Long-term Obligations

Long-term obligations activity for the Board of Public Utilities for the year ended June 30, 2015, was as follows:

Business-type Activities:

	Bonds	Compensated Absences
Balance, July 1, 2014	\$ 7,828,378	\$ 16,859
Additions	0	31,734
Reductions	(183,135)	(30,353)
Balance, June 30, 2015	\$ 7,645,243	\$ 18,240
Balance Due Within One Year	\$ 140,203	\$ 18,240

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 7,663,483
Less: Due Within One Year	(158,443)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 7,505,040

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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. 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 \$7,645,243 issued or assumed by the discretely presented Marshall County Board of Public Utilities. In the event that revenues of the utility are insufficient to meet the debt service requirements, the payments will be made by Marshall County from ad valorem taxes levied upon all property in the county.

D. Changes in Administration

On August 31, 2014, Elinor Foster left the Office of Circuit, General Sessions, and Juvenile Court 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.

E. 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, 2015.

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, Marshall, 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, 2015.

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 Marshall County, Coffee County, Dickson County, Fayetteville City, Hickman County, Houston County, 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
1800 Wilson Parkway
Fayetteville, TN 37334

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Marshall County and the discretely presented Marshall County Board of Public Utilities and non-certified employees of the discretely presented Marshall County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 38.42 percent, the employees of the discretely presented Marshall County Board of Public Utilities comprise 3.89 percent, and the non-certified employees of the discretely presented School Department comprise 57.69 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the

change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	195
Inactive Employees Entitled to But Not Yet Receiving Benefits	248
Active Employees	<u>442</u>
 Total	 <u><u>885</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Marshall County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Marshall County were \$804,051 based on a rate of 6.59 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Marshall County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Marshall County’s net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Marshall County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 31,216,153	\$ 30,309,809	\$ 906,344
Changes for the year:			
Service Cost	\$ 1,004,774	\$ 0	\$ 1,004,774
Interest	2,357,662	0	2,357,662
Differences Between Expected and Actual Experience	194,505	0	194,505
Contributions-Employer	0	1,181,756	(1,181,756)
Contributions-Employees	0	594,063	(594,063)
Net Investment Income	0	5,038,837	(5,038,837)
Benefit Payments, Including Refunds of Employee Contributions	(1,570,856)	(1,570,856)	0
Administrative Expense	0	(17,256)	17,256
Other Changes	0	0	0
Net Changes	\$ 1,986,085	\$ 5,226,544	\$ (3,240,459)
Balance, June 30, 2014	\$ 33,202,238	\$ 35,536,353	\$ (2,334,115)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	38.42%	\$ 12,756,300	\$ 13,653,067	\$ (896,767)
Board of Public Utilities	3.89%	1,291,567	1,382,364	(90,797)
School Department	57.69%	19,154,371	20,500,922	(1,346,551)
Total		\$ 33,202,238	\$ 35,536,353	\$ (2,334,115)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Marshall County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate 7.5%	1% Increase
Marshall County	6.5%	7.5%	8.5%

Net Pension Liability \$ 2,048,039 \$ (2,334,115) \$ (5,966,362)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Income. For the year ended June 30, 2015, Marshall County recognized pension income of \$13,940.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Marshall County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 162,087	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,206,850
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	804,051	N/A
Total	\$ 966,138	\$ 2,206,850

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 499,009	\$ 847,872
Board of Public Utilities	40,691	85,846
School Department	426,438	1,273,132
Total	<u>\$ 966,138</u>	<u>\$ 2,206,850</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (519,294)
2017	(519,294)
2018	(519,294)
2019	(519,294)
2020	32,418
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Marshall County Board of Public Utilities

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Marshall County and the discretely presented Marshall County Board of Public Utilities, and non-certified employees of the discretely presented Marshall County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 38.42 percent, the employees of the discretely presented

Marshall County Board of Public Utilities comprise 3.89 percent, and the non-certified employees of the discretely presented School Department comprise 57.69 percent of the plan based on census data.

Discretely Presented Marshall County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Marshall County and non-certified employees of the discretely presented Marshall County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 38.42 percent, the employees of the discretely presented Marshall County Board of Public Utilities comprise 3.89 percent, and the non-certified employees of the discretely presented School Department comprise 57.69 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Marshall County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and

service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$44,305, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Marshall County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Marshall County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 44,305	N/A

The Marshall County School Department’s employer contributions of \$44,305 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Marshall County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Marshall County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,675,259, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Marshall County School Department reported an asset of \$80,068 for its proportionate share of

the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Marshall County School Department's proportion of the net pension asset was based on the Marshall County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Marshall County School Department's proportion was .492739 percent. The proportion measured as of June 30, 2013, was .497023 percent.

Pension Income. For the year ended June 30, 2015, the Marshall County School Department recognized a pension income of \$78,739.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Marshall County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 194,385	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,597,082
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	60,426
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>1,675,259</u>	<u>N/A</u>
Total	<u>\$ 1,869,644</u>	<u>\$ 6,657,508</u>

The Marshall County School Department's employer contributions of \$1,675,259 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,626,944)
2017	(1,626,944)
2018	(1,626,944)
2019	(1,626,944)
2020	22,326
Thereafter	22,326

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset

class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Marshall County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Marshall County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability	\$ 13,504,350	\$ (80,068)	\$ (11,326,494)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

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

G. Other Postemployment Benefits (OPEB)

Discretely Presented Marshall County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for 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 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 \$565,247 for postemployment health care during the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 960,000
Interest on the NOPEBO	222,863
Adjustment to the ARC	<u>(217,123)</u>
Annual OPEB cost	\$ 965,740
Amount of contribution	<u>(565,247)</u>
Increase/decrease in NOPEBO	\$ 400,493
Net OPEB obligation, 7-1-14	<u>5,571,587</u>
Net OPEB obligation, 6-30-15	<u><u>\$ 5,972,080</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 1,307,100	39 %	\$ 5,231,944
6-30-14	"	932,391	64	5,571,587
6-30-15	"	965,740	59	5,972,080

Funded Status and Funding Progress

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

(dollars in thousands)

	<u>Local Education Group Plan</u>
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 Group 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 of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

H. Office of Central Accounting and Budgeting

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

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for this office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *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 Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 1,004,774
Interest	2,357,662
Differences Between Actual and Expected Experience	194,505
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,570,856)</u>
Net Change in Total Pension Liability (Asset)	\$ 1,986,085
Total Pension Liability (Asset), Beginning	<u>31,216,153</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 33,202,238</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,181,756
Contributions - Employee	594,063
Net Investment Income	5,038,837
Benefit Payments, Including Refunds of Employee Contributions	(1,570,856)
Administrative Expense	<u>(17,256)</u>
Net Change in Plan Fiduciary Net Position	\$ 5,226,544
Plan Fiduciary Net Position, Beginning	<u>30,309,809</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 35,536,353</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (2,334,115)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.03%
Covered Employee Payroll	\$ 11,889,021
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	19.63%

Note: ten years of data will be presented when available.

Note: data presented is 38.42% primary government, 3.89% discretely presented Board of Public Utilities, and 57.69% discretely presented non-certified employees of the School Department.

Exhibit E-2

Marshall County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,181,756	\$ 804,051
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,181,756)</u>	<u>(804,051)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 11,889,021	\$ 14,654,119
Contributions as a Percentage of Covered Employee Payroll	9.94%	5.49%

Note: ten years of data will be presented when available.

Note: data presented includes primary government, discretely presented Board of Public Utilities, and discretely presented non-certified employees of the School Department.

Exhibit E-3

Marshall County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Marshall County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 27,691
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(44,305)</u>
Contribution Deficiency (Excess)	<u>\$ (16,614)</u>
Covered Employee Payroll	\$ 1,107,625
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Marshall County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Marshall County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,717,390	\$ 1,675,259
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,717,390)</u>	<u>(1,675,259)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 19,339,962	\$ 18,535,852
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit E-5

Marshall County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Marshall County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.492739%
School Department's Proportionate Share of the Net Pension Asset	\$ 80,068
Covered Employee Payroll	\$ 19,339,962
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Marshall County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Marshall County School Department
June 30, 2015

(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, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	One Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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.

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

<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
School Bus Acquisition	Total	
\$ 1,514,640 \$	1,946,528 \$	2,456,154
0	0	50,480
0	0	40,039
<hr/>		
\$ 1,514,640 \$	1,946,528 \$	2,546,673
<hr/>		
\$	0 \$	0 \$
0	0	6,207
0	0	4,914
<hr/>		
\$	0 \$	0 \$
<hr/>		
\$	0 \$	62,043
0	0	48,051
0	431,888	431,888
1,514,640	1,514,640	1,514,640
<hr/>		
0	0	12,867
0	0	461,369
<hr/>		
\$ 1,514,640 \$	1,946,528 \$	2,530,858
<hr/>		
\$ 1,514,640 \$	1,946,528 \$	2,546,673
<hr/>		

ASSETS

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

Total Assets

LIABILITIES

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

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 Administration of Justice
Committed for Public Health and Welfare
Total Fund Balances

Total Liabilities and Fund Balances

Exhibit F-2

Marshall County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2015

	Special Revenue Funds					Capital Projects Funds
	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	54,675	0	11,405	0	66,080	0
Charges for Current Services	0	155,052	0	74	155,126	0
Other Local Revenues	0	884,673	6,314	0	890,987	250,000
State of Tennessee	0	237,679	0	0	237,679	0
Total Revenues	\$ 54,675	\$ 1,277,404	\$ 17,719	\$ 74	\$ 1,349,872	\$ 250,000
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 1,335	\$ 0	\$ 0	\$ 0	\$ 1,335	\$ 0
Public Safety	0	0	6,050	100	6,150	0
Public Health and Welfare	0	1,280,204	0	0	1,280,204	0
Capital Projects	0	0	0	0	0	486,421
Total Expenditures	\$ 1,335	\$ 1,280,204	\$ 6,050	\$ 100	\$ 1,287,689	\$ 486,421
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,340	\$ (2,800)	\$ 11,669	\$ (26)	\$ 62,183	\$ (236,421)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 1,600	\$ 0	\$ 0	\$ 1,600	\$ 0
Transfers In	0	0	0	0	0	151,227
Transfers Out	(60,000)	0	0	0	(60,000)	0
Total Other Financing Sources (Uses)	\$ (60,000)	\$ 1,600	\$ 0	\$ 0	\$ (58,400)	\$ 151,227

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Constitu- tional Officers - Fees	Total	Capital
	Juvenile Services	Solid Waste / Sanitation	Drug Control				Projects Funds
Net Change in Fund Balances	\$ (6,660) \$	(1,200) \$	11,669 \$	(26) \$	3,783 \$	(85,194)	
Fund Balance, July 1, 2014	19,527	510,620	50,374	26	580,547	517,082	
Fund Balance, June 30, 2015	\$ 12,867 \$	509,420 \$	62,043 \$	0 \$	584,330 \$	431,888	

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	School Bus Acquisition	Total		
<u>Revenues</u>				
Local Taxes	645,666 \$	645,666 \$		645,666
Fines, Forfeitures, and Penalties	0	0		66,080
Charges for Current Services	0	0		155,126
Other Local Revenues	0	250,000		1,140,987
State of Tennessee	118,078	118,078		355,757
Total Revenues	<u>763,744 \$</u>	<u>1,013,744 \$</u>		<u>2,363,616</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	0 \$	0 \$		1,335
Public Safety	0	0		6,150
Public Health and Welfare	0	0		1,280,204
Capital Projects	361,072	847,493		847,493
Total Expenditures	<u>361,072 \$</u>	<u>847,493 \$</u>		<u>2,135,182</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>402,672 \$</u>	<u>166,251 \$</u>		<u>228,434</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	0 \$	0 \$		1,600
Transfers In	0	151,227		151,227
Transfers Out	0	0		(60,000)
Total Other Financing Sources (Uses)	<u>0 \$</u>	<u>151,227 \$</u>		<u>92,827</u>

(Continued)

Exhibit F-2

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	School Bus Acquisition	Total		
Net Change in Fund Balances	\$ 402,672	\$ 317,478	\$	321,261
Fund Balance, July 1, 2014	1,111,968	1,629,050		2,209,597
Fund Balance, June 30, 2015	<u>\$ 1,514,640</u>	<u>\$ 1,946,528</u>	<u>\$</u>	<u>2,530,858</u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 54,675	\$ 56,000	\$ 56,000	\$ (1,325)
Total Revenues	\$ 54,675	\$ 56,000	\$ 56,000	\$ (1,325)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Juvenile Court	\$ 1,335	\$ 8,950	\$ 8,950	\$ 7,615
Total Expenditures	\$ 1,335	\$ 8,950	\$ 8,950	\$ 7,615
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,340	\$ 47,050	\$ 47,050	\$ 6,290
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ 0
Total Other Financing Sources	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ 0
Net Change in Fund Balance	\$ (6,660)	\$ (12,950)	\$ (12,950)	\$ 6,290
Fund Balance, July 1, 2014	19,527	75,980	19,527	0
Fund Balance, June 30, 2015	\$ 12,867	\$ 63,030	\$ 6,577	\$ 6,290

Exhibit F-4

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 155,052	0	\$ 155,052	\$ 162,000	\$ 87,000	\$ 68,052
Other Local Revenues	884,673	0	884,673	1,435,000	928,000	(43,327)
State of Tennessee	237,679	0	237,679	212,452	235,993	1,686
Total Revenues	\$ 1,277,404	0	\$ 1,277,404	\$ 1,809,452	\$ 1,250,993	\$ 26,411
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 1,280,204	1,000	\$ 1,281,204	\$ 1,625,470	\$ 1,353,656	\$ 72,452
Total Expenditures	\$ 1,280,204	1,000	\$ 1,281,204	\$ 1,625,470	\$ 1,353,656	\$ 72,452
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,800)	(1,000)	(3,800)	183,982	(102,663)	98,863
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,600	0	\$ 1,600	0	0	1,600
Total Other Financing Sources	\$ 1,600	0	\$ 1,600	0	0	1,600
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ (1,200)	(1,000)	(2,200)	183,982	(102,663)	100,463
	510,620	0	510,620	515,347	510,620	0
Fund Balance, June 30, 2015	\$ 509,420	(1,000)	\$ 508,420	\$ 699,329	\$ 407,957	\$ 100,463

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 11,405	\$ 10,610	\$ 10,610	\$ 795
Other Local Revenues	6,314	3,000	3,000	3,314
Total Revenues	<u>\$ 17,719</u>	<u>\$ 13,610</u>	<u>\$ 13,610</u>	<u>\$ 4,109</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 6,050	\$ 42,000	\$ 42,000	\$ 35,950
Total Expenditures	<u>\$ 6,050</u>	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 35,950</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,669</u>	<u>\$ (28,390)</u>	<u>\$ (28,390)</u>	<u>\$ 40,059</u>
Net Change in Fund Balance	\$ 11,669	\$ (28,390)	\$ (28,390)	\$ 40,059
Fund Balance, July 1, 2014	<u>50,374</u>	<u>48,312</u>	<u>50,374</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 62,043</u>	<u>\$ 19,922</u>	<u>\$ 21,984</u>	<u>\$ 40,059</u>

Exhibit F-6

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 250,000	\$ 0	\$ 0	\$ 250,000
Total Revenues	\$ 250,000	\$ 0	\$ 0	\$ 250,000
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 486,421	\$ 51,227	\$ 668,309	\$ 181,888
Total Expenditures	\$ 486,421	\$ 51,227	\$ 668,309	\$ 181,888
Excess (Deficiency) of Revenues Over Expenditures	\$ (236,421)	\$ (51,227)	\$ (668,309)	\$ 431,888
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 151,227	\$ 51,227	\$ 151,227	\$ 0
Total Other Financing Sources	\$ 151,227	\$ 51,227	\$ 151,227	\$ 0
Net Change in Fund Balance	\$ (85,194)	\$ 0	\$ (517,082)	\$ 431,888
Fund Balance, July 1, 2014	517,082	517,082	517,082	0
Fund Balance, June 30, 2015	\$ 431,888	\$ 517,082	\$ 0	\$ 431,888

Exhibit F-7

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
School Bus Acquisition Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 645,666	\$ 542,464	\$ 542,464	\$ 103,202
State of Tennessee	118,078	100,000	100,000	18,078
Total Revenues	<u>\$ 763,744</u>	<u>\$ 642,464</u>	<u>\$ 642,464</u>	<u>\$ 121,280</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Transportation	\$ 0	\$ 290,000	\$ 0	\$ 0
<u>Capital Projects</u>				
Other General Government Projects	361,072	0	375,000	13,928
Total Expenditures	<u>\$ 361,072</u>	<u>\$ 290,000</u>	<u>\$ 375,000</u>	<u>\$ 13,928</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 402,672</u>	<u>\$ 352,464</u>	<u>\$ 267,464</u>	<u>\$ 135,208</u>
Net Change in Fund Balance	\$ 402,672	\$ 352,464	\$ 267,464	\$ 135,208
Fund Balance, July 1, 2014	<u>1,111,968</u>	<u>1,252,987</u>	<u>1,111,968</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 1,514,640</u>	<u>\$ 1,605,451</u>	<u>\$ 1,379,432</u>	<u>\$ 135,208</u>

Major Governmental Funds

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.

Other Capital Projects Fund

The Other Capital Projects Fund is used to account for various capital projects and capital outlay for the county.

Exhibit G-1

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,624,446	\$ 5,053,135	\$ 5,053,135	\$ 571,311
State of Tennessee	73,352	71,000	71,000	2,352
Other Governments and Citizens Groups	259,955	260,783	260,783	(828)
Total Revenues	<u>\$ 5,957,753</u>	<u>\$ 5,384,918</u>	<u>\$ 5,384,918</u>	<u>\$ 572,835</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,030,465	\$ 813,744	\$ 1,033,166	\$ 2,701
Highways and Streets	868,400	0	868,400	0
Education	1,209,047	2,133,365	1,209,048	1
<u>Interest on Debt</u>				
General Government	314,679	277,856	314,722	43
Highways and Streets	43,364	764,463	43,645	281
Education	899,974	754,859	900,967	993
<u>Other Debt Service</u>				
General Government	84,371	99,000	99,000	14,629
Highways and Streets	73	3,200	3,200	3,127
Education	5,094,859	12,500	5,096,359	1,500
Total Expenditures	<u>\$ 9,545,232</u>	<u>\$ 4,858,987</u>	<u>\$ 9,568,507</u>	<u>\$ 23,275</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,587,479)</u>	<u>\$ 525,931</u>	<u>\$ (4,183,589)</u>	<u>\$ 596,110</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,105,000	\$ 0	\$ 4,105,000	\$ 0
Premiums on Debt Issued	269,157	0	269,157	0
Total Other Financing Sources	<u>\$ 4,374,157</u>	<u>\$ 0</u>	<u>\$ 4,374,157</u>	<u>\$ 0</u>
Net Change in Fund Balance Fund Balance, July 1, 2014	<u>\$ 786,678</u> <u>6,707,885</u>	<u>\$ 525,931</u> <u>6,442,552</u>	<u>\$ 190,568</u> <u>6,707,885</u>	<u>\$ 596,110</u> <u>0</u>
Fund Balance, June 30, 2015	<u>\$ 7,494,563</u>	<u>\$ 6,968,483</u>	<u>\$ 6,898,453</u>	<u>\$ 596,110</u>

Exhibit G-2

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, 2015

	Actual (GAAP Basis)	Less:		Add: 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances				Original	Final	
		7/1/2014	6/30/2015					
Revenues								
Local Taxes	\$ 726,770	\$ 0	\$ 0	\$ 0	\$ 726,770	\$ 645,494	\$ 700,494	\$ 26,276
Charges for Current Services	97,290	0	0	0	97,290	0	60,000	37,290
State of Tennessee	23,839	0	0	0	23,839	20,000	20,000	3,839
Other Governments and Citizens Groups	10,500	0	0	0	10,500	60,000	10,000	500
Total Revenues	\$ 858,399	\$ 0	\$ 0	\$ 0	\$ 858,399	\$ 725,494	\$ 790,494	\$ 67,905
Expenditures								
Capital Outlay								
Regular Capital Outlay	\$ 71,317	\$ (71,317)	\$ 0	\$ 0	\$ 0	\$ 370,775	\$ 0	\$ 0
Capital Projects								
Other General Government Projects	315,401	0	29,000	0	344,401	0	456,576	112,175
Education Capital Projects	64,325	0	0	0	64,325	0	64,325	0
Total Expenditures	\$ 451,043	\$ (71,317)	\$ 29,000	\$ 0	\$ 408,726	\$ 370,775	\$ 520,901	\$ 112,175
Excess (Deficiency) of Revenues Over Expenditures	\$ 407,356	\$ 71,317	\$ (29,000)	\$ 0	\$ 449,673	\$ 354,719	\$ 269,593	\$ 180,080
Other Financing Sources (Uses)								
Transfers Out	\$ (151,227)	\$ 0	\$ 0	\$ 0	\$ (151,227)	\$ (51,227)	\$ (151,227)	\$ 0
Total Other Financing Sources	\$ (151,227)	\$ 0	\$ 0	\$ 0	\$ (151,227)	\$ (51,227)	\$ (151,227)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ 256,129	\$ 71,317	\$ (29,000)	\$ 0	\$ 298,446	\$ 303,492	\$ 118,366	\$ 180,080
Fund Balance, July 1, 2014	1,224,159	(71,317)	0	0	1,152,842	1,344,049	1,152,842	0
Fund Balance, June 30, 2015	\$ 1,480,288	\$ 0	\$ (29,000)	\$ 0	\$ 1,451,288	\$ 1,647,541	\$ 1,271,208	\$ 180,080

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, 2015

	Agency Funds			Total
	Cities - Sales Tax	Community Develop- ment - Agency	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,002,276	\$ 1,002,276
Equity in Pooled Cash and Investments	0	65,470	0	65,470
Accounts Receivable	0	0	303	303
Due from Other Governments	345,500	0	0	345,500
Total Assets	<u>\$ 345,500</u>	<u>\$ 65,470</u>	<u>\$ 1,002,579</u>	<u>\$ 1,413,549</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 512	\$ 0	\$ 512
Payroll Deductions Payable	0	1,384	0	1,384
Due to Other Taxing Units	345,500	0	0	345,500
Due to Litigants, Heirs, and Others	0	63,574	1,002,579	1,066,153
Total Liabilities	<u>\$ 345,500</u>	<u>\$ 65,470</u>	<u>\$ 1,002,579</u>	<u>\$ 1,413,549</u>

Exhibit H-2

Marshall County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,899,229	\$ 1,899,229	\$ 0
Due from Other Governments	301,981	345,500	301,981	345,500
Total Assets	\$ 301,981	\$ 2,244,729	\$ 2,201,210	\$ 345,500
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 301,981	\$ 2,244,729	\$ 2,201,210	\$ 345,500
Total Liabilities	\$ 301,981	\$ 2,244,729	\$ 2,201,210	\$ 345,500
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 70,573	\$ 82,550	\$ 87,653	\$ 65,470
Total Assets	\$ 70,573	\$ 82,550	\$ 87,653	\$ 65,470
<u>Liabilities</u>				
Accounts Payable	\$ 63	\$ 512	\$ 63	\$ 512
Payroll Deductions Payable	124	1,384	124	1,384
Due to Litigants, Heirs, and Others	70,386	80,654	87,466	63,574
Total Liabilities	\$ 70,573	\$ 82,550	\$ 87,653	\$ 65,470
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,176,422	\$ 8,561,075	\$ 8,735,221	\$ 1,002,276
Accounts Receivable	1,308	303	1,308	303
Total Assets	\$ 1,177,730	\$ 8,561,378	\$ 8,736,529	\$ 1,002,579
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,177,730	\$ 8,561,378	\$ 8,736,529	\$ 1,002,579
Total Liabilities	\$ 1,177,730	\$ 8,561,378	\$ 8,736,529	\$ 1,002,579
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,176,422	\$ 8,561,075	\$ 8,735,221	\$ 1,002,276
Equity in Pooled Cash and Investments	70,573	1,981,779	1,986,882	65,470
Accounts Receivable	1,308	303	1,308	303
Due from Other Governments	301,981	345,500	301,981	345,500
Total Assets	\$ 1,550,284	\$ 10,888,657	\$ 11,025,392	\$ 1,413,549
<u>Liabilities</u>				
Accounts Payable	\$ 63	\$ 512	\$ 63	\$ 512
Payroll Deductions Payable	124	1,384	124	1,384
Due to Other Taxing Units	301,981	2,244,729	2,201,210	345,500
Due to Litigants, Heirs, and Others	1,248,116	8,642,032	8,823,995	1,066,153
Total Liabilities	\$ 1,550,284	\$ 10,888,657	\$ 11,025,392	\$ 1,413,549

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, 2015

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental	Activities
Governmental Activities:						
Instruction	\$ 24,371,149	\$ 0	\$ 3,326,830	\$ 0	\$ 0	\$ (21,044,319)
Support Services	15,679,362	73,813	111,032	14,021,433		(1,473,084)
Operation of Non-instructional Services	3,407,995	1,033,549	2,201,181	0		(173,265)
Total Governmental Activities	\$ 43,458,506	\$ 1,107,362	\$ 5,639,043	\$ 14,021,433	\$	\$ (22,690,668)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$	\$ 9,267,171
Local Option Sales Tax						2,392,568
Other Local Taxes						9,574
Grants and Contributions Not Restricted to Specific Programs						25,608,276
Unrestricted Investment Income						152
Miscellaneous						53,981
Pension Income						86,781
Total General Revenues					\$	\$ 37,418,503
Change in Net Position					\$	\$ 14,727,835
Net Position, July 1, 2014						45,197,907
Restatement - See Note I.D.10.						(6,302,911)
Net Position, June 30, 2015					\$	\$ 53,622,831

Marshall County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Marshall County School Department
 June 30, 2015

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other	Governmental Funds	
\$	0	0	2,135	0	2,135
Equity in Pooled Cash and Investments	6,069,218	5,897,755	835,256	12,802,229	12,802,229
Accounts Receivable	0	0	1,012	1,012	1,012
Due from Other Governments	687,953	0	153,367	841,320	841,320
Property Taxes Receivable	9,618,824	0	0	9,618,824	9,618,824
Allowance for Uncollectible Property Taxes	(179,421)	0	0	(179,421)	(179,421)
Total Assets	\$ 16,196,574	\$ 5,897,755	\$ 991,770	\$ 23,086,099	\$ 23,086,099

ASSETS

Cash	0	0	2,135	0	2,135
Equity in Pooled Cash and Investments	6,069,218	5,897,755	835,256	12,802,229	12,802,229
Accounts Receivable	0	0	1,012	1,012	1,012
Due from Other Governments	687,953	0	153,367	841,320	841,320
Property Taxes Receivable	9,618,824	0	0	9,618,824	9,618,824
Allowance for Uncollectible Property Taxes	(179,421)	0	0	(179,421)	(179,421)
Total Assets	\$ 16,196,574	\$ 5,897,755	\$ 991,770	\$ 23,086,099	\$ 23,086,099

LIABILITIES

Accounts Payable	20,249	75,073	0	95,322	95,322
Accrued Payroll	7,467	0	0	7,467	7,467
Payroll Deductions Payable	760,058	0	0	760,058	760,058
Contracts Payable	0	912,516	0	912,516	912,516
Retainage Payable	0	150,196	0	150,196	150,196
Total Liabilities	\$ 787,774	\$ 1,137,785	\$ 0	\$ 1,925,559	\$ 1,925,559

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	9,149,937	0	0	9,149,937	9,149,937
Deferred Delinquent Property Taxes	256,465	0	0	256,465	256,465
Other Deferred/Unavailable Revenue	200,000	0	0	200,000	200,000
Total Deferred Inflows of Resources	\$ 9,606,402	\$ 0	\$ 0	\$ 9,606,402	\$ 9,606,402

(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	Other	
\$	19,401	0	0	791,770	0	811,171
	0	4,759,970		0		4,759,970
	0	0	0	200,000		200,000
	1,041,175	0	0	0	0	1,041,175
	200,000	0	0	0	0	200,000
	4,541,822	0	0	0	0	4,541,822
\$	5,802,398	4,759,970	0	991,770	0	11,554,138
\$	16,196,574	5,897,755	0	991,770	0	23,086,099

FUND BALANCES

Restricted:	
Restricted for Education	
Restricted for Capital Outlay	
Committed:	
Committed for Education	
Assigned:	
Assigned for Education	
Assigned for Capital Outlay	
Unassigned	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

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, 2015

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)		\$ 11,554,138
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,407,026	
Add: construction in progress	14,797,258	
Add: buildings and improvements net of accumulated depreciation	31,729,504	
Add: infrastructure net of accumulated depreciation	97,635	
Add: other capital assets net of accumulated depreciation	<u>2,861,900</u>	51,893,323
(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	\$ (145,379)	
Less: other postemployment benefits liability	<u>(5,972,080)</u>	(6,117,459)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 2,340,387	
Less: deferred inflows of resources related to pensions	<u>(7,930,640)</u>	(5,590,253)
(4) Net pension assets of the agent and cost-sharing plans are not current financial resources and therefore are not reported in the governmental funds.		1,426,617
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>456,465</u>
Net position of governmental activities (Exhibit A)		<u>\$ 53,622,831</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, 2015

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 11,688,059	\$ 0	\$ 0	\$ 11,688,059
Licenses and Permits	2,138	0	0	2,138
Charges for Current Services	73,813	0	1,033,549	1,107,362
Other Local Revenues	42,544	0	152	42,696
State of Tennessee	26,208,312	0	29,503	26,237,815
Federal Government	370,888	0	4,613,692	4,984,580
Other Governments and Citizens Groups	111,032	13,617,306	0	13,728,338
Total Revenues	<u>\$ 38,496,786</u>	<u>\$ 13,617,306</u>	<u>\$ 5,676,896</u>	<u>\$ 57,790,988</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 23,532,997	\$ 0	\$ 1,948,216	\$ 25,481,213
Support Services	13,054,032	0	713,692	13,767,724
Operation of Non-instructional Services	529,856	0	2,940,102	3,469,958
Capital Outlay	272,555	0	0	272,555
Debt Service:				
Other Debt Service	259,955	0	0	259,955
Capital Projects	0	13,959,064	0	13,959,064
Total Expenditures	<u>\$ 37,649,395</u>	<u>\$ 13,959,064</u>	<u>\$ 5,602,010</u>	<u>\$ 57,210,469</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 847,391</u>	<u>\$ (341,758)</u>	<u>\$ 74,886</u>	<u>\$ 580,519</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 11,437	\$ 0	\$ 0	\$ 11,437
Transfers In	36,768	0	100,000	136,768
Transfers Out	(100,000)	0	(36,768)	(136,768)
Total Other Financing Sources (Uses)	<u>\$ (51,795)</u>	<u>\$ 0</u>	<u>\$ 63,232</u>	<u>\$ 11,437</u>
Net Change in Fund Balances	\$ 795,596	\$ (341,758)	\$ 138,118	\$ 591,956
Fund Balance, July 1, 2014	<u>5,006,802</u>	<u>5,101,728</u>	<u>853,652</u>	<u>10,962,182</u>
Fund Balance, June 30, 2015	<u>\$ 5,802,398</u>	<u>\$ 4,759,970</u>	<u>\$ 991,770</u>	<u>\$ 11,554,138</u>

Exhibit I-5

Marshall County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2015

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)		\$	591,956
(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	\$	14,338,621	
Less: current-year depreciation expense		<u>(2,246,279)</u>	12,092,342
(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			404,127
(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, 2014	\$	(563,457)	
Add: deferred delinquent property taxes and other deferred June 30, 2015		<u>456,465</u>	(106,992)
(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 net pension liability/asset	\$	7,729,528	
Change in deferred outflows of resources related to pensions		2,340,387	
Change in deferred inflows of resources related to pensions		(7,930,640)	
Change in other postemployment benefits liability		(400,493)	
Change in compensated absences payable		<u>7,620</u>	1,746,402
Change in net position of governmental activities (Exhibit B)			<u>\$ 14,727,835</u>

Exhibit I-6

Marshall County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Marshall County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,135	\$ 2,135
Equity in Pooled Cash and Investments	200,000	635,256	835,256
Accounts Receivable	0	1,012	1,012
Due from Other Governments	0	153,367	153,367
Total Assets	<u>\$ 200,000</u>	<u>\$ 791,770</u>	<u>\$ 991,770</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 791,770	\$ 791,770
Committed:			
Committed for Education	200,000	0	200,000
Total Fund Balances	<u>\$ 200,000</u>	<u>\$ 791,770</u>	<u>\$ 991,770</u>

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, 2015

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,033,549	\$ 1,033,549
Other Local Revenues	0	152	152
State of Tennessee	0	29,503	29,503
Federal Government	2,698,676	1,915,016	4,613,692
Total Revenues	<u>\$ 2,698,676</u>	<u>\$ 2,978,220</u>	<u>\$ 5,676,896</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,948,216	\$ 0	\$ 1,948,216
Support Services	713,692	0	713,692
Operation of Non-instructional Services	0	2,940,102	2,940,102
Total Expenditures	<u>\$ 2,661,908</u>	<u>\$ 2,940,102</u>	<u>\$ 5,602,010</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 36,768</u>	<u>\$ 38,118</u>	<u>\$ 74,886</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 100,000	\$ 0	\$ 100,000
Transfers Out	(36,768)	0	(36,768)
Total Other Financing Sources (Uses)	<u>\$ 63,232</u>	<u>\$ 0</u>	<u>\$ 63,232</u>
Net Change in Fund Balances	\$ 100,000	\$ 38,118	\$ 138,118
Fund Balance, July 1, 2014	<u>100,000</u>	<u>753,652</u>	<u>853,652</u>
Fund Balance, June 30, 2015	<u>\$ 200,000</u>	<u>\$ 791,770</u>	<u>\$ 991,770</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,688,059	\$ 0	\$ 0	\$ 11,688,059	\$ 10,927,133	\$ 10,927,133	\$ 760,926
Licenses and Permits	2,138	0	0	2,138	1,867	1,867	271
Charges for Current Services	73,813	0	0	73,813	73,600	73,600	213
Other Local Revenues	42,544	0	0	42,544	159,000	59,000	(16,456)
State of Tennessee	26,208,312	0	0	26,208,312	25,880,349	26,090,052	118,260
Federal Government	370,888	0	0	370,888	0	384,650	(13,762)
Other Governments and Citizens Groups	111,032	0	0	111,032	0	100,000	11,032
Total Revenues	\$ 38,496,786	\$ 0	\$ 0	\$ 38,496,786	\$ 37,041,949	\$ 37,636,302	\$ 860,484

<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,799,166	\$ (319,856)	\$ 382,259	\$ 19,861,569	\$ 20,434,952	\$ 20,385,027	\$ 523,458
Alternative Instruction Program	195,078	0	0	195,078	194,739	209,739	14,661
Special Education Program	2,275,066	0	0	2,275,066	2,355,452	2,355,452	80,386
Vocational Education Program	1,263,687	(276)	0	1,263,411	1,437,564	1,437,564	174,153
<u>Support Services</u>							
Attendance	191,531	0	781	192,312	209,792	209,792	17,480
Health Services	335,172	(100)	6,538	341,610	363,309	363,309	21,699
Other Student Support	840,652	(158)	0	840,494	805,617	888,287	47,793
Regular Instruction Program	1,477,158	(180)	268	1,477,246	1,554,777	1,554,777	77,531
Special Education Program	75,080	0	0	75,080	76,111	76,111	1,031
Vocational Education Program	96,006	0	0	96,006	97,113	97,113	1,107
Other Programs	149,138	0	0	149,138	0	149,138	0
Board of Education	505,609	0	0	505,609	545,710	545,710	40,101
Director of Schools	214,781	0	50	214,831	223,074	223,074	8,243
Office of the Principal	2,414,408	(599)	4,653	2,418,462	2,504,825	2,504,825	86,363
Fiscal Services	259,666	0	50	259,716	278,410	278,410	18,694
Human Services/Personnel	152,241	0	0	152,241	160,261	160,261	8,020
Operation of Plant	3,234,806	(2,000)	820	3,233,626	3,352,078	3,372,078	138,452
Maintenance of Plant	1,319,519	(66,801)	30,021	1,282,739	1,387,824	1,387,824	105,085

(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 7/1/2014	Add: Encumbrances 6/30/2015	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	\$ 1,559,060	\$ (23,466)	\$ 300	\$ 1,535,894	\$ 1,746,344	\$ 1,746,344	\$ 210,450
Central and Other	229,205	0	92	229,297	250,272	260,272	30,975
<u>Operation of Non-instructional Services</u>							
Community Services	337,391	0	2,599	339,990	0	384,650	44,660
Early Childhood Education	192,465	0	2,300	194,765	200,539	200,539	5,774
<u>Capital Outlay</u>							
Regular Capital Outlay	272,555	(17,295)	610,444	865,704	915,000	915,000	49,296
<u>Other Debt Service</u>							
Education	259,955	0	0	259,955	0	259,955	0
Total Expenditures	\$ 37,649,395	\$ (430,731)	\$ 1,041,175	\$ 38,259,839	\$ 39,093,763	\$ 39,965,251	\$ 1,705,412
Excess (Deficiency) of Revenues Over Expenditures	\$ 847,391	\$ 430,731	\$ (1,041,175)	\$ 236,947	\$ (2,051,814)	\$ (2,328,949)	\$ 2,565,896
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,437	\$ 0	\$ 0	\$ 11,437	\$ 3,000	\$ 3,000	\$ 8,437
Transfers In	36,768	0	0	36,768	20,000	20,000	16,768
Transfers Out	(100,000)	0	0	(100,000)	(259,955)	(100,000)	0
Total Other Financing Sources	\$ (51,795)	\$ 0	\$ 0	\$ (51,795)	\$ (236,955)	\$ (77,000)	\$ 25,205
Net Change in Fund Balance	\$ 795,596	\$ 430,731	\$ (1,041,175)	\$ 185,152	\$ (2,288,769)	\$ (2,405,949)	\$ 2,591,101
Fund Balance, July 1, 2014	5,006,802	(430,731)	0	4,576,071	4,661,473	4,661,473	(85,402)
Fund Balance, June 30, 2015	\$ 5,802,398	\$ 0	\$ (1,041,175)	\$ 4,761,223	\$ 2,372,704	\$ 2,255,524	\$ 2,505,699

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,698,676	\$ 2,962,666	\$ 2,965,452	\$ (266,776)
Total Revenues	\$ 2,698,676	\$ 2,962,666	\$ 2,965,452	\$ (266,776)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,207,712	\$ 1,296,231	\$ 1,296,867	\$ 89,155
Special Education Program	680,223	805,212	749,762	69,539
Vocational Education Program	60,281	60,202	60,281	0
<u>Support Services</u>				
Other Student Support	17,402	29,213	29,134	11,732
Regular Instruction Program	317,442	380,267	379,567	62,125
Special Education Program	245,765	220,372	272,372	26,607
Vocational Education Program	3,651	3,651	3,651	0
Transportation	129,432	128,750	135,050	5,618
Total Expenditures	\$ 2,661,908	\$ 2,923,898	\$ 2,926,684	\$ 264,776
Excess (Deficiency) of Revenues Over Expenditures	\$ 36,768	\$ 38,768	\$ 38,768	\$ (2,000)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Transfers Out	(36,768)	(38,768)	(38,768)	2,000
Total Other Financing Sources	\$ 63,232	\$ (38,768)	\$ (38,768)	\$ 102,000
Net Change in Fund Balance	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Fund Balance, July 1, 2014	100,000	100,000	100,000	0
Fund Balance, June 30, 2015	\$ 200,000	\$ 100,000	\$ 100,000	\$ 100,000

Exhibit I-10

Marshall County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Marshall County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,033,549	\$ 0	\$ 1,033,549	\$ 1,071,492	\$ 1,071,492	\$ (37,943)
Other Local Revenues	152	0	152	23	23	129
State of Tennessee	29,503	0	29,503	29,409	29,409	94
Federal Government	1,915,016	0	1,915,016	2,064,224	2,064,224	(149,208)
Total Revenues	\$ 2,978,220	\$ 0	\$ 2,978,220	\$ 3,165,148	\$ 3,165,148	\$ (186,928)
<u>Expenditures</u>						
<u>Operation of Non-instructional Services</u>						
Food Service	\$ 2,940,102	\$ 43,762	\$ 2,983,864	\$ 3,300,600	\$ 3,300,599	\$ 316,735
Total Expenditures	\$ 2,940,102	\$ 43,762	\$ 2,983,864	\$ 3,300,600	\$ 3,300,599	\$ 316,735
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,118	\$ (43,762)	\$ (5,644)	\$ (135,452)	\$ (135,451)	\$ 129,807
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ 38,118	\$ (43,762)	\$ (5,644)	\$ (135,452)	\$ (135,451)	\$ 129,807
	753,652	0	753,652	753,653	753,653	(1)
Fund Balance, June 30, 2015	\$ 791,770	\$ (43,762)	\$ 748,008	\$ 618,201	\$ 618,202	\$ 129,806

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, 2015

Major
Enterprise Fund
Marshall County
Board of
Public Utilities

ASSETS

Current Assets:		
Cash	\$	1,803
Equity in Pooled Cash and Investments		2,336,686
Net Pension Asset - Agent Plan		90,797
Inventories		50,211
Accounts Receivable		212,599
Due from Other Governments		375,309
Due from Primary Government		192,597
Restricted Assets:		
Customer Deposits		129,464
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land		355,901
Construction in Progress		685,794
Assets Net of Accumulated Depreciation:		
Buildings and Improvements		807,671
Infrastructure		18,195,395
Other Capital Assets		581,025
Total Assets	\$	<u>24,015,252</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Changes in Experience	\$	6,305
Pension Changes in Contributions after Measurement Date		34,386
Total Deferred Outflows of Resources	\$	<u>40,691</u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$	33,825
Accrued Interest Payable		9,001
Payroll Deductions Payable		16,709
Contracts Payable		337,475
Retainage Payable		21,687
Current Liabilities Payable from Restricted Assets:		
Customer Deposits Payable		129,464
Noncurrent Liabilities:		
Due Within One Year		158,443
Due in More Than One Year		7,505,040
Total Liabilities	\$	<u>8,211,644</u>

(Continued)

Exhibit J-1

Marshall County, Tennessee
Statement of Net Position
Discretely Presented Marshall County Board of Public Utilities (Cont.)

Major
Enterprise Fund
 Marshall County
 Board of
Public Utilities

DEFERRED INFLOWS OF RESOURCES

Pension Changes in Investment Earnings	\$	85,846
Total Deferred Inflows of Resources	\$	<u>85,846</u>

NET POSITION

Net Investment in Capital Assets	\$	12,980,543
Restricted for Other Purposes		45,642
Unrestricted		<u>2,732,268</u>
Total Net Position	\$	<u><u>15,758,453</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, 2015

	Major Enterprise Fund Marshall County Board of Public Utilities
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,962,152
Other Local Revenues	26,273
Total Operating Revenues	<u>\$ 1,988,425</u>
<u>Operating Expenses</u>	
Other Economic and Community Development	\$ 1,278,953
Depreciation	645,774
Total Operating Expenses	<u>\$ 1,924,727</u>
Operating Income (Loss)	<u>\$ 63,698</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 6,406
Contribution from Primary Government (Adequate Facilities Tax)	192,597
Contribution and Gifts	78,204
Grants	1,017,250
Interest on Bonds	(266,522)
Pension Income	542
Total Nonoperating Revenues (Expenses)	<u>\$ 1,028,477</u>
Income (Loss) Before Contributions	\$ 1,092,175
Capital Contributions	94,804
Change in Net Position	<u>\$ 1,186,979</u>
Net Position, July 1, 2014	14,560,760
Restatement - See Note I.D.10.	<u>10,714</u>
Net Position, June 30, 2015	<u><u>\$ 15,758,453</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, 2015

	<u>Major Enterprise Fund Marshall County Board of Public Utilities</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,944,874
Other Receipts (Payments)	26,273
Payments to Vendors	(323,611)
Payments to Employees	(424,345)
Payments to Fringe Benefits	(138,609)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,084,582</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition and Construction of Capital Assets	\$ (1,420,168)
Capital Contributions	94,804
Principal Paid on Bonds	(183,135)
Interest Paid on Bonds	(266,522)
Proceeds from Capital Grants	678,015
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,097,006)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Contributions from Primary Government (Adequate Facilities Tax)	\$ 131,070
Contributions and Gifts	78,204
Pension Contributions	(34,386)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 174,888</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 6,406</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 6,406</u>
Increase (Decrease) in Cash	\$ 168,870
Cash, July 1, 2014	<u>2,299,083</u>
Cash, June 30, 2015	<u><u>\$ 2,467,953</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)	\$ 63,698
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	645,774
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(17,278)
(Increase) Decrease in Inventories	6,300
Increase (Decrease) in Accounts Payable	(13,902)
Increase (Decrease) in Payroll Deductions Payable	6,972
Increase (Decrease) in Contracts Payable	337,475
Increase (Decrease) in Retainage Payable	21,687
Increase (Decrease) in Accrued Interest Payable	(159)
Increase (Decrease) in Customer Deposits	32,634
Increase (Decrease) in Accrued Leave	1,381
	<hr/>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,084,582</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	2,336,686
Restricted Customer Deposits	129,464
	<hr/>
Cash, June 30, 2015	<u>\$ 2,467,953</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, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-15
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
General Projects, Education, and Highway	\$ 2,700,000	3.36 %	12-1-02	10-31-14	\$ 270,000	\$ 0	\$ 270,000	\$ 0	\$ 0
Energy Efficient Schools Initiative	2,982,250	.75	3-28-11	1-1-24	2,382,833	0	242,912	0	2,139,921
Highway Capital Outlay Notes, Series 2013	1,000,000	1.05	4-7-13	3-26-15	670,000	0	670,000	0	0
Total Notes Payable					\$ 3,322,833	\$ 0	\$ 1,182,912	\$ 0	\$ 2,139,921
BONDS PAYABLE									
Payable through General Debt Service Fund									
School Refunding	7,975,000	3.47	3-17-05	10-14-14	\$ 4,925,000	\$ 0	\$ 0	\$ 4,925,000	\$ 0
School Bonds	7,050,000	3.7	1-1-06	5-1-31	5,600,000	0	235,000	0	5,365,000
General Obligation Bond	5,000,000	3.63 to 4	6-1-07	6-1-31	3,890,000	0	165,000	0	3,725,000
School Refunding	5,115,000	3.8	9-11-08	11-1-20	3,300,000	0	415,000	0	2,885,000
GO Public Improvement Refunding Bonds, Series 2011	6,160,000	3.32	3-15-11	9-1-27	5,450,000	0	330,000	0	5,120,000
GO Refunding Bonds, Series 2011	3,580,000	2.04	6-23-11	5-1-24	2,268,631	0	361,891	0	1,906,740
GO Improvement Bonds, Series 2011	1,020,000	2.04	6-23-11	5-1-24	646,369	0	103,109	0	543,260
GO Improvement Bonds, Series 2013	3,250,000	1.84	5-31-13	5-1-28	3,055,000	0	195,000	0	2,860,000
GO School Improvement Bonds, Series 2013	5,945,000	3.86	12-23-13	10-1-43	5,945,000	0	120,000	0	5,825,000
GO School Improvement Bonds, Series 2014	5,550,000	2.81	10-14-14	12-1-44	0	5,550,000	0	0	5,550,000
GO School Refunding Bonds, Series 2014	4,105,000	2.81	10-14-14	12-1-44	0	4,105,000	0	0	4,105,000
GO School Improvement Bonds, Series 2015	8,000,000	3.02	1-20-15	10-1-44	0	8,000,000	0	0	8,000,000
Total Bonds Payable					\$ 35,080,000	\$ 17,655,000	\$ 1,925,000	\$ 4,925,000	\$ 45,885,000

(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 7-1-14	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-15
DISCRETELY PRESENTED MARSHALL COUNTY BOARD OF PUBLIC UTILITIES									
BONDS PAYABLE									
Water Revenue and Tax Bonds, Series 2003	\$ 849,000	4.38	6-22-04	6-22-42	\$ 738,656	0	13,909	0	724,747
Water Revenue and Tax Bonds, Series 2005	667,000	4.5	3-17-06	3-17-44	442,373	0	67,189	0	375,184
Water Revenue and Tax Bonds, Series 2007	1,940,000	4.13	4-16-09	4-16-47	1,817,949	0	26,780	0	1,791,169
Water Revenue and Tax Bonds, Series 2009	3,950,000	3	12-18-13	12-18-50	3,920,428	0	60,490	0	3,859,938
Water Revenue and Tax Bonds, Series 2011A	515,000	2.75	5-8-13	5-8-51	506,514	0	8,060	0	498,454
Water Revenue and Tax Bonds, Series 2011B	409,000	2.5	6-26-13	6-26-51	402,458	0	6,707	0	395,751
Total Bonds Payable					\$ 7,828,378	0	183,135	0	7,645,243

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 244,737	\$ 15,207	\$ 259,944
2017	246,575	13,369	259,944
2018	248,435	11,509	259,944
2019	250,297	9,647	259,944
2020	252,182	7,762	259,944
2021	254,080	5,864	259,944
2022	256,000	3,944	259,944
2023	257,888	2,056	259,944
2024	129,727	312	130,039
Total	\$ 2,139,921	\$ 69,670	\$ 2,209,591

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 2,920,000	\$ 1,473,479	\$ 4,393,479
2017	3,005,000	1,389,503	4,394,503
2018	3,080,000	1,302,565	4,382,565
2019	2,885,000	1,213,721	4,098,721
2020	2,935,000	1,127,330	4,062,330
2021	2,985,000	1,034,194	4,019,194
2022	1,805,000	959,379	2,764,379
2023	1,855,000	901,854	2,756,854
2024	1,915,000	842,082	2,757,082
2025	1,785,000	778,423	2,563,423
2026	1,850,000	716,924	2,566,924
2027	1,925,000	652,242	2,577,242
2028	1,690,000	590,350	2,280,350
2029	1,280,000	536,628	1,816,628
2030	1,330,000	491,387	1,821,387
2031	1,385,000	443,676	1,828,676
2032	640,000	394,170	1,034,170
2033	670,000	372,983	1,042,983
2034	685,000	350,806	1,035,806
2035	710,000	327,410	1,037,410
2036	750,000	302,042	1,052,042
2037	775,000	274,888	1,049,888
2038	795,000	246,650	1,041,650
2039	820,000	217,420	1,037,420
2040	865,000	186,220	1,051,220
2041	905,000	152,723	1,057,723
2042	945,000	117,688	1,062,688
2043	980,000	81,203	1,061,203
2044	1,015,000	43,358	1,058,358
2045	700,000	12,045	712,045
Total	\$ 45,885,000	\$ 17,533,343	\$ 63,418,343

(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	
2016	\$ 140,203	\$ 259,613	\$ 399,816
2017	145,256	254,560	399,816
2018	150,500	249,316	399,816
2019	155,939	243,877	399,816
2020	161,585	238,231	399,816
2021	167,441	232,375	399,816
2022	173,519	226,297	399,816
2023	179,826	219,990	399,816
2024	186,372	213,444	399,816
2025	193,167	206,649	399,816
2026	200,220	199,596	399,816
2027	207,538	192,278	399,816
2028	215,136	184,680	399,816
2029	211,849	176,850	388,699
2030	193,185	169,887	363,072
2031	199,936	163,136	363,072
2032	206,934	156,138	363,072
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	\$ 7,645,243	\$ 4,957,328	\$ 12,602,571

Exhibit K-3

Marshall County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marshall County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Juvenile Services	General	Operations	\$ 60,000
Other Capital Projects	Highway Capital Projects	Road construction	151,227
Total Transfers Primary Government			<u>\$ 211,227</u>
<u>DISCRETELY PRESENTED MARSHALL COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 36,768
General Purpose School	School Federal Projects	Operations	100,000
Total Transfers Discretely Presented Marshall County School Department			<u>\$ 136,768</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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 78,358	\$ 100,000	Auto Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, TCA	74,628	100,000	"
Director of Schools	State Board of Education and County Board of Education	120,382 (1)	100,000	"
Trustee	Section 8-24-102, TCA	67,843	1,499,444	"
Assessor of Property	Section 8-24-102, TCA	67,843	50,000	"
County Clerk	Section 8-24-102, TCA	67,843	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk:				
Elinor Foster (7-1-14 through 8-31-14)	Section 8-24-102, TCA	11,307	65,000	"
Courtney Boatright (9-1-14 through 6-30-15)	Section 8-24-102, TCA	56,536	115,000	"
Clerk and Master	Section 8-24-102, TCA	67,843	100,000	"
Register of Deeds	Section 8-24-102, TCA	67,843	100,000	"
Sheriff:				
Norman Dalton (7-1-14 through 8-31-14)	Section 8-24-102, TCA	12,438	25,000	"
Billy Lamb (9-1-14 through 6-30-15)	Section 8-24-102, TCA	62,190	100,000	"
Director of Accounts and Budgets	Chapter 17, Private Acts of 2005, and County Commission	57,000	750,000	"
Board of Public Utilities Manager	Board of Public Utilities	55,141 (2)	(3)	
Employee Blanket Bonds:				
Employee Fidelity - County Departments			150,000	Local Government Property and Casualty Fund
Employee Fidelity - School Department			150,000	Tennessee Risk Management Trust
Employee Fidelity - Board of Public Utilities			150,000	Local Government Property and Casualty Fund

- (1) Includes a chief executive officer training supplement of \$600 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 (\$10,928), and the director's five percent share of retirement (\$6,254).
- (2) Does not include longevity pay of \$550 and 100 percent of the premium for family health, dental, and vision insurance (\$16,934).
- (3) Included in the public employee blanket bond of the utility.

Exhibit K-5

Marshall County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2015

	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	\$ 4,864,707	\$ 0	\$ 0	\$ 0	\$ 0	418,383
Trustee's Collections - Prior Year	163,760	0	0	0	0	14,087
Trustee's Collections - Bankruptcy	15,201	0	0	0	0	1,307
Circuit/Clerk and Master Collections - Prior Years	86,501	0	0	0	0	7,213
Interest and Penalty	37,985	0	0	0	0	3,266
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	9,280	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	234,817	0	0	0	0	0
Hotel/Motel Tax	139,795	0	0	0	0	0
Wheel Tax	67,166	0	0	0	0	201,498
Litigation Tax - General	126,706	0	0	0	0	0
Litigation Tax - Special Purpose	21,713	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Courthouse Security	78,686	0	0	0	0	0
Business Tax	237,854	0	0	0	0	0
Mixed Drink Tax	497	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	298,620
Adequate Facilities/Development Tax	192,597	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	0
Wholesale Beer Tax	97,219	0	0	0	0	0
Interstate Telecommunications Tax	1,771	0	0	0	0	0
Total Local Taxes	\$ 6,376,255	\$ 0	\$ 0	\$ 0	\$ 0	944,374

(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	33,069 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Permits</u>						
Beer Permits	1,662	0	0	0	0	0
Building Permits	166,605	0	0	0	0	0
Other Permits	840	0	0	0	0	0
Total Licenses and Permits	202,176 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	6,062 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	1,365	0	0	0	0	0
Drug Control Fines	0	0	0	48	0	0
Drug Court Fees	0	0	0	360	0	0
Jail Fees	0	0	0	48	0	0
DUI Treatment Fines	285	0	0	0	0	0
Data Entry Fee - Circuit Court	5,560	0	0	0	0	0
Courtroom Security Fee	3,692	0	0	0	0	0
<u>Criminal Court</u>						
Fines	48	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	18,585	0	0	0	0	0
Officers Costs	34,817	0	0	0	0	0
Game and Fish Fines	628	0	0	0	0	0
Drug Control Fines	0	0	0	3,916	0	0
Drug Court Fees	0	0	0	4,553	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>						
Jail Fees	\$ 0	\$ 0	\$ 0	\$ 2,480	\$ 0	\$ 0
Interpreter Fee	50	0	0	0	0	0
DUI Treatment Fines	6,620	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,662	0	0	0	0	0
Courtroom Security Fee	201	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	4,468	0	0	0	0	0
Officers Costs	4,618	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,524	0	0	0	0	0
Courtroom Security Fee	4	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,340	0	0	0	0	0
Data Entry Fee - Chancery Court	4,075	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	0	54,675	0	0	0	0
<u>Judicial District Drug Program</u>						
Fines	1,117	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	2,592	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 108,313	\$ 54,675	\$ 0	\$ 11,405	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 0	\$ 145,032	\$ 0	\$ 0	\$ 0
Surcharge - General	0	0	10,020	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>						
Patient Charges	\$ 1,430,711	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Zoning Studies	7,735	0	0	0	0	0
Work Release Charges for Board	41,430	0	0	0	0	0
Water Sales	28,540	0	0	0	0	0
Service Charges	25	0	0	0	0	0
<u>Fees</u>						
Copy Fees	11,021	0	0	0	0	0
Library Fees	1,996	0	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0
Telephone Commissions	50,799	0	0	0	0	0
Vending Machine Collections	9,248	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	74	0
Data Processing Fee - Register	10,336	0	0	0	0	0
Data Processing Fee - Sheriff	3,250	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0
Data Processing Fee - County Clerk	2,985	0	0	0	0	0
Total Charges for Current Services	\$ 1,600,576	\$ 0	\$ 155,052	\$ 0	\$ 74	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 77,552	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	13,000	0	0	0	0	0
Sale of Materials and Supplies	1,595	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	16,845
Sale of Maps	408	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>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Recycled Materials	\$ 0	\$ 0	\$ 584,593	\$ 0	\$ 0	\$ 1,864
E-Rate Funding	3,094	0	0	0	0	0
Cobra Insurance Payments	0	0	0	0	0	463
Miscellaneous Refunds	0	0	80	0	0	73
Expenditure Credits	2,818	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	8,286	0	0	0	0	6,079
Damages Recovered from Individuals	1,496	0	0	0	0	0
Contributions and Gifts	7,173	0	300,000	6,314	0	0
Performance Bond Forfeitures	0	0	0	0	0	11,308
<u>Other Local Revenues</u>	10,528	0	0	0	0	0
Total Other Local Revenues	\$ 125,950	\$ 0	\$ 884,673	\$ 6,314	\$ 0	\$ 36,632
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 351,570	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	64,204	0	0	0	0	0
General Sessions Court Clerk	167,806	0	0	0	0	0
Clerk and Master	137,359	0	0	0	0	0
Juvenile Court Clerk	44,321	0	0	0	0	0
Register	130,768	0	0	0	0	0
Sheriff	14,935	0	0	0	0	0
Trustee	584,464	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,495,427	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	9,000 \$	0 \$	0 \$	0 \$	0 \$	0
Solid Waste Grants	0	0	182,550	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	12,000	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	27,154	0	0	0	0	0
Other Health and Welfare Grants	138,999	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	226,293
Litter Program	0	0	37,200	0	0	0
<u>Other State Revenues</u>						
Income Tax	57,861	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	10,800	0	0	0	0	0
Alcoholic Beverage Tax	56,358	0	0	0	0	0
State Revenue Sharing - T.V.A.	170,542	0	0	0	0	14,670
Contracted Prisoner Boarding	1,084,026	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,645,367
Petroleum Special Tax	0	0	0	0	0	22,092
Registrar's Salary Supplement	15,164	0	0	0	0	0
State Shared Sales Tax - Cities	4,824	0	0	0	0	0
Other State Grants	10,935	0	0	0	0	0
Other State Revenues	2,908	0	17,929	0	0	0
Total State of Tennessee	\$ 1,618,626 \$	0 \$	237,679 \$	0 \$	0 \$	1,908,422

(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	\$ 45,302	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	29,621	0	0	0	0	0
<u>Direct Federal Revenue</u>						
FHA Grant	20,269	0	0	0	0	0
Other Direct Federal Revenue	4,800	0	0	0	0	0
<u>Total Federal Government</u>	<u>\$ 99,992</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 24,660	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	63,898	0	0	0	0	0
Contracted Services	13,234	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	4,730	0	0	0	0	0
Other	56,588	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 163,110</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Total</u>	<u>\$ 11,790,425</u>	<u>\$ 54,675</u>	<u>\$ 1,277,404</u>	<u>\$ 17,719</u>	<u>\$ 74</u>	<u>\$ 2,889,428</u>

(Continued)

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

	Debt Service		Capital Projects Funds				Total
	Fund		Highway Capital Projects	School Bus Acquisition	Other Capital Projects		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$	2,088,771	\$	52,098	\$	681,697	
Trustee's Collections - Prior Year		70,435		1,768		25,543	
Trustee's Collections - Bankruptcy		6,533		163		2,128	
Circuit/Clerk and Master Collections - Prior Years		37,205		902		12,092	
Interest and Penalty		16,332		408		5,310	
Payments in-Lieu-of Taxes - T.V.A.		0		6,945		0	
Payments in-Lieu-of Taxes - Local Utilities		0		85,284		0	
Payments in-Lieu-of Taxes - Other		0		364,456		0	
<u>County Local Option Taxes</u>							
Local Option Sales Tax		2,251,586		0		0	
Hotel/Motel Tax		0		0		0	
Wheel Tax		1,074,655		0		0	
Litigation Tax - General		0		0		0	
Litigation Tax - Special Purpose		0		0		0	
Litigation Tax - Jail, Workhouse, or Courthouse		78,929		0		0	
Litigation Tax - Courthouse Security		0		0		0	
Business Tax		0		0		0	
Mixed Drink Tax		0		0		0	
Mineral Severance Tax		0		0		0	
Adequate Facilities/Development Tax		0		0		0	
<u>Statutory Local Taxes</u>							
Bank Excise Tax		0		133,642		0	
Wholesale Beer Tax		0		0		0	
Interstate Telecommunications Tax		0		0		0	
Total Local Taxes	\$	5,624,446	\$	645,666	\$	726,770	
						\$	
						14,317,511	

(Continued)

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

	Debt Service Fund					Capital Projects Funds			Total
	General Debt Service	Highway Capital Projects	School Bus Acquisition	Other Capital Projects					
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,069
<u>Permits</u>									
Beer Permits	0	0	0	0	0	0	0	0	1,662
Building Permits	0	0	0	0	0	0	0	0	166,605
Other Permits	0	0	0	0	0	0	0	0	840
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 202,176
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,062
Officers Costs	0	0	0	0	0	0	0	0	1,365
Drug Control Fines	0	0	0	0	0	0	0	0	48
Drug Court Fees	0	0	0	0	0	0	0	0	360
Jail Fees	0	0	0	0	0	0	0	0	48
DUI Treatment Fines	0	0	0	0	0	0	0	0	285
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	5,560
Courtroom Security Fee	0	0	0	0	0	0	0	0	3,692
<u>Criminal Court</u>									
Fines	0	0	0	0	0	0	0	0	48
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	18,585
Officers Costs	0	0	0	0	0	0	0	0	34,817
Game and Fish Fines	0	0	0	0	0	0	0	0	628
Drug Control Fines	0	0	0	0	0	0	0	0	3,916
Drug Court Fees	0	0	0	0	0	0	0	0	4,553

(Continued)

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

	Debt Service Fund					Capital Projects Funds			Total
	General Debt Service	Highway Capital Projects	School Bus Acquisition	Other Capital Projects					
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>General Sessions Court (Cont.)</u>									
Jail Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,480
Interpreter Fee	0	0	0	0	0	0	0	0	50
DUI Treatment Fines	0	0	0	0	0	0	0	0	6,620
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	9,662
Courtroom Security Fee	0	0	0	0	0	0	0	0	201
Juvenile Court									
Fines	0	0	0	0	0	0	0	0	4,468
Officers Costs	0	0	0	0	0	0	0	0	4,618
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	2,524
Courtroom Security Fee	0	0	0	0	0	0	0	0	4
Chancery Court									
Officers Costs	0	0	0	0	0	0	0	0	1,340
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	4,075
Other Courts - In-county									
Fines	0	0	0	0	0	0	0	0	54,675
Judicial District Drug Program									
Fines	0	0	0	0	0	0	0	0	1,117
Other Fines, Forfeitures, and Penalties									
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,592
<u>Charges for Current Services</u>									
General Service Charges									
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,290	\$ 0	242,322
Surcharge - General	0	0	0	0	0	0	0	0	10,020

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	Highway Capital Projects	School Bus Acquisition	Other Capital Projects		
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,430,711
Zoning Studies	0	0	0	0	0	7,735
Work Release Charges for Board	0	0	0	0	0	41,430
Water Sales	0	0	0	0	0	28,540
Service Charges	0	0	0	0	0	25
<u>Fees</u>						
Copy Fees	0	0	0	0	0	11,021
Library Fees	0	0	0	0	0	1,996
Greenbelt Late Application Fee	0	0	0	0	0	100
Telephone Commissions	0	0	0	0	0	50,799
Vending Machine Collections	0	0	0	0	0	9,248
Constitutional Officers' Fees and Commissions	0	0	0	0	0	74
Data Processing Fee - Register	0	0	0	0	0	10,336
Data Processing Fee - Sheriff	0	0	0	0	0	3,250
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	2,400
Data Processing Fee - County Clerk	0	0	0	0	0	2,985
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 97,290	\$ 0	1,852,992
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	77,552
Lease/Rentals	0	0	0	0	0	13,000
Sale of Materials and Supplies	0	0	0	0	0	1,595
Sale of Gasoline	0	0	0	0	0	16,845
Sale of Maps	0	0	0	0	0	408

(Continued)

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

	Debt Service					Capital Projects Funds			Total
	Fund	General Debt Service	Highway Capital Projects	School Bus Acquisition	Other Capital Projects				
<u>Other Local Revenues (Cont.)</u>									
<u>Recurring Items (Cont.)</u>									
Sale of Recycled Materials	\$	0	0	0	0	0	0	0	586,457
E-Rate Funding		0	0	0	0	0	0	0	3,094
Cobra Insurance Payments		0	0	0	0	0	0	0	463
Miscellaneous Refunds		0	0	0	0	0	0	0	153
Expenditure Credits		0	0	0	0	0	0	0	2,818
<u>Nonrecurring Items</u>									
Sale of Equipment		0	0	0	0	0	0	0	14,365
Damages Recovered from Individuals		0	0	0	0	0	0	0	1,496
Contributions and Gifts		0	0	0	0	0	0	0	313,487
Performance Bond Forfeitures		0	250,000	0	0	0	0	0	261,308
<u>Other Local Revenues</u>		0	0	0	0	0	0	0	10,528
Total Other Local Revenues	\$	0	250,000	\$	0	\$	0	\$	1,303,569
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$	0	0	0	0	0	0	0	351,570
Circuit Court Clerk		0	0	0	0	0	0	0	64,204
General Sessions Court Clerk		0	0	0	0	0	0	0	167,806
Clerk and Master		0	0	0	0	0	0	0	137,359
Juvenile Court Clerk		0	0	0	0	0	0	0	44,321
Register		0	0	0	0	0	0	0	130,768
Sheriff		0	0	0	0	0	0	0	14,935
Trustee		0	0	0	0	0	0	0	584,464
Total Fees Received from County Officials	\$	0	0	\$	0	\$	0	\$	1,495,427

(Continued)

Exhibit K-5

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

	Debt Service		Capital Projects Funds				Total
	Fund		Highway Capital Projects	School Bus Acquisition	Other Capital Projects		
<u>State of Tennessee</u>							
General Government Grants							
Juvenile Services Program	\$	0 \$	0 \$	0 \$	0 \$	9,000	
Solid Waste Grants		0	0	0	0	182,550	
<u>Public Safety Grants</u>							
Law Enforcement Training Programs		0	0	0	0	12,000	
Health and Welfare Grants							
Health Department Programs		0	0	0	0	27,154	
Other Health and Welfare Grants		0	0	0	0	138,999	
<u>Public Works Grants</u>							
State Aid Program		0	0	0	0	226,293	
Litter Program		0	0	0	0	37,200	
<u>Other State Revenues</u>							
Income Tax		0	0	0	0	57,861	
Beer Tax		0	0	0	0	18,055	
Vehicle Certificate of Title Fees		0	0	0	0	10,800	
Alcoholic Beverage Tax		0	0	0	0	56,358	
State Revenue Sharing - T.V.A.		73,352	0	118,078	23,839	400,481	
Contracted Prisoner Boarding		0	0	0	0	1,084,026	
Gasoline and Motor Fuel Tax		0	0	0	0	1,645,367	
Petroleum Special Tax		0	0	0	0	22,092	
Registrar's Salary Supplement		0	0	0	0	15,164	
State Shared Sales Tax - Cities		0	0	0	0	4,824	
Other State Grants		0	0	0	0	10,935	
Other State Revenues		0	0	0	0	20,837	
Total State of Tennessee	\$	73,352 \$	0 \$	118,078 \$	23,839 \$	3,979,996	

(Continued)

Exhibit K-5

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

	Debt Service					Capital Projects Funds			Total
	Fund	General Debt Service	Highway Capital Projects	School Bus Acquisition	Other Capital Projects				
<u>Federal Government</u>									
<u>Federal Through State</u>									
Homeland Security Grants	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	45,302
Other Federal through State		0	0	0	0	0	0	0	29,621
<u>Direct Federal Revenue</u>									
FHA Grant		0	0	0	0	0	0	0	20,269
Other Direct Federal Revenue		0	0	0	0	0	0	0	4,800
<u>Total Federal Government</u>	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	99,992
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	24,660
Contributions		259,955	0	0	0	0	0	0	323,853
Contracted Services		0	0	0	0	0	0	0	13,234
<u>Citizens Groups</u>									
Donations		0	0	0	0	0	10,500	0	15,230
<u>Other</u>									
Other		0	0	0	0	0	0	0	56,588
<u>Total Other Governments and Citizens Groups</u>	\$	259,955 \$	0 \$	0 \$	0 \$	0 \$	10,500 \$	0	433,565
<u>Total</u>	\$	5,957,753 \$	250,000 \$	763,744 \$	858,399 \$	23,859,621			

Marshall County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Marshall County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds			Capital	Total
		School Federal Projects	Central Cafeteria	Projects	Education Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 8,733,559	\$ 0	\$ 0	\$ 0	\$ 0	8,733,559
Trustee's Collections - Prior Year	296,909	0	0	0	0	296,909
Trustee's Collections - Bankruptcy	27,294	0	0	0	0	27,294
Circuit/Clerk and Master Collections - Prior Years	161,321	0	0	0	0	161,321
Interest and Penalty	68,200	0	0	0	0	68,200
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,391,202	0	0	0	0	2,391,202
Mixed Drink Tax	6,758	0	0	0	0	6,758
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	2,816	0	0	0	0	2,816
Total Local Taxes	\$ 11,688,059	\$ 0	\$ 0	\$ 0	\$ 0	11,688,059

<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 2,138	\$ 0	\$ 0	\$ 0	\$ 0	2,138
Total Licenses and Permits	\$ 2,138	\$ 0	\$ 0	\$ 0	\$ 0	2,138

<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 507,585	\$ 0	\$ 0	507,585
Lunch Payments - Adults	0	0	51,102	0	0	51,102
Income from Breakfast	0	0	63,319	0	0	63,319
A la carte Sales	0	0	411,543	0	0	411,543
Receipts from Individual Schools	72,371	0	0	0	0	72,371

(Continued)

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

	Special Revenue Funds			Capital
	General Purpose School	School Federal Projects	Central Cafeteria	Projects Fund Education Capital Projects
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
TBI Criminal Background Fee	1,442 \$	0 \$	0 \$	0 \$
Total Charges for Current Services	73,813 \$	0 \$	1,033,549 \$	0 \$
				1,442
				1,107,362
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	0 \$	0 \$	152 \$	0 \$
Sale of Materials and Supplies	4,507	0	0	0
E-Rate Funding	16,904	0	0	0
Miscellaneous Refunds	17,629	0	0	0
Nonrecurring Items				
Sale of Equipment	3,199	0	0	0
Damages Recovered from Individuals	305	0	0	0
Total Other Local Revenues	42,544 \$	0 \$	152 \$	0 \$
				42,696
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	149,138 \$	0 \$	0 \$	0 \$
State Education Funds				
Basic Education Program	25,267,000	0	0	0
Early Childhood Education	256,662	0	0	0
School Food Service	0	0	29,503	0
Driver Education	21,714	0	0	0
Other State Education Funds	160,443	0	0	0
Career Ladder Program	130,357	0	0	0
Career Ladder - Extended Contract	27,895	0	0	0

(Continued)

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

	Special Revenue Funds			Capital	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital	Projects
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	\$ 190,000	\$ 0	\$ 0	\$ 0	\$ 190,000
Other State Grants	5,103	0	0	0	5,103
Total State of Tennessee	\$ 26,208,312	\$ 0	\$ 29,503	\$ 0	\$ 26,237,815
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,286,255	\$ 0	\$ 1,286,255
USDA - Commodities	0	0	168,233	0	168,233
Breakfast	0	0	437,958	0	437,958
USDA - Other	0	0	22,570	0	22,570
Vocational Education - Basic Grants to States	0	74,853	0	0	74,853
Title I Grants to Local Education Agencies	0	1,085,050	0	0	1,085,050
Special Education - Grants to States	0	1,047,482	0	0	1,047,482
Special Education Preschool Grants	0	24,212	0	0	24,212
English Language Acquisition Grants	0	25,318	0	0	25,318
Rural Education	0	103,162	0	0	103,162
Eisenhower Professional Development State Grants	0	178,850	0	0	178,850
Race-to-the-Top - ARRA	0	159,749	0	0	159,749
Other Federal through State	370,888	0	0	0	370,888
Total Federal Government	\$ 370,888	\$ 2,698,676	\$ 1,915,016	\$ 0	\$ 4,984,580
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 111,032	\$ 0	\$ 0	\$ 13,617,306	\$ 13,728,338
Total Other Governments and Citizens Groups	\$ 111,032	\$ 0	\$ 0	\$ 13,617,306	\$ 13,728,338
Total	\$ 38,496,786	\$ 2,698,676	\$ 2,978,220	\$ 13,617,306	\$ 57,790,988

Exhibit K-7

Marshall County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	75,833	
Social Security		4,702	
Extension Service Medicare		1,100	
Audit Services		9,185	
Communication		2,098	
Contracts with Private Agencies		5,485	
Data Processing Services		1,050	
Dues and Memberships		3,003	
Legal Notices, Recording, and Court Costs		4,463	
Postal Charges		224	
Printing, Stationery, and Forms		1,203	
Royalties		22	
Travel		2,748	
Other Contracted Services		1,125	
Food Supplies		325	
Other Supplies and Materials		63,030	
Total County Commission			\$ 175,596

Board of Equalization

Board and Committee Members Fees	\$	1,200	
Social Security		74	
Extension Service Medicare		17	
Total Board of Equalization			1,291

Other Boards and Committees

Board and Committee Members Fees	\$	4,750	
Social Security		294	
Extension Service Medicare		69	
Total Other Boards and Committees			5,113

County Mayor/Executive

County Official/Administrative Officer	\$	78,358	
Secretary(ies)		24,928	
Part-time Personnel		619	
In-service Training		630	
Social Security		6,428	
Extension Service Medicare		1,503	
Pensions		6,807	
Employee and Dependent Insurance		547	
Communication		2,016	
Dues and Memberships		1,500	
Postal Charges		523	
Travel		744	
Office Supplies		783	
Premiums on Corporate Surety Bonds		793	
Other Charges		5,880	
Office Equipment		560	
Total County Mayor/Executive			132,619

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Legal Services	\$ 26,995	
Total County Attorney		\$ 26,995

Election Commission

County Official/Administrative Officer	\$ 61,059	
Deputy(ies)	29,943	
Election Commission	2,805	
Election Workers	29,975	
In-service Training	2,010	
Social Security	6,848	
Extension Service Medicare	1,602	
Pensions	5,997	
Employee and Dependent Insurance	469	
Communication	1,604	
Data Processing Services	21,560	
Dues and Memberships	150	
Legal Notices, Recording, and Court Costs	8,209	
Maintenance and Repair Services - Office Equipment	299	
Postal Charges	2,646	
Printing, Stationery, and Forms	297	
Travel	2,762	
Office Supplies	1,398	
Office Equipment	2,057	
Total Election Commission		181,690

Register of Deeds

County Official/Administrative Officer	\$ 67,843	
Deputy(ies)	57,270	
Part-time Personnel	3,935	
Longevity Pay	450	
In-service Training	459	
Social Security	7,065	
Extension Service Medicare	1,652	
Pensions	7,459	
Employee and Dependent Insurance	19,876	
Communication	968	
Contracts with Government Agencies	1,048	
Data Processing Services	13,186	
Dues and Memberships	713	
Evaluation and Testing	132	
Maintenance and Repair Services - Office Equipment	600	
Postal Charges	649	
Travel	1,253	
Office Supplies	3,202	
Premiums on Corporate Surety Bonds	793	
Total Register of Deeds		188,553

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Building

Assistant(s)	\$	29,496	
Supervisor/Director		50,791	
Secretary(ies)		26,027	
Longevity Pay		750	
In-service Training		2,186	
Social Security		6,074	
Extension Service Medicare		1,421	
Pensions		7,055	
Employee and Dependent Insurance		19,915	
Communication		2,991	
Dues and Memberships		315	
Legal Services		10,485	
Legal Notices, Recording, and Court Costs		1,322	
Licenses		45	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		1,773	
Postal Charges		636	
Printing, Stationery, and Forms		512	
Gasoline		3,681	
Office Supplies		432	
Uniforms		388	
Vehicle and Equipment Insurance		987	
Other Charges		166	
Total Building			\$ 167,988

County Buildings

Contributions	\$	111,032	
Evaluation and Testing		33	
Janitorial Services		16,540	
Maintenance and Repair Services - Buildings		142,098	
Maintenance and Repair Services - Vehicles		275	
Pest Control		2,004	
Disposal Fees		4,719	
Custodial Supplies		3,519	
Electricity		83,266	
Gasoline		799	
Natural Gas		39,606	
Water and Sewer		5,693	
Vehicle and Equipment Insurance		1,460	
Total County Buildings			411,044

Finance

Accounting and Budgeting

Assistant(s)	\$	69,193	
Supervisor/Director		57,000	
Accountants/Bookkeepers		93,727	
Part-time Personnel		11,255	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Longevity Pay	\$	1,950	
Social Security		13,852	
Extension Service Medicare		3,240	
Pensions		14,621	
Employee and Dependent Insurance		34,870	
Communication		1,641	
Data Processing Services		10,517	
Dues and Memberships		617	
Evaluation and Testing		66	
Maintenance and Repair Services - Office Equipment		1,635	
Postal Charges		2,440	
Travel		1,774	
Office Supplies		6,438	
Premiums on Corporate Surety Bonds		4,331	
In Service/Staff Development		400	
Furniture and Fixtures		9,574	
Office Equipment		11,988	
Total Accounting and Budgeting			\$ 351,129

Property Assessor's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		91,656	
Secretary(ies)		11,755	
Longevity Pay		1,750	
In-service Training		500	
Social Security		10,564	
Extension Service Medicare		2,471	
Pensions		11,359	
Employee and Dependent Insurance		18,165	
Advertising		164	
Audit Services		16,405	
Communication		1,798	
Data Processing Services		9,291	
Dues and Memberships		1,710	
Legal Notices, Recording, and Court Costs		56	
Maintenance and Repair Services - Office Equipment		550	
Postal Charges		1,418	
Rentals		365	
Travel		869	
Office Supplies		1,938	
Other Supplies and Materials		4,360	
Premiums on Corporate Surety Bonds		60	
Office Equipment		726	
Total Property Assessor's Office			255,773

Reappraisal Program

Assistant(s)	\$	30,774	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Deputy(ies)	\$	17,565	
Secretary(ies)		11,756	
Social Security		3,624	
Extension Service Medicare		848	
Pensions		3,957	
Employee and Dependent Insurance		5,334	
Data Processing Services		3,193	
Maintenance and Repair Services - Vehicles		10	
Postal Charges		873	
Travel		466	
Gasoline		800	
Vehicle and Equipment Insurance		519	
Office Equipment		328	
Total Reappraisal Program			\$ 80,047

County Trustee's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		56,826	
Part-time Personnel		1,349	
Longevity Pay		1,350	
Social Security		7,242	
Extension Service Medicare		1,694	
Pensions		8,305	
Employee and Dependent Insurance		23,344	
Communication		1,503	
Contracts with Private Agencies		5,568	
Dues and Memberships		603	
Legal Services		547	
Legal Notices, Recording, and Court Costs		30	
Maintenance and Repair Services - Office Equipment		2,972	
Postal Charges		5,338	
Printing, Stationery, and Forms		3,882	
Travel		55	
Office Supplies		1,421	
Premiums on Corporate Surety Bonds		7,952	
Office Equipment		334	
Total County Trustee's Office			198,158

County Clerk's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		156,889	
Part-time Personnel		13,642	
Longevity Pay		3,300	
Bonus Payments		3,000	
Social Security		14,147	
Extension Service Medicare		3,309	
Pensions		14,552	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Employee and Dependent Insurance	\$	41,303	
Communication		3,968	
Data Processing Services		15,218	
Dues and Memberships		1,013	
Evaluation and Testing		132	
Maintenance and Repair Services - Office Equipment		1,779	
Postal Charges		8,066	
Travel		1,536	
Office Supplies		4,818	
Premiums on Corporate Surety Bonds		793	
Office Equipment		11,714	
Total County Clerk's Office			\$ 367,022

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		164,011	
Attendants		5,200	
Longevity Pay		3,150	
Jury and Witness Expense		18,238	
In-service Training		676	
Social Security		13,484	
Extension Service Medicare		3,154	
Pensions		14,579	
Employee and Dependent Insurance		46,231	
Communication		4,635	
Data Processing Services		12,885	
Dues and Memberships		868	
Evaluation and Testing		197	
Legal Notices, Recording, and Court Costs		58	
Maintenance and Repair Services - Office Equipment		2,100	
Postal Charges		3,171	
Travel		961	
Other Contracted Services		561	
Office Supplies		8,930	
Premiums on Corporate Surety Bonds		853	
Office Equipment		3,589	
Total Circuit Court			375,374

General Sessions Judge

Judge(s)	\$	135,200	
Secretary(ies)		30,690	
Other Salaries and Wages		22,950	
In-service Training		245	
Social Security		10,610	
Extension Service Medicare		2,716	
Pensions		10,932	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Employee and Dependent Insurance	\$	12,181	
Communication		678	
Dues and Memberships		320	
Licenses		410	
Postal Charges		267	
Travel		278	
Office Supplies		817	
Office Equipment		120	
Total General Sessions Judge			\$ 228,414

Chancery Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		69,859	
Part-time Personnel		5,921	
Longevity Pay		400	
In-service Training		616	
Social Security		8,366	
Extension Service Medicare		1,957	
Pensions		9,101	
Employee and Dependent Insurance		22,648	
Communication		1,837	
Contracts with Private Agencies		8,400	
Dues and Memberships		608	
Legal Notices, Recording, and Court Costs		3,370	
Maintenance and Repair Services - Office Equipment		600	
Postal Charges		4,689	
Office Supplies		4,545	
Premiums on Corporate Surety Bonds		604	
Total Chancery Court			211,364

Juvenile Court

Probation Officer(s)	\$	28,810	
Youth Service Officer(s)		38,312	
Guidance Personnel		45,552	
Longevity Pay		1,600	
Overtime Pay		3,910	
In-service Training		343	
Social Security		6,706	
Extension Service Medicare		1,687	
Pensions		6,592	
Employee and Dependent Insurance		12,178	
Communication		2,702	
Dues and Memberships		35	
Evaluation and Testing		197	
Maintenance and Repair Services - Office Equipment		631	
Postal Charges		382	
Travel		4,131	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Office Supplies	\$	1,419	
Other Charges		7,082	
Office Equipment		256	
Total Juvenile Court			\$ 162,525

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,628
Assistant(s)		51,948
Deputy(ies)		575,985
Investigator(s)		86,645
Accountants/Bookkeepers		32,579
Salary Supplements		25,983
Dispatchers/Radio Operators		129,414
School Resource Officer		159,467
Longevity Pay		7,050
Overtime Pay		123,654
In-service Training		12,000
Social Security		76,050
Extension Service Medicare		17,786
Pensions		76,944
Employee and Dependent Insurance		191,014
Advertising		1,088
Communication		4,897
Contracts with Private Agencies		5,583
Data Processing Services		4,198
Dues and Memberships		2,410
Evaluation and Testing		1,632
Legal Services		375
Maintenance and Repair Services - Equipment		1,785
Maintenance and Repair Services - Office Equipment		550
Maintenance and Repair Services - Vehicles		38,982
Pest Control		180
Postal Charges		1,205
Towing Services		325
Transportation - Other than Students		650
Travel		515
Tuition		2,500
Disposal Fees		1,894
Other Contracted Services		385
Diesel Fuel		351
Electricity		23,562
Gasoline		80,638
Law Enforcement Supplies		7,334
Natural Gas		3,595
Office Supplies		5,474
Tires and Tubes		7,622

(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.)

Uniforms	\$	15,783	
Water and Sewer		15,273	
Other Supplies and Materials		342	
Premiums on Corporate Surety Bonds		1,501	
Vehicle and Equipment Insurance		20,376	
Other Charges		6,889	
Communication Equipment		4,404	
Motor Vehicles		35	
Office Equipment		1,538	
Other Capital Outlay		203	
Total Sheriff's Department			\$ 1,905,221

Jail

Assistant(s)	\$	33,472
Supervisor/Director		37,462
Salary Supplements		17,878
Guards		441,189
Clerical Personnel		27,141
Cafeteria Personnel		25,988
Longevity Pay		3,800
Overtime Pay		42,756
In-service Training		400
Social Security		37,604
Extension Service Medicare		8,795
Pensions		37,457
Employee and Dependent Insurance		122,114
Communication		3,691
Contracts with Private Agencies		9,614
Data Processing Services		4,014
Evaluation and Testing		5,148
Maintenance and Repair Services - Equipment		4,494
Maintenance and Repair Services - Office Equipment		700
Maintenance and Repair Services - Vehicles		2,402
Medical and Dental Services		147,995
Pest Control		336
Postal Charges		897
Travel		875
Disposal Fees		5,683
Electricity		54,335
Food Supplies		247,967
Natural Gas		34,621
Office Supplies		5,007
Prisoners Clothing		9,115
Uniforms		3,411
Water and Sewer		38,913
Other Supplies and Materials		64,190
Vehicle and Equipment Insurance		1,442

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Office Equipment	\$	257	
Other Equipment		624	
Total Jail			\$ 1,481,787

Rural Fire Protection

In-service Training	\$	245	
Maintenance and Repair Services - Equipment		1,197	
Maintenance and Repair Services - Vehicles		14,985	
Other Contracted Services		28,000	
Diesel Fuel		6,090	
Electricity		16,518	
Gasoline		1,137	
Natural Gas		14,713	
Water and Sewer		1,446	
Other Supplies and Materials		717	
Excess Risk Insurance		7,781	
Vehicle and Equipment Insurance		18,110	
Total Rural Fire Protection			110,939

Civil Defense

Supervisor/Director	\$	59,146	
Truck Drivers		12,945	
Secretary(ies)		26,300	
Part-time Personnel		8,911	
Longevity Pay		1,000	
Social Security		6,250	
Extension Service Medicare		1,462	
Pensions		4,628	
Employee and Dependent Insurance		13,370	
Communication		2,290	
Contracts with Government Agencies		600	
Data Processing Services		318	
Dues and Memberships		55	
Evaluation and Testing		132	
Maintenance and Repair Services - Equipment		2,532	
Maintenance and Repair Services - Office Equipment		703	
Maintenance and Repair Services - Vehicles		10,598	
Postal Charges		449	
Towing Services		375	
Travel		1,091	
Diesel Fuel		6,698	
Gasoline		1,625	
Ice		3,257	
Natural Gas		164	
Office Supplies		987	
Water and Sewer		1,404	
Other Supplies and Materials		11,513	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Vehicle and Equipment Insurance	\$	4,966	
In Service/Staff Development		305	
Other Charges		348	
Motor Vehicles		32,317	
Office Equipment		594	
Other Equipment		17,174	
Total Civil Defense			\$ 234,507

Other Emergency Management

Other Supplies and Materials	\$	238	
Total Other Emergency Management			238

County Coroner/Medical Examiner

Assistant(s)	\$	326	
Supervisor/Director		5,000	
Social Security		330	
Extension Service Medicare		77	
Pensions		21	
Employee and Dependent Insurance		16	
Other Contracted Services		53,700	
Other Equipment		703	
Total County Coroner/Medical Examiner			60,173

Other Public Safety

Communication	\$	547	
Total Other Public Safety			547

Public Health and Welfare

Local Health Center

Communication	\$	5,765	
Contracts with Government Agencies		20,100	
Contracts with Private Agencies		999	
Dues and Memberships		200	
Janitorial Services		12,350	
Pest Control		120	
Disposal Fees		774	
Electricity		9,698	
Natural Gas		3,032	
Office Supplies		819	
Water and Sewer		672	
Other Supplies and Materials		20,524	
Other Charges		772	
Building Improvements		4,438	
Furniture and Fixtures		219	
Other Equipment		1,994	
Total Local Health Center			82,476

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Assistant(s)	\$	26,445	
Overtime Pay		4,990	
Social Security		1,847	
Extension Service Medicare		432	
Pensions		2,072	
Employee and Dependent Insurance		5,570	
Communication		405	
Contracts with Government Agencies		4,724	
Maintenance and Repair Services - Vehicles		88	
Gasoline		2,065	
Uniforms		465	
Other Supplies and Materials		389	
Vehicle and Equipment Insurance		470	
Other Equipment		443	
Total Rabies and Animal Control			\$ 50,405

Ambulance/Emergency Medical Services

Supervisor/Director	\$	59,087	
Accountants/Bookkeepers		25,466	
Medical Personnel		11,000	
Paraprofessionals		1,463,697	
Longevity Pay		8,500	
In-service Training		4,897	
Social Security		94,145	
Extension Service Medicare		22,018	
Pensions		89,345	
Employee and Dependent Insurance		123,055	
Communication		8,311	
Contracts with Private Agencies		53,269	
Dues and Memberships		600	
Evaluation and Testing		2,087	
Legal Notices, Recording, and Court Costs		42	
Licenses		2,400	
Maintenance and Repair Services - Buildings		2,033	
Maintenance and Repair Services - Equipment		4,512	
Maintenance and Repair Services - Office Equipment		758	
Maintenance and Repair Services - Vehicles		44,805	
Pest Control		352	
Postal Charges		1,205	
Towing Services		641	
Travel		1,083	
Disposal Fees		885	
Custodial Supplies		1,381	
Diesel Fuel		52,935	
Drugs and Medical Supplies		72,480	
Electricity		23,062	
Gasoline		12,149	

(Continued)

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.)

Natural Gas	\$	5,954	
Office Supplies		2,127	
Tires and Tubes		7,539	
Uniforms		5,998	
Water and Sewer		932	
Other Supplies and Materials		511	
Refunds		12,198	
Vehicle and Equipment Insurance		8,120	
Motor Vehicles		18	
Office Equipment		2,216	
Other Equipment		12,564	
Total Ambulance/Emergency Medical Services			\$ 2,244,377

Maternal and Child Health Services

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

Other Local Health Services

Paraprofessionals	\$	63,065	
Secretary(ies)		32,713	
Social Security		5,587	
Extension Service Medicare		1,307	
Pensions		6,105	
Employee and Dependent Insurance		25,502	
Travel		905	
Total Other Local Health Services			135,184

Regional Mental Health Center

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

Other Public Health and Welfare

Contracts with Private Agencies	\$	41,032	
Contributions		45,000	
Total Other Public Health and Welfare			86,032

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	70,350	
Total Senior Citizens Assistance			70,350

Libraries

Assistant(s)	\$	30,566	
Supervisor/Director		39,526	
Librarians		70,137	
Part-time Personnel		33,505	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Longevity Pay	\$	2,200	
In-service Training		30	
Social Security		10,529	
Extension Service Medicare		2,462	
Pensions		7,678	
Employee and Dependent Insurance		18,483	
Communication		5,902	
Contracts with Private Agencies		4,944	
Data Processing Services		6,782	
Dues and Memberships		455	
Evaluation and Testing		263	
Janitorial Services		1,820	
Maintenance and Repair Services - Equipment		180	
Maintenance and Repair Services - Office Equipment		1,091	
Pest Control		1,140	
Postal Charges		882	
Travel		63	
Disposal Fees		300	
Basic Skills Materials		301	
Custodial Supplies		94	
Electricity		12,753	
Library Books/Media		8,432	
Natural Gas		3,974	
Office Supplies		2,538	
Periodicals		938	
Water and Sewer		798	
Other Supplies and Materials		4,164	
Other Charges		400	
Office Equipment		7,496	
Total Libraries			\$ 280,826

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	8,573
Supervisor/Director		14,994
Secretary(ies)		7,372
Educational Assistants		8,573
Social Security		1,405
Extension Service Medicare		483
Pensions		4,303
Communication		1,816
Dues and Memberships		60
Janitorial Services		11,525
Travel		1,624
Custodial Supplies		1,249
Electricity		5,803
Natural Gas		6,754

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Office Supplies	\$	52	
Water and Sewer		541	
Other Supplies and Materials		2,827	
Office Equipment		1,428	
Total Agricultural Extension Service			\$ 79,382

Forest Service

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

Soil Conservation

Assistant(s)	\$	30,690	
Longevity Pay		700	
Social Security		1,653	
Extension Service Medicare		386	
Pensions		2,069	
Employee and Dependent Insurance		8,102	
Total Soil Conservation			43,600

Other Operations

Tourism

Contributions	\$	50,444	
Total Tourism			50,444

Housing and Urban Development

Other Contracted Services	\$	12,258	
Total Housing and Urban Development			12,258

Other Economic and Community Development

Contributions	\$	249,006	
Other Charges		1,000	
Total Other Economic and Community Development			250,006

Veterans' Services

Assistant(s)	\$	1,006	
Supervisor/Director		20,280	
Overtime Pay		184	
Social Security		1,331	
Extension Service Medicare		311	
Communication		1,256	
Data Processing Services		1,063	
Evaluation and Testing		132	
Postal Charges		343	
Transportation - Other than Students		1,365	
Travel		80	
Office Supplies		105	
Vehicle and Equipment Insurance		379	
Total Veterans' Services			27,835

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Unemployment Compensation	\$	3,783	
Bank Charges		662	
Fiscal Agent Charges		68	
Liability Insurance		160,550	
Trustee's Commission		137,461	
Workers' Compensation Insurance		143,237	
Liability Claims		9,951	
Other Charges		11,054	
Land		6,316	
Total Other Charges			\$ 473,082

Total General Fund \$ 11,232,514

Juvenile Services Fund

Administration of Justice

Juvenile Court

Penalties	\$	781	
Trustee's Commission		554	
Total Juvenile Court			\$ 1,335

Total Juvenile Services Fund 1,335

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	67,802	
Foremen		42,109	
Equipment Operators - Light		24,223	
Truck Drivers		63,895	
Secretary(ies)		24,973	
Temporary Personnel		19,076	
Part-time Personnel		121,325	
Longevity Pay		800	
Overtime Pay		29,533	
In-service Training		810	
Social Security		23,786	
Extension Service Medicare		5,563	
Pensions		14,359	
Employee and Dependent Insurance		38,819	
Advertising		400	
Communication		6,127	
Contracts with Private Agencies		7,273	
Contracts with Public Carriers		17,463	
Dues and Memberships		515	
Evaluation and Testing		1,391	
Laundry Service		1,527	
Legal Notices, Recording, and Court Costs		612	

(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.)

Licenses	\$	75	
Maintenance and Repair Services - Buildings		20,879	
Maintenance and Repair Services - Equipment		47,855	
Maintenance and Repair Services - Vehicles		44,941	
Pest Control		240	
Postal Charges		357	
Rentals		23,762	
Travel		1,733	
Disposal Fees		14,156	
Custodial Supplies		1,113	
Diesel Fuel		49,770	
Electricity		46,861	
Food Supplies		38,258	
Garage Supplies		26,759	
Gasoline		4,411	
Instructional Supplies and Materials		88	
Natural Gas		8,574	
Office Supplies		2,311	
Propane Gas		4,370	
Uniforms		701	
Water and Sewer		7,401	
Other Supplies and Materials		5,370	
Liability Insurance		13,352	
Trustee's Commission		7,008	
Vehicle and Equipment Insurance		6,473	
Workers' Compensation Insurance		7,105	
Other Charges		979	
Building Improvements		15,008	
Office Equipment		636	
Solid Waste Equipment		326,382	
Other Equipment		40,895	
Total Sanitation Management			\$ 1,280,204
Total Solid Waste/Sanitation Fund			\$ 1,280,204
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Remittance of Revenue Collected	\$	4,914	
Other Supplies and Materials		1,024	
Trustee's Commission		112	
Total Drug Enforcement			\$ 6,050
Total Drug Control Fund			6,050

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

Public Safety

Sheriff's Department

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

Total Constitutional Officers - Fees Fund \$ 100

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 74,628	
Assistant(s)	38,010	
Accountants/Bookkeepers	35,884	
Salary Supplements	5,400	
Longevity Pay	1,000	
Overtime Pay	5,329	
Social Security	9,758	
Extension Service Medicare	2,282	
Pensions	10,229	
Employee and Dependent Insurance	7,720	
Dues and Memberships	3,071	
Laundry Service	991	
Legal Services	6,390	
Legal Notices, Recording, and Court Costs	274	
Maintenance and Repair Services - Equipment	597	
Maintenance and Repair Services - Office Equipment	981	
Postal Charges	490	
Travel	1,922	
Office Supplies	1,209	
Other Charges	1,082	
Office Equipment	2,767	
Total Administration		\$ 210,014

Highway and Bridge Maintenance

Salary Supplements	\$ 400
Foremen	83,332
Equipment Operators	374,066
Truck Drivers	223,318
Laborers	94,725
Longevity Pay	11,000
Overtime Pay	17,861
Social Security	48,160
Extension Service Medicare	11,264
Pensions	50,011
Employee and Dependent Insurance	151,044
Medical Insurance	40
Evaluation and Testing	126
Asphalt	68,932
Crushed Stone	175,469

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Fertilizer, Lime, and Seed	\$	10,047	
General Construction Materials		1,456	
Pipe		65,850	
Road Signs		7,406	
Salt		5,620	
Total Highway and Bridge Maintenance			\$ 1,400,127

Operation and Maintenance of Equipment

Foremen	\$	47,152	
Mechanic(s)		107,280	
Longevity Pay		2,350	
Overtime Pay		2,334	
Social Security		9,289	
Extension Service Medicare		2,173	
Pensions		10,249	
Employee and Dependent Insurance		25,989	
Laundry Service		10,227	
Maintenance and Repair Services - Office Equipment		37	
Diesel Fuel		88,342	
Equipment and Machinery Parts		160,233	
Garage Supplies		31,768	
Gasoline		77,936	
Lubricants		7,824	
Tires and Tubes		44,523	
Other Supplies and Materials		26,683	
Total Operation and Maintenance of Equipment			654,389

Other Charges

Communication	\$	6,109	
Electricity		11,049	
Water and Sewer		3,318	
Liability Insurance		7,327	
Premiums on Corporate Surety Bonds		793	
Trustee's Commission		30,575	
Vehicle and Equipment Insurance		21,520	
Total Other Charges			80,691

Employee Benefits

Workers' Compensation Insurance	\$	25,467	
Total Employee Benefits			25,467

Capital Outlay

Bridge Construction	\$	15,900	
Highway Equipment		424	
Plant Operation Equipment		4,500	
State Aid Projects		282,480	
Total Capital Outlay			303,304

Total Highway/Public Works Fund \$ 2,673,992

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 890,065	
Principal on Notes	140,400	
Total General Government		\$ 1,030,465

Highways and Streets

Principal on Bonds	\$ 136,300	
Principal on Notes	732,100	
Total Highways and Streets		868,400

Education

Principal on Bonds	\$ 898,635	
Principal on Notes	310,412	
Total Education		1,209,047

Interest on Debt

General Government

Interest on Bonds	\$ 312,320	
Interest on Notes	2,359	
Total General Government		314,679

Highways and Streets

Interest on Bonds	\$ 35,208	
Interest on Notes	8,156	
Total Highways and Streets		43,364

Education

Interest on Bonds	\$ 881,808	
Interest on Notes	18,166	
Total Education		899,974

Other Debt Service

General Government

Contracts with Private Agencies	\$ 877	
Trustee's Commission	78,944	
Other Debt Issuance Charges	4,550	
Total General Government		84,371

Highways and Streets

Contracts with Private Agencies	\$ 73	
Total Highways and Streets		73

Education

Contracts with Private Agencies	\$ 1,000	
Underwriter's Discount	47,772	
Other Debt Issuance Charges	35,638	
Other Debt Service	5,010,449	
Total Education		5,094,859

Total General Debt Service Fund \$ 9,545,232

(Continued)

Exhibit K-7

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

<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Administration of Justice Projects</u>			
Architects	\$	32,848	
Building Construction		<u>961,337</u>	
Total Administration of Justice Projects	\$		994,185
 <u>Education Capital Projects</u>			
Contributions	\$	13,617,306	
Underwriter's Discount		104,207	
Other Debt Issuance Charges		<u>120,470</u>	
Total Education Capital Projects			<u>13,841,983</u>
Total General Capital Projects Fund			\$ 14,836,168
 <u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Highway Construction	\$	<u>486,421</u>	
Total Highway and Street Capital Projects			<u>\$ 486,421</u>
Total Highway Capital Projects Fund			486,421
 <u>School Bus Acquisition Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Trustee's Commission	\$	12,935	
Transportation Equipment		<u>348,137</u>	
Total Other General Government Projects			<u>\$ 361,072</u>
Total School Bus Acquisition Fund			361,072
 <u>Other Capital Projects Fund</u>			
<u>Capital Outlay</u>			
<u>Regular Capital Outlay</u>			
Other Capital Outlay	\$	<u>71,317</u>	
Total Regular Capital Outlay			\$ 71,317
 <u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Trustee's Commission	\$	14,715	
Motor Vehicles		121,568	
Other Equipment		<u>179,118</u>	
Total Other General Government Projects			315,401
 <u>Education Capital Projects</u>			
Other Capital Outlay	\$	<u>64,325</u>	
Total Education Capital Projects			<u>64,325</u>
Total Other Capital Projects Fund			<u>451,043</u>
Total Governmental Funds - Primary Government			<u>\$ 40,874,131</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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,951,576	
Career Ladder Program	67,759	
Career Ladder Extended Contracts	22,000	
Homebound Teachers	8,706	
Educational Assistants	710,565	
Other Salaries and Wages	48,000	
Certified Substitute Teachers	65,203	
Non-certified Substitute Teachers	143,076	
Social Security	805,680	
Pensions	1,207,250	
Medical Insurance	2,658,544	
Dental Insurance	10,367	
Unemployment Compensation	30,610	
Employer Medicare	191,115	
Maintenance and Repair Services - Equipment	84,071	
Travel	3,247	
Tuition	3,000	
Other Contracted Services	40,993	
Instructional Supplies and Materials	234,902	
Textbooks	298,106	
Other Charges	124,537	
Regular Instruction Equipment	89,859	
Total Regular Instruction Program		\$ 19,799,166

Alternative Instruction Program

Teachers	\$ 142,346	
Non-certified Substitute Teachers	896	
Social Security	8,390	
Pensions	12,868	
Medical Insurance	23,425	
Dental Insurance	136	
Unemployment Compensation	222	
Employer Medicare	1,962	
Communication	41	
Other Contracted Services	4,192	
Instructional Supplies and Materials	600	
Total Alternative Instruction Program		195,078

Special Education Program

Teachers	\$ 1,200,392
Career Ladder Program	12,990
Homebound Teachers	6,850
Educational Assistants	251,252
Speech Pathologist	110,944
Certified Substitute Teachers	2,187
Non-certified Substitute Teachers	20,396

(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.)

Social Security	\$	92,111	
Pensions		134,621	
Medical Insurance		387,475	
Dental Insurance		1,668	
Unemployment Compensation		3,835	
Employer Medicare		21,614	
Other Contracted Services		18,956	
Instructional Supplies and Materials		5,903	
Other Charges		3,872	
Total Special Education Program			\$ 2,275,066

Vocational Education Program

Teachers	\$	863,740	
Career Ladder Program		5,000	
Certified Substitute Teachers		918	
Non-certified Substitute Teachers		6,279	
Social Security		51,184	
Pensions		78,503	
Medical Insurance		141,009	
Dental Insurance		642	
Unemployment Compensation		1,611	
Employer Medicare		11,979	
Maintenance and Repair Services - Equipment		975	
Other Contracted Services		31,173	
Instructional Supplies and Materials		27,753	
Textbooks		4,109	
Other Charges		3,135	
Vocational Instruction Equipment		35,677	
Total Vocational Education Program			1,263,687

Support Services

Attendance

Supervisor/Director	\$	65,328	
Career Ladder Program		1,000	
Social Workers		72,220	
Social Security		8,103	
Pensions		10,755	
Medical Insurance		25,140	
Dental Insurance		137	
Unemployment Compensation		207	
Employer Medicare		1,895	
Travel		1,492	
Other Supplies and Materials		673	
In Service/Staff Development		3,477	
Other Charges		180	
Attendance Equipment		924	
Total Attendance			191,531

(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	\$	550	
Medical Personnel		147,043	
Other Salaries and Wages		67,345	
Social Security		10,539	
Pensions		8,632	
Medical Insurance		42,410	
Dental Insurance		137	
Unemployment Compensation		833	
Employer Medicare		2,939	
Travel		519	
Other Contracted Services		40,000	
Other Supplies and Materials		11,143	
In Service/Staff Development		2,282	
Other Charges		582	
Health Equipment		218	
Total Health Services			\$ 335,172

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		537,267	
Other Salaries and Wages		1,346	
Social Security		31,654	
Pensions		49,111	
Medical Insurance		111,972	
Dental Insurance		365	
Unemployment Compensation		771	
Employer Medicare		7,406	
Contracts with Government Agencies		63,333	
Evaluation and Testing		15,001	
Other Contracted Services		7,545	
Other Supplies and Materials		3,574	
Other Charges		5,307	
Total Other Student Support			840,652

Regular Instruction Program

Supervisor/Director	\$	329,528	
Career Ladder Program		10,000	
Librarians		439,721	
Education Media Personnel		166,947	
Instructional Computer Personnel		76,141	
Secretary(ies)		12,833	
Other Salaries and Wages		1,950	
Social Security		60,382	
Pensions		87,263	
Medical Insurance		197,447	
Dental Insurance		680	

(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.)

Unemployment Compensation	\$	1,474	
Employer Medicare		14,146	
Communication		102	
Travel		5,186	
Other Contracted Services		31,748	
Library Books/Media		22,133	
Other Supplies and Materials		6,602	
In Service/Staff Development		12,195	
Other Charges		446	
Other Equipment		234	
Total Regular Instruction Program			\$ 1,477,158

Special Education Program

Psychological Personnel	\$	52,538	
Social Security		2,992	
Pensions		4,749	
Medical Insurance		13,965	
Dental Insurance		46	
Unemployment Compensation		72	
Employer Medicare		700	
Other Supplies and Materials		18	
Total Special Education Program			75,080

Vocational Education Program

Supervisor/Director	\$	39,421	
Secretary(ies)		20,343	
Social Security		3,342	
Pensions		4,904	
Medical Insurance		20,974	
Dental Insurance		68	
Unemployment Compensation		108	
Employer Medicare		782	
Communication		1,761	
Travel		923	
Other Contracted Services		3,380	
Total Vocational Education Program			96,006

Other Programs

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

Board of Education

Board and Committee Members Fees	\$	6,575	
Social Security		378	
Employer Medicare		95	
Dues and Memberships		6,433	

(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.)

Legal Services	\$	16,240	
Travel		52	
Other Contracted Services		4,000	
Liability Insurance		57,383	
Trustee's Commission		260,535	
Workers' Compensation Insurance		140,667	
In Service/Staff Development		1,006	
Criminal Investigation of Applicants - TBI		2,808	
Other Charges		9,437	
Total Board of Education			\$ 505,609

Director of Schools

County Official/Administrative Officer	\$	120,382	
Secretary(ies)		40,431	
Social Security		9,694	
Pensions		19,770	
Medical Insurance		16,288	
Dental Insurance		189	
Unemployment Compensation		144	
Employer Medicare		2,274	
Communication		600	
Dues and Memberships		2,444	
Travel		162	
Office Supplies		190	
In Service/Staff Development		265	
Other Charges		1,500	
Administration Equipment		448	
Total Director of Schools			214,781

Office of the Principal

Principals	\$	752,556	
Career Ladder Program		11,000	
Assistant Principals		590,816	
Secretary(ies)		184,159	
Clerical Personnel		182,425	
Social Security		100,709	
Pensions		143,576	
Medical Insurance		274,466	
Dental Insurance		1,035	
Unemployment Compensation		2,551	
Employer Medicare		23,602	
Other Contracted Services		8,490	
Office Supplies		4,641	
Other Charges		122,796	
Administration Equipment		11,586	
Total Office of the Principal			2,414,408

(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	\$	39,553	
Accountants/Bookkeepers		148,415	
Social Security		11,185	
Pensions		8,974	
Medical Insurance		28,038	
Dental Insurance		91	
Unemployment Compensation		386	
Employer Medicare		2,616	
Data Processing Services		9,205	
Travel		181	
Other Contracted Services		8,035	
Data Processing Supplies		972	
In Service/Staff Development		1,877	
Administration Equipment		138	
Total Fiscal Services			\$ 259,666

Human Services/Personnel

Supervisor/Director	\$	70,876	
Clerical Personnel		41,150	
Social Security		6,465	
Pensions		9,119	
Medical Insurance		16,677	
Dental Insurance		91	
Unemployment Compensation		144	
Employer Medicare		1,512	
Travel		94	
Office Supplies		283	
Other Supplies and Materials		196	
In Service/Staff Development		795	
Other Charges		2,501	
Administration Equipment		2,338	
Total Human Services/Personnel			152,241

Operation of Plant

Secretary(ies)	\$	45,339	
Custodial Personnel		826,976	
Other Salaries and Wages		54,060	
Social Security		53,417	
Pensions		51,037	
Medical Insurance		226,343	
Dental Insurance		757	
Unemployment Compensation		3,319	
Employer Medicare		12,493	
Disposal Fees		65,955	
Other Contracted Services		158,673	
Custodial Supplies		117,436	

(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.)

Electricity	\$	1,141,970	
Natural Gas		136,376	
Water and Sewer		162,647	
Boiler Insurance		8,957	
Building and Contents Insurance		167,198	
In Service/Staff Development		1,853	
Total Operation of Plant			\$ 3,234,806

Maintenance of Plant

Maintenance Personnel	\$	517,100	
Other Salaries and Wages		26,868	
Social Security		31,080	
Pensions		35,111	
Medical Insurance		140,365	
Dental Insurance		360	
Unemployment Compensation		1,058	
Employer Medicare		7,314	
Communication		757	
Dues and Memberships		150	
Maintenance and Repair Services - Buildings		319,045	
Maintenance and Repair Services - Equipment		125,646	
Other Contracted Services		106,879	
Other Supplies and Materials		228	
Other Charges		6,063	
Maintenance Equipment		1,495	
Total Maintenance of Plant			1,319,519

Transportation

Supervisor/Director	\$	46,350	
Mechanic(s)		112,520	
Bus Drivers		523,575	
Clerical Personnel		30,435	
Other Salaries and Wages		49,754	
Social Security		41,299	
Pensions		46,412	
Medical Insurance		315,223	
Dental Insurance		1,405	
Unemployment Compensation		3,842	
Employer Medicare		9,687	
Communication		828	
Medical and Dental Services		6,050	
Travel		802	
Other Contracted Services		12,097	
Diesel Fuel		184,511	
Gasoline		40,744	
Tires and Tubes		20,265	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Vehicle Parts	\$	47,664	
Vehicle and Equipment Insurance		50,385	
In Service/Staff Development		282	
Other Charges		14,930	
Total Transportation			\$ 1,559,060

Central and Other

Clerical Personnel	\$	20,280	
Social Security		1,150	
Pensions		1,336	
Life Insurance		14,662	
Medical Insurance		157,356	
Dental Insurance		46	
Unemployment Compensation		75	
Employer Medicare		269	
Other Fringe Benefits		12,240	
Communication		4,781	
Postal Charges		5,264	
Office Supplies		796	
Other Supplies and Materials		609	
In Service/Staff Development		99	
Other Charges		10,242	
Total Central and Other			229,205

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	55,089	
Teachers		200,233	
Educational Assistants		1,521	
Other Salaries and Wages		15,083	
Social Security		16,095	
Pensions		23,144	
Employer Medicare		3,773	
Instructional Supplies and Materials		7,252	
In Service/Staff Development		3,681	
Other Charges		11,520	
Total Community Services			337,391

Early Childhood Education

Teachers	\$	90,089	
Educational Assistants		24,387	
Social Security		6,270	
Pensions		9,751	
Medical Insurance		33,450	
Dental Insurance		137	
Unemployment Compensation		290	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Employer Medicare	\$	1,466	
Instructional Supplies and Materials		22,065	
In Service/Staff Development		776	
Other Charges		3,784	
Total Early Childhood Education			\$ 192,465

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	272,555	
Total Regular Capital Outlay			272,555

Other Debt Service

Education

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

Total General Purpose School Fund \$ 37,649,395

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	611,443	
Educational Assistants		90,346	
Certified Substitute Teachers		1,134	
Non-certified Substitute Teachers		3,519	
Social Security		40,370	
Pensions		58,018	
Medical Insurance		161,934	
Dental Insurance		575	
Unemployment Compensation		2,019	
Employer Medicare		9,474	
Instructional Supplies and Materials		222,037	
Regular Instruction Equipment		6,843	
Total Regular Instruction Program			\$ 1,207,712

Special Education Program

Teachers	\$	92,828	
Educational Assistants		280,457	
Speech Pathologist		93,259	
Certified Substitute Teachers		1,512	
Social Security		27,025	
Pensions		31,736	
Medical Insurance		118,670	
Dental Insurance		616	
Unemployment Compensation		2,152	
Employer Medicare		6,332	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	9,211	
Other Charges		8,632	
Regular Instruction Equipment		2,826	
Special Education Equipment		4,967	
Total Special Education Program			\$ 680,223

Vocational Education Program

Vocational Instruction Equipment	\$	60,281	
Total Vocational Education Program			60,281

Support Services

Other Student Support

Other Salaries and Wages	\$	1,686	
Travel		6,904	
In Service/Staff Development		2,331	
Other Charges		6,481	
Total Other Student Support			17,402

Regular Instruction Program

Supervisor/Director	\$	20,959	
Secretary(ies)		21,838	
Other Salaries and Wages		142,716	
Social Security		10,469	
Pensions		15,231	
Medical Insurance		51,102	
Dental Insurance		180	
Unemployment Compensation		516	
Employer Medicare		2,448	
Travel		4,519	
Other Supplies and Materials		3,039	
In Service/Staff Development		44,425	
Total Regular Instruction Program			317,442

Special Education Program

Supervisor/Director	\$	32,936	
Secretary(ies)		21,838	
Clerical Personnel		10,859	
Social Security		3,785	
Pensions		5,157	
Medical Insurance		15,292	
Dental Insurance		93	
Unemployment Compensation		159	
Employer Medicare		873	
Travel		3,275	
Other Contracted Services		147,272	
Other Supplies and Materials		412	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

In Service/Staff Development	\$	3,484	
Other Charges		330	
Total Special Education Program			\$ 245,765

Vocational Education Program

Supervisor/Director	\$	3,651	
Total Vocational Education Program			3,651

Transportation

Bus Drivers	\$	48,069	
Other Salaries and Wages		32,328	
Social Security		4,311	
Pensions		5,298	
Medical Insurance		37,604	
Dental Insurance		274	
Unemployment Compensation		540	
Employer Medicare		1,008	
Total Transportation			<u>129,432</u>

Total School Federal Projects Fund \$ 2,661,908

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	58,360	
Clerical Personnel		39,638	
Cafeteria Personnel		893,301	
Social Security		56,486	
Pensions		49,635	
Medical Insurance		256,768	
Dental Insurance		1,053	
Unemployment Compensation		5,064	
Employer Medicare		13,295	
Other Fringe Benefits		309	
Communication		1,858	
Transportation - Other than Students		5,914	
Travel		4,134	
Other Contracted Services		46,069	
Food Supplies		1,051,490	
Office Supplies		10,931	
Uniforms		4,160	
USDA - Commodities		168,233	
Other Supplies and Materials		182,117	
In Service/Staff Development		9,221	
Food Service Equipment		82,066	
Total Food Service			<u>\$ 2,940,102</u>

Total Central Cafeteria Fund 2,940,102

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 114,135	
Consultants	40,483	
Legal Services	200	
Electricity	1,825	
Excess Risk Insurance	14,316	
Building Construction	13,527,181	
Data Processing Equipment	142,920	
Furniture and Fixtures	75,750	
Other Equipment	42,254	
Total Education Capital Projects		<u>\$ 13,959,064</u>
Total Education Capital Projects Fund		<u>\$ 13,959,064</u>
Total Governmental Funds - Marshall County School Department		<u><u>\$ 57,210,469</u></u>

Exhibit K-9

Marshall County, Tennessee
Schedule of Detailed Revenues and Expenses
Discretely Presented Marshall County Board of Public Utilities
For the Year Ended June 30, 2015

Revenues

Operating Revenues

Charges for Current Services

General Service Charges

Sewer Fees	\$	11,266
Water Sales		1,729,221
Water Tap Sales		179,196
Service Charges		42,469
Total Charges for Current Services	\$	<u>1,962,152</u>

Other Local Revenues

Recurring Items

Sale of Recycled Materials	\$	1,526
Miscellaneous Refunds		24,747
Total Other Local Revenues	\$	<u>26,273</u>
Total Operating Revenues	\$	<u>1,988,425</u>

Nonoperating Revenues

Investment Income	\$	6,406
Contribution and Gifts		78,204
Contribution from Primary Government (Adequate Facilities Tax)		192,597
Grants		1,017,250
Pension Income		542
Total Nonoperating Revenues	\$	<u>1,294,999</u>

Total Revenues	\$	<u><u>3,283,424</u></u>
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Expenses

Operating Expenses

Other Economic and Community Development

Assistants	\$	39,606
Supervisor/Director		55,141
Accountants/Bookkeepers		119,790
Foremen		36,791
Equipment Operators		31,553
Laborers		119,429
Longevity Pay		5,950
Overtime Pay		16,085
Board and Committee Members Fees		2,900
Social Security		25,521
Employer Medicare		5,877
Employee and Dependent Insurance		107,211
Audit Services		1,692
Communication		15,612
Contracts with Government Agencies		495,378
Contracts with Private Agencies		10
Data Processing Services		14,483
Dues and Memberships		3,695
Evaluation and Testing		4,214

(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	\$ 1,065
Legal Services	8,700
Legal Notices, Recording and Court Costs	864
Licenses	270
Maintenance and Repair Services - Buildings	1,101
Maintenance and Repair Services - Equipment	2,305
Maintenance and Repair Services - Office Equipment	540
Maintenance and Repair Services - Vehicles	5,194
Pest Control	240
Postal Charges	14,175
Other Contracted Services	5,579
Custodial Supplies	1,262
Diesel Fuel	72
Electricity	37,438
Gasoline	25,860
Natural Gas	4,156
Office Supplies	2,531
Small Tools	1,343
Tires and Tubes	1,274
Uniforms	1,143
Water and Sewer	1,348
Liability Insurance	10,473
Premiums on Corporate Surety Bonds	2,960
Trustee's Commission	22,606
Vehicle and Equipment Insurance	8,088
Workers' Compensation Insurance	8,734
Depreciation	645,774
In-Service/Staff Development	1,720
Fines, Assessments, and Penalties	5,164
Other Charges	1,810
Total Other Economic and Community Development	<u>\$ 1,924,727</u>
Total Operating Expenses	<u>\$ 1,924,727</u>

Nonoperating Expenses

General Government Debt Service

Interest on Bonds	\$ 266,522
Total Nonoperating Expenses	<u>\$ 266,522</u>

Total Expenses	<u><u>\$ 2,191,249</u></u>
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Exhibit K-10

Marshall County, Tennessee
Schedule of Utility Rates
Discretely Presented Marshall County Board of Public Utilities
June 30, 2015

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	3,638	

Marshall County, Tennessee
 Schedule of Unaccounted for Water
 Discretely Presented Marshall County Board of Public Utilities
 For the Year Ended June 30, 2015

Water Audit Report for: Marshall County Board of Public Utilities (0000105)
 Reporting Year: 2015 7/2014 - 6/2015

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

System Attributes:

Apparent Losses:	10,936	MG/Yr
+ Real Losses:	35,997	MG/Yr
= <u>Water Losses:</u>	<u>46,933</u>	<u>MG/Yr</u>
<u>Unavoidable Annual Real Losses (UARL):</u>	<u>108,74</u>	<u>MG/Yr</u>
Annual cost of Apparent Losses:	\$85,300	
Annual cost of Real Losses:	\$86,393	

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:	21.1%
	Non-revenue water as percent by cost of operating system:	9.2%
Operational Efficiency:	Apparent Losses per service connection per day:	8.24 gallons/connection/day
	Real Losses per service connection per day:	N/A gallons/connection/day
	Real Losses per length of main per day*:	260.91 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):		36.00 million gallons/year
	Infrastructure Leakage Index (ILI) [CARL/UARL]:	0.33

* 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, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,899,229
Total Cash Receipts	<u>\$ 1,899,229</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,880,237
Trustee's Commission	18,992
Total Cash Disbursements	<u>\$ 1,899,229</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	 <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, 2015, and the related notes to the financial statements, which collectively comprise Marshall County's basic financial statements, and have issued our report thereon dated September 30, 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-001, 2015-002, and 2015-003.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

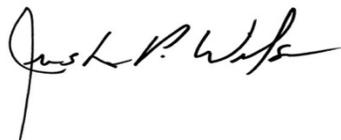
Marshall County's Responses to Findings

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

September 30, 2015

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
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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 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, 2015. 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, 2015.

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.

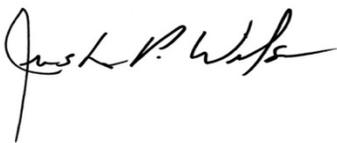
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Marshall County's basic financial statements. We issued our report thereon dated September 30, 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 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 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

September 30, 2015

JPW/sb

Marshall County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	\$ 724,900
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	437,958
National School Lunch Program	10.555	N/A	1,286,255 (3)
Summer Food Service Program for Children	10.559	N/A	22,570
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	168,233 (3)
Total U.S. Department of Agriculture			<u>\$ 2,639,916</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 20,269
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	N/A	292,350
Total U.S. Department of Housing and Urban Development			<u>\$ 312,619</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 1,300
Total U.S. Department of Justice			<u>\$ 1,300</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z14GHS217	\$ 229
Alcohol Open Container Requirements	20.607	Z14GHS436	3,734
Total U.S. Department of Transportation			<u>\$ 3,963</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,933
Total U.S. Institute of Museum and Library Services			<u>\$ 1,933</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,085,049
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,047,482
Special Education - Preschool Grants	84.173	N/A	24,212
Career and Technical Education - Basic Grants to States	84.048	N/A	74,853
Twenty-first Century Community Learning Centers	84.287	(2)	370,888
Rural Education	84.358	(2)	103,163
English Language Acquisition Grants	84.365	N/A	25,318
Improving Teacher Quality State Grants	84.367	N/A	178,850
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	159,749
Total U.S. Department of Education			<u>\$ 3,069,564</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Tennessee Hospital Education and Research Foundation (THERF):			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.859	(2)	\$ 12,041
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	GG1437881	10,384
Total U.S. Department of Health and Human Services			<u>\$ 22,425</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 33,850
Homeland Security Grant Program	97.067	(2)	11,452
Total U.S. Department of Homeland Security			<u>\$ 45,302</u>
Total Expenditures of Federal Awards			<u>\$ 6,097,022</u>

<u>State Grants</u>	<u>Contract Number</u>		
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Local Health Services - State Department of Health	N/A	GG1542461	138,999
Early Childhood Education - State Department of Education	N/A	(2)	256,662
Coordinated School Health - State Department of Education	N/A	(2)	115,376
Arts Student Ticket Subsidy - Tennessee Arts Commission	N/A	(2)	5,103
Safe Schools Act 2003 - State Department of Education	N/A	(2)	29,670
Internet Connectivity - State Department of Education	N/A	(2)	15,397
Local Parks and Recreation Funds - State Department of Environment and Conservation	N/A	GG1134644	10,165
Grants to States - Tennessee Secretary of State	N/A	(2)	770
Litter Grant - State Department of Transportation	N/A	(2)	37,200
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)	9,800
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	22,750
Recycling Hub and Spoke Grant - State Department of Environment and Conservation	N/A	(2)	150,000
Total State Grants			<u>\$ 800,892</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,454,488.

Marshall County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-005	189	Multiple employees operated from the same cash drawer

OFFICES OF 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>
2014-007	190	Duties were not segregated adequately

MARSHALL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Marshall County is unmodified.
2. The audit of the financial statements of Marshall County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instance of noncompliance that is material to the financial statements of Marshall County.
4. The audit reported 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 Title I Grants to Local Educational Agencies (CFDA No. 84.010); the Water and Waste Disposal Systems for Rural Communities (CFDA No. 10.760); 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 public utilities office manager; circuit, general sessions, and juvenile courts clerk; clerk and master; and sheriff provided written responses to certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF BOARD OF PUBLIC UTILITIES

FINDING 2015-001

DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSET RECORDS

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

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

- A. Two water line projects completed during the year were recorded at the engineer's estimates of \$391,000 and \$651,000, rather than the actual costs of \$461,296 and \$825,485, respectively. This resulted in capital assets and current-year depreciation expense being understated by \$244,781 and \$3,305, respectively.
- B. A water line under construction at June 30, 2015, was recorded in the capital asset records at the engineer's estimated cost of \$283,500 instead of being recorded as construction in progress. This resulted in capital assets and current-year depreciation expense being overstated by \$283,500 and \$473, respectively.

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. Constructed assets should be recorded at their historical costs at the time of their completion.

MANAGEMENT'S RESPONSE – BOARD OF PUBLIC UTILITIES OFFICE MANAGER

The two water line projects that were recorded at the engineer's estimated costs have been corrected to the actual costs. The water line under construction has been removed from the capital asset records pending completion.

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

FINDING 2015-002

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

Employees operated from the same cash drawer in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk and Clerk and Master. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets. 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.

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

Effective October 16, 2015, each employee will maintain their own cash drawer, be responsible for a set amount of cash on hand, and prepare reports daily to verify each day's business. A designated person will verify money counts and prepare deposits.

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

FINDING 2015-003

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 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. Sound business practices dictate 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.

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

As of April 1, 2015, I designated a bookkeeper to maintain the accounting records, which does not include receipting money.

MANAGEMENT'S RESPONSE – SHERIFF

We have taken measures to correct this so that this will not be a finding next year.

MANAGEMENT'S RESPONSE TO FINDINGS 2015-002 AND 2015-003 – CLERK AND MASTER

I do not agree with findings 2015-002 and 2015-003 regarding multiple employees operated from the same cash drawer and duties were not segregated adequately.

I received an example from the auditor for segregation of duties and do understand the need for such divisions. However, I have a small office, which consists of a chief deputy/accountant, a deputy clerk, and myself. According to the example of segregation of duties I received, the accountant is not ever allowed to receipt any money. My issues regarding this finding rest merely upon the fact that during the times that I am unavailable due to court duties, state clerk conferences, sickness, etc., I depend upon the chief deputy to act in my absence within the office. I try to keep my office open during the lunch hour so the public may be accommodated. During these lunch periods, my employees rotate hours. This leaves the office in a mess since the chief deputy/accountant may be the only person in the office to receipt money. I really need both deputies, on a daily basis, to be able to receipt money.

I realize the cash drawer finding may be remedied by allowing each employee to have separate cash drawers; however, the accountant is not supposed to receipt money. My employees may put their money in the same cash drawer, but they all do receipt each transaction from their own computer, and the system does record their names and amounts receipted. My employees are not allowed to share passwords for the computers. I rely on the computer records outlining who receipted what, as well as, their signatures on various papers. I also rely on their honesty.

Every year I have asked the auditors to supply me with specific references in the Tennessee statutes that require me to segregate duties or use multiple cash drawers. No statutes have ever been supplied to me outlining mandated laws governing these issues. I do realize these are suggestions based upon auditor experiences.

I feel like these audit findings give a false impression to the public that, as an official, I have done something wrong. These written findings do offend me because I have worked in this court system for over 20 years. During these years, I have dealt with the public in every aspect imaginable, whether in the civil sector or through the criminal division. I have always worked hard to perform my duties with honesty, integrity, and compassion while accommodating the needs of the public.

As the official, I will require and expect my employees to give the same effort as I give. I do realize it is my duty as the official to run this office efficiently, properly, and ethically, which I take very serious.

AUDITOR'S COMMENT

Management is responsible for designing and implementing internal controls to provide reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of office operations, and good internal control procedures dictate that employees operate out of their own cash drawer. Tennessee statutes provide that the comptroller shall promulgate rules and regulations as required to assure that a county's books and records are maintained in accordance with generally accepted accounting principles and as prescribed by the comptroller. Additionally, the provisions of Section 9-18-102(a), *Tennessee Code Annotated*, take effect on June 30, 2016, requiring counties shall establish and maintain internal controls.

We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, duties should be segregated to the extent possible. The clerk and master should assign each employee their own cash drawer.

**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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Marshall County. Therefore, 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, 2015**

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