

**ANNUAL FINANCIAL REPORT**  
**MARSHALL COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2016**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**MARSHALL COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
*JAMES R. ARNETTE*  
*Director*

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

*RHONDA DAVIS, CFE*  
*Auditor 4*

*KINSLEY HAYES*  
*TYLER ENSMINGER*  
*JACOB KENNEDY, CISA*  
*State Auditors*

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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# ***Summary of Audit Findings***

Annual Financial Report  
Marshall County, Tennessee  
For the Year Ended June 30, 2016

## ***Scope***

We have audited the basic financial statements of Marshall County as of and for the year ended June 30, 2016.

## ***Results***

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

Our audit resulted in one finding and recommendation, which we have reviewed with Marshall County's management. A detailed finding, recommendation, and management's responses are included in the Single Audit section of this report.

## ***Findings***

The following is a summary of the audit finding:

### **OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS**

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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Marshall County Officials  
June 30, 2016

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**Officials**

Joe Liggett, County Mayor  
Jerry Williams, Highway Superintendent  
Jackie Abernathy, Director of Schools  
Marilyn Ervin, Trustee  
Michelle Campbell, Assessor of Property  
Daphne Fagan-Girts, 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	Tony Beyer
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	Bob Hopkins III
Jennifer Smith	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**

Lisa Clark	Bill Garvin
Mickey King	Bobby Truelove

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## **FINANCIAL SECTION**

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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, 2016, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marshall County, Tennessee, as of June 30, 2016, and the respective changes in financial position, and the respective budgetary comparison 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

### ***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, schedule of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of school's funding progress - other postemployment benefits plan on pages 82-89 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.

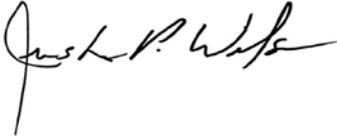
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Other Capital Projects Funds, combining and individual fund financial statements of the Marshall County School Department (a discretely presented 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 1, 2016, 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 1, 2016

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Marshall County, Tennessee  
Statement of Net Position  
June 30, 2016

	Primary Government Governmental Activities	Component Units	
		Marshall County School Department	Marshall County Board of Public Utilities
<u>ASSETS</u>			
Cash	\$ 450	\$ 217,420	\$ 1,803
Equity in Pooled Cash and Investments	20,583,447	8,786,242	2,228,368
Inventories	0	0	51,566
Accounts Receivable	3,249,179	559	212,684
Allowance for Uncollectibles	(953,412)	0	0
Due from Other Governments	1,446,811	782,015	0
Due from Primary Government	0	0	230,704
Property Taxes Receivable	8,883,294	9,571,033	0
Allowance for Uncollectible Property Taxes	(161,366)	(173,859)	0
Restricted Assets:			
Customer Deposits	0	0	160,128
Net Pension Asset - Agent Plan	367,467	280,132	28,886
Net Pension Asset - Teacher Retirement Plan	0	21,191	0
Capital Assets:			
Assets Not Depreciated:			
Land	13,370,636	2,407,026	355,901
Construction in Progress	0	2,275,681	238,837
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	13,515,122	46,142,071	782,222
Infrastructure	12,623,149	92,285	18,863,027
Other Capital Assets	2,420,262	2,957,910	383,065
Total Assets	<u>\$ 75,345,039</u>	<u>\$ 73,359,706</u>	<u>\$ 23,537,191</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 408,766	\$ 0	\$ 137,045
Pension Changes in Experience	311,683	400,417	24,501
Pension Changes in Proportionate Share of NPL	0	26,781	0
Pension Changes in Investment Earnings	680,724	4,183,828	53,511
Pension Changes in Contributions after Measurement Date	452,469	2,061,382	34,188
Total Deferred Outflows of Resources	<u>\$ 1,853,642</u>	<u>\$ 6,672,408</u>	<u>\$ 249,245</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 110,536	\$ 28,770	\$ 4,318
Accrued Payroll	0	673	0
Accrued Interest Payable	290,330	0	108
Payroll Deductions Payable	165,716	732,598	14,763
Contracts Payable	276,955	268,541	6,823
Retainage Payable	0	62,351	0
Due to State of Tennessee	0	7,725	14,663
Due to Component Units	230,704	0	0
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	0	0	160,128
Other Payables from Restricted Assets	0	0	24,000
Noncurrent Liabilities:			
Due Within One Year	3,454,210	154,250	319,857
Due in More Than One Year	42,409,947	6,572,225	7,290,034
Total Liabilities	<u>\$ 46,938,398</u>	<u>\$ 7,827,133</u>	<u>\$ 7,834,694</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Marshall County School Department	Marshall County Board of Public Utilities
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 8,525,632	\$ 9,185,680	\$ 0
Pension Changes in Investment Earnings	899,071	5,658,354	70,674
Pension Changes in Experience	0	3,164,581	0
Pension Changes in Proportionate Share of NPL	0	50,355	0
Total Deferred Inflows of Resources	<u>\$ 9,424,703</u>	<u>\$ 18,058,970</u>	<u>\$ 70,674</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 31,535,742	\$ 53,874,973	\$ 13,229,178
Restricted for:			
General Government	47,393	0	0
Finance	19,909	0	0
Administration of Justice	552,063	0	0
Public Safety	67,621	0	0
Public Health and Welfare	103,167	0	0
Social, Cultural and Recreational	0	0	0
Highway/Public Works	1,150,585	0	0
Other Purposes	367,467	0	28,886
Education	0	1,068,595	0
Capital Projects	3,279,149	1,472,730	0
Unrestricted	<u>(16,287,516)</u>	<u>(2,270,287)</u>	<u>2,623,004</u>
Total Net Position	<u>\$ 20,835,580</u>	<u>\$ 54,146,011</u>	<u>\$ 15,881,068</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, 2016

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	\$ 2,677,728	\$ 456,174	\$ 48,058	\$ 0	\$ (2,173,496)	\$ 0	\$ 0
Finance	1,258,740	987,549	0	0	(271,191)	0	0
Administration of Justice	1,116,277	656,690	9,945	0	(449,642)	0	0
Public Safety	3,600,014	1,354,098	85,061	0	(2,160,855)	0	0
Public Health and Welfare	4,447,307	2,993,068	555,177	25,000	(874,062)	0	0
Social, Cultural, and Recreational Services	447,833	12,758	21,417	0	(413,658)	0	0
Agriculture and Natural Resources	129,469	0	0	0	(129,469)	0	0
Highways	3,356,169	5,891	1,821,281	313,393	(1,215,604)	0	0
Education	593,882	0	259,944	0	(333,938)	0	0
Interest on Long-term Debt	1,278,343	0	0	0	(1,278,343)	0	0
Total Governmental Activities	<u>\$ 18,905,762</u>	<u>\$ 6,466,228</u>	<u>\$ 2,800,883</u>	<u>\$ 338,393</u>	<u>\$ (9,300,258)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 18,905,762</u>	<u>\$ 6,466,228</u>	<u>\$ 2,800,883</u>	<u>\$ 338,393</u>	<u>\$ (9,300,258)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Component Units:							
Marshall County School Department	\$ 44,895,454	\$ 1,155,796	\$ 5,576,147	\$ 388,642	\$ 0	\$ (37,774,869)	\$ 0
Marshall County Board of Public Utilities	2,485,210	2,044,687	230,704	285,476	0	0	75,657
Total Component Units	<u>\$ 47,380,664</u>	<u>\$ 3,200,483</u>	<u>\$ 5,806,851</u>	<u>\$ 674,118</u>	<u>\$ 0</u>	<u>\$ (37,774,869)</u>	<u>\$ 75,657</u>

(Continued)

Exhibit B

Marshall County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		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	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 7,374,853	\$ 9,458,510	\$	0
Property Taxes Levied for Debt Service				1,417,881	0		0
Local Option Sales Tax				2,653,021	2,561,886		0
Wheel Tax				1,360,526	0		0
Mineral Severance Tax				281,251	0		0
Business Tax				247,193	0		0
Hotel/Motel Tax				177,159	0		0
Litigation Tax				328,088	0		0
Adequate Facilities/Development Tax				230,704	0		0
Wholesale Beer Tax				105,592	0		0
Other Local Taxes				2,093	10,702		0
Grants and Contributions Not Restricted for Specific Programs				1,407,868	26,210,421		0
Unrestricted Investment Income				84,438	191		5,117
Refund of Telecommunication and Internet Fees (E-Rate)				0	10,024		0
Miscellaneous				48,840	46,315		41,841
Total General Revenues				<u>\$ 15,719,507</u>	<u>\$ 38,298,049</u>	<u>\$</u>	<u>46,958</u>
Change in Net Position				\$ 6,419,249	\$ 523,180	\$	122,615
Net Position, July 1, 2015				<u>14,416,331</u>	<u>53,622,831</u>	<u></u>	<u>15,758,453</u>
Net Position, June 30, 2016				<u>\$ 20,835,580</u>	<u>\$ 54,146,011</u>	<u>\$</u>	<u>15,881,068</u>

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

Exhibit C-1

Marshall County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2016

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 450	\$ 0	\$ 0	\$ 0	\$ 0	\$ 450
Equity in Pooled Cash and Investments	7,583,722	816,372	7,876,199	2,048,032	2,259,122	20,583,447
Accounts Receivable	3,182,438	18,242	0	0	48,499	3,249,179
Allowance for Uncollectibles	(953,412)	0	0	0	0	(953,412)
Due from Other Governments	336,422	676,216	402,903	0	31,270	1,446,811
Due from Other Funds	11,143	0	0	0	0	11,143
Property Taxes Receivable	5,673,846	458,493	1,432,789	1,318,166	0	8,883,294
Allowance for Uncollectible Property Taxes	(103,066)	(8,329)	(26,027)	(23,944)	0	(161,366)
Total Assets	\$ 15,731,543	\$ 1,960,994	\$ 9,685,864	\$ 3,342,254	\$ 2,338,891	\$ 33,059,546
<u>LIABILITIES</u>						
Accounts Payable	\$ 47,098	\$ 35,702	\$ 0	\$ 350	\$ 27,386	\$ 110,536
Payroll Deductions Payable	130,595	26,286	0	0	8,835	165,716
Contracts Payable	0	276,955	0	0	0	276,955
Due to Other Funds	0	11,143	0	0	0	11,143
Due to Component Units	230,704	0	0	0	0	230,704
Total Liabilities	\$ 408,397	\$ 350,086	\$ 0	\$ 350	\$ 36,221	\$ 795,054
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 5,445,403	\$ 440,033	\$ 1,375,102	\$ 1,265,094	\$ 0	\$ 8,525,632
Deferred Delinquent Property Taxes	105,877	8,531	26,860	24,628	0	165,896
Other Deferred/Unavailable Revenue	2,120,634	141,741	201,451	0	0	2,463,826
Total Deferred Inflows of Resources	\$ 7,671,914	\$ 590,305	\$ 1,603,413	\$ 1,289,722	\$ 0	\$ 11,155,354

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total	
	General	Highway / Public Works	General Debt Service	Other Capital Projects		Other Govern- mental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 47,393	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,393
Restricted for Finance	19,909	0	0	0	0	19,909
Restricted for Administration of Justice	552,063	0	0	0	0	552,063
Restricted for Public Safety	6,145	0	0	0	61,476	67,621
Restricted for Public Health and Welfare	103,167	0	0	0	48,051	151,218
Restricted for Highways/Public Works	0	1,020,603	0	0	31,456	1,052,059
Restricted for Capital Outlay	0	0	0	1,875,852	1,409,731	3,285,583
Restricted for Capital Projects	6,509	0	0	0	0	6,509
Committed:						
Committed for General Government	683,925	0	0	0	0	683,925
Committed for Administration of Justice	0	0	0	0	14,245	14,245
Committed for Public Safety	18,602	0	0	0	0	18,602
Committed for Public Health and Welfare	0	0	0	176,330	737,711	914,041
Committed for Social, Cultural, and Recreational Services	21,443	0	0	0	0	21,443
Committed for Debt Service	0	0	8,082,451	0	0	8,082,451
Committed for Other Purposes	176,033	0	0	0	0	176,033
Unassigned	6,016,043	0	0	0	0	6,016,043
Total Fund Balances	\$ 7,651,232	\$ 1,020,603	\$ 8,082,451	\$ 2,052,182	\$ 2,302,670	\$ 21,109,138
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,731,543	\$ 1,960,994	\$ 9,685,864	\$ 3,342,254	\$ 2,338,891	\$ 33,059,546

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, 2016

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)		\$ 21,109,138
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 13,370,636	
Add: buildings and improvements net of accumulated depreciation	13,515,122	
Add: infrastructure net of accumulated depreciation	12,623,149	
Add: other capital assets net of accumulated depreciation	<u>2,420,262</u>	41,929,169
(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	\$ (1,895,184)	
Less: bonds payable	(42,905,000)	
Add: deferred amount on refunding	408,766	
Less: compensated absences payable	(177,635)	
Less: other deferred revenue - premium on debt	(886,338)	
Less: accrued interest on notes and bonds	<u>(290,330)</u>	(45,745,721)
(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	\$ 1,444,876	
Less: deferred inflows of resources related to pensions	<u>(899,071)</u>	545,805
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		367,467
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,629,722</u>
Net position of governmental activities (Exhibit A)		<u>\$ 20,835,580</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, 2016

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 7,497,540	\$ 943,156	\$ 5,004,987	\$ 1,314,844	\$ 129,343	\$ 14,889,870
Licenses and Permits	270,037	0	0	0	0	270,037
Fines, Forfeitures, and Penalties	109,660	0	0	0	59,897	169,557
Charges for Current Services	1,787,639	0	0	0	473,787	2,261,426
Other Local Revenues	117,243	6,196	0	0	791,786	915,225
Fees Received From County Officials	1,612,499	0	0	0	0	1,612,499
State of Tennessee	1,726,396	2,062,623	46,544	42,821	202,487	4,080,871
Federal Government	192,812	117,837	0	0	0	310,649
Other Governments and Citizens Groups	114,353	0	259,944	0	132,000	506,297
<b>Total Revenues</b>	<b>\$ 13,428,179</b>	<b>\$ 3,129,812</b>	<b>\$ 5,311,475</b>	<b>\$ 1,357,665</b>	<b>\$ 1,789,300</b>	<b>\$ 25,016,431</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 1,457,760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,457,760
Finance	1,287,587	0	0	0	0	1,287,587
Administration of Justice	1,122,127	0	0	0	26,293	1,148,420
Public Safety	3,531,359	0	0	0	11,446	3,542,805
Public Health and Welfare	2,669,082	0	0	0	1,044,148	3,713,230
Social, Cultural, and Recreational Services	379,218	0	0	0	0	379,218
Agriculture and Natural Resources	133,167	0	0	0	0	133,167
Other Operations	1,201,364	0	0	0	0	1,201,364
Highways	0	2,809,613	0	0	0	2,809,613
Debt Service:						
Principal on Debt	0	0	2,919,737	0	0	2,919,737
Interest on Debt	0	0	1,389,434	0	0	1,389,434
Other Debt Service	0	0	5,626,483	0	0	5,626,483

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 785,771	\$ 930,017	\$ 1,715,788
Total Expenditures	\$ 11,781,664	\$ 2,809,613	\$ 9,935,654	\$ 785,771	\$ 2,011,904	\$ 27,324,606
Excess (Deficiency) of Revenues Over Expenditures						
	\$ 1,646,515	\$ 320,199	\$ (4,624,179)	\$ 571,894	\$ (222,604)	\$ (2,308,175)
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 5,060,000	\$ 0	\$ 0	\$ 5,060,000
Premiums on Debt Sold	0	0	152,067	0	0	152,067
Insurance Recovery	0	0	0	0	33,432	33,432
Transfers In	48,000	0	0	0	0	48,000
Transfers Out	0	0	0	0	(48,000)	(48,000)
Total Other Financing Sources (Uses)	\$ 48,000	\$ 0	\$ 5,212,067	\$ 0	\$ (14,568)	\$ 5,245,499
Net Change in Fund Balances						
Fund Balance, July 1, 2015	\$ 5,956,717	\$ 700,404	\$ 7,494,563	\$ 1,480,288	\$ 2,539,842	\$ 18,171,814
Fund Balance, June 30, 2016						
	\$ 7,651,232	\$ 1,020,603	\$ 8,082,451	\$ 2,052,182	\$ 2,302,670	\$ 21,109,138

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, 2016

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 2,937,324
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,335,612	
Less: current-year depreciation expense	<u>(1,732,488)</u>	(396,876)
(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		(21,500)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2015	\$ (2,354,574)	
Add: deferred delinquent property taxes and other deferred June 30, 2016	<u>2,629,722</u>	275,148
(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: refunding bond proceeds	\$ (5,060,000)	
Add: bonds refunded	5,365,000	
Add: principal payments on bonds	2,675,000	
Add: principal payments on notes	244,737	
Less: change in premium on debt issuances	(113,906)	
Add: change in deferred amount on refunding debt	<u>41,107</u>	3,151,938
(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	\$ (529,300)	
Change in deferred outflows of resources related to pensions	945,867	
Change in deferred inflows of resources related to pensions	(51,199)	
Change in accrued interest payable	111,091	
Change in compensated absences payable	<u>(3,244)</u>	473,215
Change in net position of governmental activities (Exhibit B)		<u>\$ 6,419,249</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,497,540	\$ 0	\$ 7,497,540	\$ 7,043,308	\$ 7,163,334	\$ 334,206
Licenses and Permits	270,037	0	270,037	204,200	204,200	65,837
Fines, Forfeitures, and Penalties	109,660	0	109,660	106,925	106,925	2,735
Charges for Current Services	1,787,639	0	1,787,639	1,514,100	1,532,100	255,539
Other Local Revenues	117,243	0	117,243	107,093	109,523	7,720
Fees Received From County Officials	1,612,499	0	1,612,499	1,502,000	1,502,000	110,499
State of Tennessee	1,726,396	0	1,726,396	1,865,535	1,871,701	(145,305)
Federal Government	192,812	0	192,812	83,157	107,007	85,805
Other Governments and Citizens Groups	114,353	0	114,353	123,190	123,190	(8,837)
Total Revenues	\$ 13,428,179	\$ 0	\$ 13,428,179	\$ 12,549,508	\$ 12,719,980	\$ 708,199
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 132,206	\$ (500)	\$ 131,706	\$ 136,930	\$ 148,930	\$ 17,224
Board of Equalization	1,572	0	1,572	1,835	1,835	263
Other Boards and Committees	4,683	0	4,683	9,528	9,528	4,845
County Mayor/Executive	133,178	0	133,178	143,653	144,796	11,618
County Attorney	39,089	0	39,089	50,250	50,250	11,161
Election Commission	164,506	0	164,506	180,330	181,473	16,967
Register of Deeds	194,314	0	194,314	190,212	198,222	3,908
Building	163,846	0	163,846	182,554	185,982	22,136
County Buildings	624,366	(2,675)	621,691	557,363	736,361	114,670
<u>Finance</u>						
Accounting and Budgeting	383,152	0	383,152	399,121	405,976	22,824
Property Assessor's Office	261,760	0	261,760	278,043	283,758	21,998
Reappraisal Program	81,402	0	81,402	88,664	88,664	7,262

(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 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Trustee's Office	\$ 191,227	\$ 0	\$ 191,227	\$ 204,192	\$ 206,477	\$ 15,250
County Clerk's Office	370,046	0	370,046	377,847	385,352	15,306
<u>Administration of Justice</u>						
Circuit Court	399,881	(158)	399,723	419,002	426,717	26,994
General Sessions Judge	233,559	0	233,559	235,303	237,046	3,487
Chancery Court	187,766	0	187,766	205,739	208,024	20,258
Juvenile Court	223,170	0	223,170	196,137	239,565	16,395
Courtroom Security	77,751	0	77,751	94,272	95,415	17,664
<u>Public Safety</u>						
Sheriff's Department	1,695,972	(1,300)	1,694,672	1,871,046	1,899,607	204,935
Administration of the Sexual Offender Registry	1,557	0	1,557	1,000	2,250	693
Jail	1,445,222	(600)	1,444,622	1,682,467	1,701,889	257,267
Rural Fire Protection	121,368	(6,234)	115,134	135,716	135,716	20,582
Civil Defense	206,836	(5,124)	201,712	212,804	218,888	17,176
Other Emergency Management	751	0	751	1,000	1,000	249
County Coroner/Medical Examiner	59,126	0	59,126	57,879	69,879	10,753
Other Public Safety	527	0	527	750	750	223
<u>Public Health and Welfare</u>						
Local Health Center	83,774	0	83,774	106,471	106,471	22,697
Rabies and Animal Control	62,439	0	62,439	60,893	67,607	5,168
Ambulance/Emergency Medical Services	2,234,013	(1,728)	2,232,285	2,381,885	2,439,639	207,354
Maternal and Child Health Services	5,000	0	5,000	5,000	5,000	0
Other Local Health Services	171,724	0	171,724	307,500	311,500	139,776
Regional Mental Health Center	26,100	0	26,100	26,100	26,100	0
Other Public Health and Welfare	86,032	0	86,032	86,033	86,033	1

(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 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	\$ 70,350	\$ 0	\$ 70,350	\$ 70,350	\$ 70,350	\$ 0
Libraries	308,868	(1,645)	307,223	325,000	334,000	26,777
Other Social, Cultural, and Recreational	0	0	0	2,405	2,405	2,405
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	86,990	0	86,990	87,852	91,852	4,862
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	44,177	0	44,177	43,436	44,679	502
<u>Other Operations</u>						
Tourism	34,000	0	34,000	43,000	43,000	9,000
Housing and Urban Development	13,309	0	13,309	16,900	16,900	3,591
Other Economic and Community Development	297,113	0	297,113	231,490	316,490	19,377
Veterans' Services	27,229	0	27,229	35,577	35,577	8,348
Other Charges	521,701	0	521,701	687,475	656,505	134,804
Contributions to Other Agencies	308,012	0	308,012	301,846	308,012	0
Total Expenditures	\$ 11,781,664	\$ (19,964)	\$ 11,761,700	\$ 12,734,850	\$ 13,228,470	\$ 1,466,770
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,646,515	\$ 19,964	\$ 1,666,479	\$ (185,342)	\$ (508,490)	\$ 2,174,969
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 48,000	\$ 0	\$ 48,000	\$ 60,000	\$ 60,000	\$ (12,000)
Total Other Financing Sources	\$ 48,000	\$ 0	\$ 48,000	\$ 60,000	\$ 60,000	\$ (12,000)
Net Change in Fund Balance	\$ 1,694,515	\$ 19,964	\$ 1,714,479	\$ (125,342)	\$ (448,490)	\$ 2,162,969
Fund Balance, July 1, 2015	5,956,717	(19,964)	5,936,753	5,336,681	5,936,753	0
Fund Balance, June 30, 2016	\$ 7,651,232	\$ 0	\$ 7,651,232	\$ 5,211,339	\$ 5,488,263	\$ 2,162,969

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 943,156	\$ 899,207	\$ 906,707	\$ 36,449
Other Local Revenues	6,196	28,457	28,457	(22,261)
State of Tennessee	2,062,623	2,254,161	2,254,161	(191,538)
Federal Government	117,837	100,000	100,000	17,837
Total Revenues	<u>\$ 3,129,812</u>	<u>\$ 3,281,825</u>	<u>\$ 3,289,325</u>	<u>\$ (159,513)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 206,706	\$ 217,972	\$ 220,257	\$ 13,551
Highway and Bridge Maintenance	1,528,122	1,717,461	1,742,594	214,472
Operation and Maintenance of Equipment	608,785	743,207	747,777	138,992
Other Charges	85,669	90,250	97,750	12,081
Employee Benefits	27,384	42,000	42,000	14,616
Capital Outlay	352,947	764,608	764,608	411,661
Total Expenditures	<u>\$ 2,809,613</u>	<u>\$ 3,575,498</u>	<u>\$ 3,614,986</u>	<u>\$ 805,373</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 320,199</u>	<u>\$ (293,673)</u>	<u>\$ (325,661)</u>	<u>\$ 645,860</u>
Net Change in Fund Balance	\$ 320,199	\$ (293,673)	\$ (325,661)	\$ 645,860
Fund Balance, July 1, 2015	<u>700,404</u>	<u>543,344</u>	<u>700,404</u>	<u>0</u>
Fund Balance, June 30, 2016	<u>\$ 1,020,603</u>	<u>\$ 249,671</u>	<u>\$ 374,743</u>	<u>\$ 645,860</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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 879,989
Equity in Pooled Cash and Investments	94,568
Accounts Receivable	231
Due from Other Governments	<u>338,559</u>
Total Assets	<u>\$ 1,313,347</u>
<u>LIABILITIES</u>	
Payroll Deductions Payable	\$ 6,632
Due to Other Taxing Units	338,559
Due to Litigants, Heirs, and Others	938,156
Other Current Liabilities	<u>30,000</u>
Total Liabilities	<u>\$ 1,313,347</u>

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

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**MARSHALL COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**MARSHALL COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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 financial statements of the Marshall County Emergency Communications District, a component unit requiring discrete presentation discussed below, was excluded from this report due to materiality calculations; therefore, the effect of its omission will not affect our opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships 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 material to the component units' opinion unit and therefore have been omitted from this report. The Marshall County Board of Public Utilities provides water services for the citizens of Marshall County, and the Marshall County Commission appoints

its governing body. The public utility may not issue debt without county approval, and its budget is subject to the County Commission's approval. Water sales are the major source of funding, with the county being contingently liable for any debt.

The Marshall County School Department and the Marshall County Board of Public Utilities do not issue separate financial statements from those of the county. Therefore, basic financial statements of the Marshall County School Department and the Marshall County Board of Public Utilities are included in this report as listed in the table of contents. 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

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.

**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, assets being held in a custodial capacity for the Marshall County Joint Economic Development Board, and to account for payroll processing of the Marshall County Emergency Communications District. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

**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.

**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 Board of Public Utilities Fund represent funds on deposit with the county trustee for customer deposits (\$160,128).

Retainage payable in the discretely presented Education Capital Projects fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the 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 \$25,000 or more (\$25,000 infrastructure) and an estimated useful life of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government 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, pension changes in the proportionate share of net pension liability, pension changes in investment earnings, 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. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in investment earnings, pension changes in experience, pension changes in the proportionate share of net pension liability, 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 totaling \$367,467 for the primary government consists of an amount restricted to recognize the net pension asset of the county's agent pension plan.

As of June 30, 2016, Marshall County had \$34,435,309 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

**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 and Highway Capital Projects Funds and the School Department's Education Capital Projects Fund, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Other Boards and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

### **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 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, 2016.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2016, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 13,370,886	\$ 0	\$ (250)	\$ 13,370,636
Total Capital Assets Not Depreciated	\$ 13,370,886	\$ 0	\$ (250)	\$ 13,370,636
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,596,259	\$ 323,741	\$ 0	\$ 19,920,000
Infrastructure	29,328,315	604,617	0	29,932,932
Other Capital Assets	7,780,232	407,254	(98,000)	8,089,486
Total Capital Assets Depreciated	\$ 56,704,806	\$ 1,335,612	\$ (98,000)	\$ 57,942,418
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,921,318	\$ 483,560	\$ 0	\$ 6,404,878
Infrastructure	16,738,808	570,975	0	17,309,783
Other Capital Assets	5,068,021	677,953	(76,750)	5,669,224
Total Accumulated Depreciation	\$ 27,728,147	\$ 1,732,488	\$ (76,750)	\$ 29,383,885
Total Capital Assets Depreciated, Net	\$ 28,976,659	\$ (396,876)	\$ (21,250)	\$ 28,558,533
Governmental Activities Capital Assets, Net	\$ 42,347,545	\$ (396,876)	\$ (21,500)	\$ 41,929,169

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

**Governmental Activities:**

General Government	\$ 192,221
Public Safety	354,256
Public Health and Welfare	371,448
Social, Cultural, and Recreational Services	1,659
Highway/Public Works	<u>812,904</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,732,488</u></u>

**Discretely Presented Marshall County School Department**

**Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 2,407,026	\$ 0	\$ 0	\$ 2,407,026
Construction in Progress	14,797,258	3,170,014	(15,691,591)	<u>2,275,681</u>
Total Capital Assets Not Depreciated	<u>\$ 17,204,284</u>	<u>\$ 3,170,014</u>	<u>\$ (15,691,591)</u>	<u>\$ 4,682,707</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 69,951,179	\$ 16,450,343	\$ 0	\$ 86,401,522
Infrastructure	106,997	0	0	106,997
Other Capital Assets	7,319,196	483,277	(47,822)	<u>7,754,651</u>
Total Capital Assets Depreciated	<u>\$ 77,377,372</u>	<u>\$ 16,933,620</u>	<u>\$ (47,822)</u>	<u>\$ 94,263,170</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 38,221,675	\$ 2,037,776	\$ 0	\$ 40,259,451
Infrastructure	9,362	5,350	0	14,712
Other Capital Assets	4,457,296	387,267	(47,822)	<u>4,796,741</u>
Total Accumulated Depreciation	<u>\$ 42,688,333</u>	<u>\$ 2,430,393</u>	<u>\$ (47,822)</u>	<u>\$ 45,070,904</u>
Total Capital Assets Depreciated, Net	<u>\$ 34,689,039</u>	<u>\$ 14,503,227</u>	<u>\$ 0</u>	<u>\$ 49,192,266</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 51,893,323</u></u>	<u><u>\$ 17,673,241</u></u>	<u><u>\$ (15,691,591)</u></u>	<u><u>\$ 53,874,973</u></u>

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

**Governmental Activities:**

Instruction	\$ 39,178
Support Services	2,371,852
Operation of Non-instructional Services	<u>19,363</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,430,393</u></u>

**Discretely Presented Marshall County Board of Public Utilities**

**Business-type Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 355,901	\$ 0	\$ 0	\$ 355,901
Construction in Progress	685,794	538,119	(985,076)	<u>238,837</u>
Total Capital Assets Not Depreciated	<u>\$ 1,041,695</u>	<u>\$ 538,119</u>	<u>\$ (985,076)</u>	<u>\$ 594,738</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 979,951	\$ 0	\$ 0	\$ 979,951
Infrastructure	24,998,963	1,110,076	0	26,109,039
Other Capital Assets	2,252,315	0	0	<u>2,252,315</u>
Total Capital Assets Depreciated	<u>\$ 28,231,229</u>	<u>\$ 1,110,076</u>	<u>\$ 0</u>	<u>\$ 29,341,305</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 172,280	\$ 25,449	\$ 0	\$ 197,729
Infrastructure	6,803,568	442,444	0	7,246,012
Other Capital Assets	1,671,290	197,960	0	<u>1,869,250</u>
Total Accumulated Depreciation	<u>\$ 8,647,138</u>	<u>\$ 665,853</u>	<u>\$ 0</u>	<u>\$ 9,312,991</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,584,091</u>	<u>\$ 444,223</u>	<u>\$ 0</u>	<u>\$ 20,028,314</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 20,625,786</u></u>	<u><u>\$ 982,342</u></u>	<u><u>\$ (985,076)</u></u>	<u><u>\$ 20,623,052</u></u>

Depreciation expense totaled \$665,853 for the year ended June 30, 2016.

**C. Construction Commitments**

At June 30, 2016, the discretely presented School Department's Education Capital Projects Fund had uncompleted contracts of approximately \$506,290 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, 2016, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Highway/Public Works	\$ 11,143

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

**Due to/from Primary Government and Component Unit:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit: Marshall County Board of Public Utilities	Primary Government: General	\$ 230,704

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, 2016, consisted of the following amounts:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u>
	General Fund
Nonmajor governmental fund	\$ 48,000

**Discretely Presented Marshall County School Department**

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 41,707

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. 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, 2016, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	1.84 to 4	%	12-1-44	\$ 28,765,000	\$ 25,588,477
General Obligation Bonds - Refunding	1.78 to 3.8		12-1-44	24,020,000	17,316,523
Capital Outlay Notes	0.75		1-1-24	2,982,250	1,895,184

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2022-2024	643,615	6,312	649,927
Total	\$ 1,895,184	\$ 54,463	\$ 1,949,647

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 3,030,000	\$ 1,200,063	\$ 4,230,063
2018	3,115,000	1,122,560	4,237,560
2019	2,915,000	1,043,521	3,958,521
2020	2,960,000	967,305	3,927,305
2021	3,005,000	884,714	3,889,714
2022-2026	9,220,000	3,624,977	12,844,977
2027-2031	7,405,000	2,478,038	9,883,038
2032-2036	3,455,000	1,747,411	5,202,411
2037-2041	4,160,000	1,077,901	5,237,901
2042-2045	3,640,000	254,294	3,894,294
Total	\$ 42,905,000	\$ 14,400,784	\$ 57,305,784

There is \$8,082,451 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes, totaled \$1,463, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2015	\$ 45,885,000	\$ 2,139,921
Additions	5,060,000	0
Reductions	(8,040,000)	(244,737)
Balance, June 30, 2016	<u>\$ 42,905,000</u>	<u>\$ 1,895,184</u>
Balance Due Within One Year	<u>\$ 3,030,000</u>	<u>\$ 246,575</u>

	Compensated Absences
Balance, July 1, 2015	\$ 174,391
Additions	302,884
Reductions	(299,640)
Balance, June 30, 2016	<u>\$ 177,635</u>
Balance Due Within One Year	<u>\$ 177,635</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 44,977,819
Less: Due Within One Year	(3,454,210)
Add: Unamortized Premium on Debt	<u>886,338</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 42,409,947</u>

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

Current Refunding

On March 23, 2016, Marshall County refunded a general obligation bond issue. The county issued \$5,060,000 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 fifteen years will be reduced by \$786,050, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$678,844 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, 2016, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits	Net Pension Liability - Legacy Plan*
Balance, July 1, 2015	\$ 145,379	\$ 5,972,080	\$ (80,066)
Additions	210,610	1,011,101	3,641,626
Reductions	(201,739)	(613,825)	(3,358,691)
Balance, June 30, 2016	<u>\$ 154,250</u>	<u>\$ 6,369,356</u>	<u>\$ 202,869</u>
Balance Due Within One Year	<u>\$ 154,250</u>	<u>\$ 0</u>	<u>\$ 0</u>

\* - The Legacy Plan had a Net Pension Asset balance on July 1, 2015.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 6,726,475
Less: Due Within One Year	<u>(154,250)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 6,572,225</u></u>

Compensated absences, other postemployment benefits, and net pension liability 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, 2016, for business-type activities were as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
Water Revenue and Tax Bonds	2.5 %	6-26-51	\$ 409,000	\$ 388,874
Water Revenue and Tax Refunding Bonds	1.9	6-01-36	7,005,000	7,005,000

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2016, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 302,051	\$ 151,105	\$ 453,156
2018	297,229	154,470	451,699
2019	307,412	145,587	452,999
2020	312,599	139,400	451,999
2021	317,791	133,108	450,899
2022-2026	1,697,013	566,483	2,263,496
2027-2031	1,872,602	388,798	2,261,400
2032-2036	2,078,932	177,496	2,256,428
2037-2041	61,104	22,356	83,460
2042-2046	69,233	14,227	83,460
2047-2051	77,908	4,987	82,895
Total	\$ 7,393,874	\$ 1,898,017	\$ 9,291,891

#### Changes in Long-term Obligations

Long-term obligations activity for the Board of Public Utilities for the year ended June 30, 2016, was as follows:

Business-type Activities:

	Bonds	Compensated Absences
Balance, July 1, 2015	\$ 7,645,243	\$ 18,240
Additions	7,005,000	32,568
Reductions	(7,256,369)	(33,002)
Balance, June 30, 2016	\$ 7,393,874	\$ 17,806
Balance Due Within One Year	\$ 302,051	\$ 17,806

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 7,411,680
Less: Due Within One Year	(319,857)
Add: Unamortized Premium on Debt	<u>198,211</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,290,034</u>

Current Refunding

On June 30, 2016, the Board of Public Utilities refunded water and tax revenue bonds issue. The county issued \$7,005,000 of water and tax 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 Board of Public Utilities' long-term debt. As a result of the refunding, total debt service payments over the next fifteen years will be reduced by \$2,817,445, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,436,889 was obtained.

**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, 2016, were \$156,001 and \$41,712, 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.

Effective January 1, 2016, Marshall County and the Board of Public Utilities transitioned from purchased commercial health insurance to participating in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF 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. The state statute provides for the LGGIF to be self-sustaining through member premiums.

### **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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, address specific payables to defined benefit plans, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

**C. Subsequent Events**

Director of Schools Jackie Abernathy retired June 30, 2016, and was succeeded by Jacob Sorrells, effective July 1, 2016.

Trustee Marilyn Ervin resigned August 31, 2016, and Kaye Bishop was appointed Interim Trustee, effective September 1, 2016.

**D. Contingent Liabilities**

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

Marshall County is contingently liable for certain water revenue and tax bonds totaling \$7,393,874 issued or assumed by the discretely presented Marshall County Board of Public Utilities. In the event that revenues of the utility are insufficient to meet the debt service requirements, the payments will be made by Marshall County from ad valorem taxes levied upon all property in the county.

**E. 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, 2016.

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, 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, 2016.

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, 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, non-certified employees of the discretely presented Marshall County School Department, and employees of the discretely presented Marshall County Board of Public Utilities 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 comprised 54.32 percent, the non-certified employees of the discretely presented School Department comprised 41.41 percent, and the employees of the discretely presented Marshall County Board of Public Utilities comprised 4.27 percent of the plan based on contribution 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](http://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, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	207
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	286
Active Employees	442
 Total	 <hr/> <hr/> 935

*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

their 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, the Actuarial Determined Contribution (ADC) for Marshall County was \$803,925 based on a rate of 6.59 percent of covered 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 contributions (ADC) 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, 2015, 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, 2015, 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, 2015, 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, 2014	\$ 33,202,238	\$ 35,536,353	\$ (2,334,115)
Changes for the year:			
Service Cost	\$ 1,074,330	\$ 0	\$ 1,074,330
Interest	2,511,475	0	2,511,475
Differences Between Expected and Actual Experience	555,152	0	555,152
Contributions-Employer	0	803,925	(803,925)
Contributions-Employees	0	609,918	(609,918)
Net Investment Income	0	1,091,679	(1,091,679)
Benefit Payments, Including Refunds of Employee Contributions	(1,580,468)	(1,580,468)	0
Administrative Expense	0	(22,195)	22,195
Other Changes	0	0	0
Net Changes	\$ 2,560,489	\$ 902,859	\$ 1,657,630
Balance, June 30, 2015	\$ 35,762,727	\$ 36,439,212	\$ (676,485)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	54.32%	\$ 19,426,313	\$ 19,793,780	\$ (367,467)
Board of Public Utilities	4.27%	1,527,068	1,555,954	(28,886)
School Department	41.41%	14,809,345	15,089,478	(280,132)
<b>Total</b>		<b>\$ 35,762,727</b>	<b>\$ 36,439,212</b>	<b>\$ (676,485)</b>

*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 was 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	1% Increase
<b>Marshall County</b>	<b>6.5%</b>	<b>7.5%</b>	<b>8.5%</b>

Net Pension Liability    \$ 3,993,541    \$ (676,485)    \$ (4,543,236)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2016, Marshall County recognized pension expense of \$244,965.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 573,791	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,253,174	1,655,138
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	818,346	N/A
Total	<u>\$ 2,645,311</u>	<u>\$ 1,655,138</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” 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	\$ 1,444,876	\$ 899,071
Board of Public Utilities	112,200	70,674
School Department	1,088,235	685,393
Total	<u>\$ 2,645,311</u>	<u>\$ 1,655,138</u>

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

Year Ending June 30	Amount
2017	\$ (94,971)
2018	(94,971)
2019	(94,971)
2020	456,741
2021	0
Thereafter	0

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

**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, non-certified employees of the discretely presented Marshall County School Department, and the employees of the discretely presented Marshall County Board of Public Utilities 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 54.32 percent, the non-certified employees of the discretely presented School Department comprise 41.41 percent, and the employees of the discretely presented Board of Public Utilities comprise 4.27 percent of the plan based on contribution 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](http://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 with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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 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, 2016, to the Teacher Retirement Plan were \$71,190, which is four percent of covered 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 (Assets).* At June 30, 2016, the Marshall County School Department reported an asset of \$21,191 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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 share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Marshall County School Department’s proportion was .526762 percent.

*Pension Expense.* For the year ended June 30, 2016, the Marshall County School Department recognized pension expense of \$27,772.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, 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
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 6,897
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,713	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	71,190	N/A
	<u>72,903</u>	<u>6,897</u>
Total	<u>\$ 72,903</u>	<u>\$ 6,897</u>

The Marshall County School Department’s employer contributions of \$71,190, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (147)
2018	(147)
2019	(147)
2020	(147)
2021	(575)
Thereafter	(4,024)

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, 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, 2015, 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 the 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 the Marshall County School Department's proportionate share of the net pension liability (asset) would be if it was 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%
Net Pension Liability	\$ 3,758	\$ (21,191)	\$ (39,489)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **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](http://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. Under the Teacher Legacy Pension 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 are required to contribute five percent of their salaries. 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, 2016, to the Teacher Legacy Pension Plan were \$1,658,503, which is 9.04 percent of covered 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 Liability (Assets).* At June 30, 2016, the Marshall County School Department reported a liability of \$202,869 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Marshall County School Department’s proportion of the net pension liability (asset) was based on the Marshall County School Department’s long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Marshall County School Department’s proportion was .495244 percent. The proportion measured at June 30, 2014, was .492739 percent.

*Negative Pension Expense.* For the year ended June 30, 2016, the Marshall County School Department recognized negative pension expense of \$175,987.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, 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
	<u>                    </u>	<u>                    </u>
Difference Between Expected and Actual Experience	\$ 162,811	\$ 3,157,684
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,663,176	4,972,961
Changes in Proportion of Net Pension Liability (Asset)	26,781	50,355
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>1,658,503</u>	<u>N/A</u>
<b>Total</b>	<b><u>\$ 5,511,271</u></b>	<b><u>\$ 8,181,000</u></b>

The Marshall County School Department’s employer contributions of \$1,658,503 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, 2017. 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
2017	\$ (1,345,549)
2018	(1,345,549)
2019	(1,345,549)
2020	312,105
2021	(603,689)
Thereafter	0

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, 2015, 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 adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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 Real Estate	4.61	8
Short-term Securities	0.98	29
	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 the 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 the Marshall County School Department's proportionate share of the net pension liability (asset) would be if it was 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%
Net Pension Liability	\$ 13,830,915	\$ 202,869	\$ (11,079,546)

*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.

Teachers hired after July 1, 2014, by the discretely presented Marshall County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Marshall County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Marshall County School Department contributed \$88,313 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

**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://tn.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 \$613,825 for postemployment health care during the year ended June 30, 2016.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 1,012,000
Interest on the NOPEBO	223,953
Adjustment to the ARC	<u>(224,852)</u>
Annual OPEB cost	\$ 1,011,101
Amount of contribution	<u>(613,825)</u>
Increase/decrease in NOPEBO	\$ 397,276
Net OPEB obligation, 7-1-15	<u>5,972,080</u>
 Net OPEB obligation, 6-30-16	 <u><u>\$ 6,369,356</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 932,391	64 %	\$ 5,571,587
6-30-15	"	965,740	59	5,972,080
6-30-16	"	1,011,101	61	6,369,356

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

(dollars in thousands)

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 7,950
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 7,950
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 25,789
UAAL as a % of covered payroll	31%

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, 2015, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. 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. Payroll is assumed to grow at a rate of three percent.

### **H. Office of Central Accounting and Budgeting**

Marshall County operates under provisions of Chapter 17, Private Acts of 2005, which provide 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 \$2,500 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 \$2,500 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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

	2014	2015
<b>Total Pension Liability (Asset)</b>		
Service Cost	\$ 1,004,774	\$ 1,074,330
Interest	2,357,662	2,511,475
Differences Between Actual and Expected Experience	194,505	555,152
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,570,856)</u>	<u>(1,580,468)</u>
Net Change in Total Pension Liability (Asset)	\$ 1,986,085	\$ 2,560,489
Total Pension Liability (Asset), Beginning	<u>31,216,153</u>	<u>33,202,238</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 33,202,238</u>	<u>\$ 35,762,727</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,181,756	\$ 803,925
Contributions - Employee	594,063	609,918
Net Investment Income	5,038,837	1,091,679
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,570,856)</u>	<u>(1,580,468)</u>
Administrative Expense	<u>(17,256)</u>	<u>(22,195)</u>
Net Change in Plan Fiduciary Net Position	\$ 5,226,544	\$ 902,859
Plan Fiduciary Net Position, Beginning	<u>30,309,809</u>	<u>35,536,353</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 35,536,353</u>	<u>\$ 36,439,212</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (2,334,115)</u>	<u>\$ (676,485)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.03%	101.89%
Covered Employee Payroll	\$ 11,889,021	\$ 12,192,494
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(19.63)%	(5.55)%

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-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

	2014	2015	2016
Actuarially Determined Contribution	\$ 1,181,756	\$ 803,925	\$ 818,346
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,181,756)</u>	<u>(803,925)</u>	<u>(818,346)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 11,889,021	\$ 12,192,494	\$ 12,405,990
Contributions as a Percentage of Covered Payroll	9.94%	6.59%	6.59%

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 Pension Plan of TCRS  
Discretely Presented Marshall County School Department  
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 27,362	\$ 44,494
Less Contributions in Relation to the Contractually Required Contribution	<u>(43,779)</u>	<u>(71,190)</u>
Contribution Deficiency (Excess)	<u>\$ (16,417)</u>	<u>\$ (26,696)</u>
Covered Payroll	\$ 1,094,463	\$ 1,779,745
Contributions as a Percentage of Covered Payroll	4.00%	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

	2014	2015	2016
Contractually Required Contribution	\$ 1,717,390	\$ 1,675,968	\$ 1,658,503
Less Contributions in Relation to the Contractually Required Contribution	<u>(1,717,390)</u>	<u>(1,675,968)</u>	<u>(1,658,503)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 19,339,980	\$ 18,539,464	\$ 18,711,652
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	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 Liability (Asset)  
in the Teacher Retirement Pension Plan of TCRS  
Discretely Presented Marshall County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.526762%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (21,191)
Covered Payroll	\$ 1,094,463
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

\* 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 Proportionate Share of the Net Pension Liability (Asset)  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Marshall County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.492739%	0.495244%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (80,068)	\$ 202,869
Covered Payroll	\$ 19,339,980	\$ 18,539,464
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.414002)%	1.094254%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

\* 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-7

Marshall County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Marshall County School Department  
June 30, 2016

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-11	\$ 0	\$ 9,946	\$ 9,946	0 %	\$ 23,480	42 %
"	7-1-13	0	7,187	7,187	0	24,739	29
"	7-1-15	0	7,950	7,950	0	25,789	31

**MARSHALL COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2016**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2016 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	1 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%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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

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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.

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

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

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

Exhibit F-1

Marshall County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2016

	Special Revenue Funds				Capital Projects Funds	
	Juvenile Services	Solid Waste / Sanitation	Drug Control	Total	General Capital Projects	Highway Capital Projects
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 14,245	\$ 742,214	\$ 61,476	\$ 817,935	\$ 6,434	\$ 31,456
Accounts Receivable	0	48,499	0	48,499	0	0
Due from Other Governments	0	31,270	0	31,270	0	0
Total Assets	\$ 14,245	\$ 821,983	\$ 61,476	\$ 897,704	\$ 6,434	\$ 31,456
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 27,386	\$ 0	\$ 27,386	\$ 0	\$ 0
Payroll Deductions Payable	0	8,835	0	8,835	0	0
Total Liabilities	\$ 0	\$ 36,221	\$ 0	\$ 36,221	\$ 0	\$ 0
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 0	\$ 61,476	\$ 61,476	\$ 0	\$ 0
Restricted for Public Health and Welfare	0	48,051	0	48,051	0	0
Restricted for Highways/Public Works	0	0	0	0	0	31,456
Restricted for Capital Outlay	0	0	0	0	6,434	0
Committed:						
Committed for Administration of Justice	14,245	0	0	14,245	0	0
Committed for Public Health and Welfare	0	737,711	0	737,711	0	0
Total Fund Balances	\$ 14,245	\$ 785,762	\$ 61,476	\$ 861,483	\$ 6,434	\$ 31,456
Total Liabilities and Fund Balances	\$ 14,245	\$ 821,983	\$ 61,476	\$ 897,704	\$ 6,434	\$ 31,456

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds (Cont.)</u>		Total
	School	Bus	Nonmajor
	Acquisition	Total	Governmental
			Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,403,297	\$ 1,441,187	\$ 2,259,122
Accounts Receivable	0	0	48,499
Due from Other Governments	0	0	31,270
Total Assets	<u>\$ 1,403,297</u>	<u>\$ 1,441,187</u>	<u>\$ 2,338,891</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 27,386
Payroll Deductions Payable	0	0	8,835
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,221</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 61,476
Restricted for Public Health and Welfare	0	0	48,051
Restricted for Highways/Public Works	0	31,456	31,456
Restricted for Capital Outlay	1,403,297	1,409,731	1,409,731
Committed:			
Committed for Administration of Justice	0	0	14,245
Committed for Public Health and Welfare	0	0	737,711
Total Fund Balances	<u>\$ 1,403,297</u>	<u>\$ 1,441,187</u>	<u>\$ 2,302,670</u>
Total Liabilities and Fund Balances	<u>\$ 1,403,297</u>	<u>\$ 1,441,187</u>	<u>\$ 2,338,891</u>

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, 2016

	Special Revenue Funds					Capital Projects Funds
	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	51,121	0	8,776	0	59,897	0
Charges for Current Services	0	449,237	0	24,550	473,787	0
Other Local Revenues	0	789,683	2,103	0	791,786	0
State of Tennessee	0	81,570	0	0	81,570	0
Other Governments and Citizens Groups	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 51,121</b>	<b>\$ 1,320,490</b>	<b>\$ 10,879</b>	<b>\$ 24,550</b>	<b>\$ 1,407,040</b>	<b>\$ 0</b>
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 1,743	\$ 0	\$ 0	\$ 24,550	\$ 26,293	\$ 0
Public Safety	0	0	11,446	0	11,446	0
Public Health and Welfare	0	1,044,148	0	0	1,044,148	0
Capital Projects	0	0	0	0	0	2,550
<b>Total Expenditures</b>	<b>\$ 1,743</b>	<b>\$ 1,044,148</b>	<b>\$ 11,446</b>	<b>\$ 24,550</b>	<b>\$ 1,081,887</b>	<b>\$ 2,550</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 49,378</b>	<b>\$ 276,342</b>	<b>\$ (567)</b>	<b>\$ 0</b>	<b>\$ 325,153</b>	<b>\$ (2,550)</b>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(48,000)	0	0	0	(48,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (48,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (48,000)</b>	<b>\$ 0</b>

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Capital Projects Funds
	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
Net Change in Fund Balances	\$ 1,378	\$ 276,342	\$ (567)	\$ 0	\$ 277,153	\$ (2,550)
Fund Balance, July 1, 2015	12,867	509,420	62,043	0	584,330	8,984
Fund Balance, June 30, 2016	\$ 14,245	\$ 785,762	\$ 61,476	\$ 0	\$ 861,483	\$ 6,434

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Highway Capital Projects	School Bus Acquisition	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 129,343	\$ 129,343	\$ 129,343
Fines, Forfeitures, and Penalties	0	0	0	59,897
Charges for Current Services	0	0	0	473,787
Other Local Revenues	0	0	0	791,786
State of Tennessee	0	120,917	120,917	202,487
Other Governments and Citizens Groups	132,000	0	132,000	132,000
Total Revenues	<u>\$ 132,000</u>	<u>\$ 250,260</u>	<u>\$ 382,260</u>	<u>\$ 1,789,300</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 26,293
Public Safety	0	0	0	11,446
Public Health and Welfare	0	0	0	1,044,148
Capital Projects	532,432	395,035	930,017	930,017
Total Expenditures	<u>\$ 532,432</u>	<u>\$ 395,035</u>	<u>\$ 930,017</u>	<u>\$ 2,011,904</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (400,432)</u>	<u>\$ (144,775)</u>	<u>\$ (547,757)</u>	<u>\$ (222,604)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 33,432	\$ 33,432	\$ 33,432
Transfers Out	0	0	0	(48,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 33,432</u>	<u>\$ 33,432</u>	<u>\$ (14,568)</u>

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Highway Capital Projects	School Bus Acquisition	Total	
Net Change in Fund Balances	\$ (400,432)	\$ (111,343)	\$ (514,325)	\$ (237,172)
Fund Balance, July 1, 2015	431,888	1,514,640	1,955,512	2,539,842
Fund Balance, June 30, 2016	\$ 31,456	\$ 1,403,297	\$ 1,441,187	\$ 2,302,670

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 51,121	\$ 60,000	\$ 60,000	\$ (8,879)
Total Revenues	\$ 51,121	\$ 60,000	\$ 60,000	\$ (8,879)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Juvenile Court	\$ 1,743	\$ 8,800	\$ 8,800	\$ 7,057
Total Expenditures	\$ 1,743	\$ 8,800	\$ 8,800	\$ 7,057
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,378	\$ 51,200	\$ 51,200	\$ (1,822)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (48,000)	\$ (60,000)	\$ (60,000)	\$ 12,000
Total Other Financing Sources	\$ (48,000)	\$ (60,000)	\$ (60,000)	\$ 12,000
Net Change in Fund Balance	\$ 1,378	\$ (8,800)	\$ (8,800)	\$ 10,178
Fund Balance, July 1, 2015	12,867	10,877	12,867	0
Fund Balance, June 30, 2016	\$ 14,245	\$ 2,077	\$ 4,067	\$ 10,178

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 449,237	\$ 0	\$ 449,237	\$ 172,000	\$ 216,503	\$ 232,734
Other Local Revenues	789,683	0	789,683	1,047,185	1,047,185	(257,502)
State of Tennessee	81,570	0	81,570	83,558	262,808	(181,238)
Other Governments and Citizens Groups	0	0	0	0	61,000	(61,000)
Total Revenues	<u>\$ 1,320,490</u>	<u>\$ 0</u>	<u>\$ 1,320,490</u>	<u>\$ 1,302,743</u>	<u>\$ 1,587,496</u>	<u>\$ (267,006)</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 1,044,148	\$ (1,000)	\$ 1,043,148	\$ 1,302,743	\$ 1,593,206	\$ 550,058
Total Expenditures	<u>\$ 1,044,148</u>	<u>\$ (1,000)</u>	<u>\$ 1,043,148</u>	<u>\$ 1,302,743</u>	<u>\$ 1,593,206</u>	<u>\$ 550,058</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 276,342</u>	<u>\$ 1,000</u>	<u>\$ 277,342</u>	<u>\$ 0</u>	<u>\$ (5,710)</u>	<u>\$ 283,052</u>
Net Change in Fund Balance	\$ 276,342	\$ 1,000	\$ 277,342	\$ 0	\$ (5,710)	\$ 283,052
Fund Balance, July 1, 2015	<u>509,420</u>	<u>(1,000)</u>	<u>508,420</u>	<u>383,101</u>	<u>508,420</u>	<u>0</u>
Fund Balance, June 30, 2016	<u>\$ 785,762</u>	<u>\$ 0</u>	<u>\$ 785,762</u>	<u>\$ 383,101</u>	<u>\$ 502,710</u>	<u>\$ 283,052</u>

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 8,776	\$ 10,610	\$ 10,610	\$ (1,834)
Other Local Revenues	2,103	3,000	3,000	(897)
Total Revenues	<u>\$ 10,879</u>	<u>\$ 13,610</u>	<u>\$ 13,610</u>	<u>\$ (2,731)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 11,446	\$ 2,856	\$ 22,856	\$ 11,410
Total Expenditures	<u>\$ 11,446</u>	<u>\$ 2,856</u>	<u>\$ 22,856</u>	<u>\$ 11,410</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (567)</u>	<u>\$ 10,754</u>	<u>\$ (9,246)</u>	<u>\$ 8,679</u>
Net Change in Fund Balance	\$ (567)	\$ 10,754	\$ (9,246)	\$ 8,679
Fund Balance, July 1, 2015	<u>62,043</u>	<u>58,915</u>	<u>62,043</u>	<u>0</u>
Fund Balance, June 30, 2016	<u><u>\$ 61,476</u></u>	<u><u>\$ 69,669</u></u>	<u><u>\$ 52,797</u></u>	<u><u>\$ 8,679</u></u>

Exhibit F-6

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 129,343	\$ 125,000	\$ 125,000	\$ 4,343
State of Tennessee	120,917	100,000	100,000	20,917
Total Revenues	<u>\$ 250,260</u>	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 25,260</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 395,035	\$ 418,000	\$ 418,000	\$ 22,965
Total Expenditures	<u>\$ 395,035</u>	<u>\$ 418,000</u>	<u>\$ 418,000</u>	<u>\$ 22,965</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (144,775)</u>	<u>\$ (193,000)</u>	<u>\$ (193,000)</u>	<u>\$ 48,225</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 33,432	\$ 0	\$ 0	\$ 33,432
Total Other Financing Sources	<u>\$ 33,432</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,432</u>
Net Change in Fund Balance	\$ (111,343)	\$ (193,000)	\$ (193,000)	\$ 81,657
Fund Balance, July 1, 2015	1,514,640	1,537,761	1,537,761	(23,121)
Fund Balance, June 30, 2016	<u>\$ 1,403,297</u>	<u>\$ 1,344,761</u>	<u>\$ 1,344,761</u>	<u>\$ 58,536</u>

# **Major Governmental Funds**

## **General Debt Service Fund**

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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.

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## **Other Capital Projects Fund**

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

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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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,004,987	\$ 4,581,125	\$ 4,581,125	\$ 423,862
State of Tennessee	46,544	71,000	71,000	(24,456)
Other Governments and Citizens Groups	259,944	259,955	259,955	(11)
Total Revenues	<u>\$ 5,311,475</u>	<u>\$ 4,912,080</u>	<u>\$ 4,912,080</u>	<u>\$ 399,395</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 893,657	\$ 894,000	\$ 894,000	\$ 343
Highways and Streets	133,893	134,000	134,000	107
Education	1,892,187	2,138,000	1,893,000	813
<u>Interest on Debt</u>				
General Government	293,773	294,000	294,000	227
Highways and Streets	32,247	33,000	33,000	753
Education	1,063,414	1,164,000	1,065,802	2,388
<u>Other Debt Service</u>				
General Government	69,794	90,500	90,500	20,706
Highways and Streets	74	3,500	3,500	3,426
Education	5,556,615	3,500	5,558,765	2,150
Total Expenditures	<u>\$ 9,935,654</u>	<u>\$ 4,754,500</u>	<u>\$ 9,966,567</u>	<u>\$ 30,913</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,624,179)</u>	<u>\$ 157,580</u>	<u>\$ (5,054,487)</u>	<u>\$ 430,308</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 5,060,000	\$ 0	\$ 5,060,000	\$ 0
Premiums on Debt Sold	152,067	0	152,067	0
Total Other Financing Sources	<u>\$ 5,212,067</u>	<u>\$ 0</u>	<u>\$ 5,212,067</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 587,888	\$ 157,580	\$ 157,580	\$ 430,308
Fund Balance, July 1, 2015	<u>7,494,563</u>	<u>7,373,229</u>	<u>7,494,563</u>	<u>0</u>
Fund Balance, June 30, 2016	<u>\$ 8,082,451</u>	<u>\$ 7,530,809</u>	<u>\$ 7,652,143</u>	<u>\$ 430,308</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,314,844	\$ 0	\$ 1,314,844	\$ 1,290,075	\$ 1,290,075	\$ 24,769
Other Local Revenues	0	0	0	5,000	5,000	(5,000)
State of Tennessee	42,821	0	42,821	22,000	22,000	20,821
Total Revenues	<u>\$ 1,357,665</u>	<u>\$ 0</u>	<u>\$ 1,357,665</u>	<u>\$ 1,317,075</u>	<u>\$ 1,317,075</u>	<u>\$ 40,590</u>
<u>Expenditures</u>						
<u>Capital Projects</u>						
Public Health and Welfare Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 176,330	\$ 176,330
Other General Government Projects	699,271	(29,000)	670,271	677,800	854,800	184,529
Education Capital Projects	86,500	0	86,500	80,000	90,000	3,500
Total Expenditures	<u>\$ 785,771</u>	<u>\$ (29,000)</u>	<u>\$ 756,771</u>	<u>\$ 757,800</u>	<u>\$ 1,121,130</u>	<u>\$ 364,359</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 571,894</u>	<u>\$ 29,000</u>	<u>\$ 600,894</u>	<u>\$ 559,275</u>	<u>\$ 195,945</u>	<u>\$ 404,949</u>
Net Change in Fund Balance	\$ 571,894	\$ 29,000	\$ 600,894	\$ 559,275	\$ 195,945	\$ 404,949
Fund Balance, July 1, 2015	<u>1,480,288</u>	<u>(29,000)</u>	<u>1,451,288</u>	<u>1,438,247</u>	<u>1,480,288</u>	<u>(29,000)</u>
Fund Balance, June 30, 2016	<u>\$ 2,052,182</u>	<u>\$ 0</u>	<u>\$ 2,052,182</u>	<u>\$ 1,997,522</u>	<u>\$ 1,676,233</u>	<u>\$ 375,949</u>

# Fiduciary Funds

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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.

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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.

Other Agency Fund – The Other Agency Fund is used to account for payroll processing of the Marshall County Emergency Communications District.

Exhibit H-1

Marshall County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2016

	Agency Funds				Total
	Cities - Sales Tax	Community Develop- ment - Agency	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 879,989	\$ 0	\$ 879,989
Equity in Pooled Cash and Investments	0	59,166	0	35,402	94,568
Accounts Receivable	0	0	168	63	231
Due from Other Governments	338,559	0	0	0	338,559
Total Assets	<u>\$ 338,559</u>	<u>\$ 59,166</u>	<u>\$ 880,157</u>	<u>\$ 35,465</u>	<u>\$ 1,313,347</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 0	\$ 1,167	\$ 0	\$ 5,465	\$ 6,632
Due to Other Taxing Units	338,559	0	0	0	338,559
Due to Litigants, Heirs, and Others	0	57,999	880,157	0	938,156
Other Current Liabilities	0	0	0	30,000	30,000
Total Liabilities	<u>\$ 338,559</u>	<u>\$ 59,166</u>	<u>\$ 880,157</u>	<u>\$ 35,465</u>	<u>\$ 1,313,347</u>

Exhibit H-2

Marshall County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,055,441	\$ 2,055,441	\$ 0
Due from Other Governments	345,500	338,559	345,500	338,559
Total Assets	\$ 345,500	\$ 2,394,000	\$ 2,400,941	\$ 338,559
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 345,500	\$ 2,394,000	\$ 2,400,941	\$ 338,559
Total Liabilities	\$ 345,500	\$ 2,394,000	\$ 2,400,941	\$ 338,559
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 65,470	\$ 80,137	\$ 86,441	\$ 59,166
Total Assets	\$ 65,470	\$ 80,137	\$ 86,441	\$ 59,166
<u>Liabilities</u>				
Accounts Payable	\$ 512	\$ 0	\$ 512	\$ 0
Payroll Deductions Payable	1,384	1,167	1,384	1,167
Due to Litigants, Heirs, and Others	63,574	78,970	84,545	57,999
Total Liabilities	\$ 65,470	\$ 80,137	\$ 86,441	\$ 59,166
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,002,276	\$ 6,842,032	\$ 6,964,319	\$ 879,989
Accounts Receivable	303	168	303	168
Total Assets	\$ 1,002,579	\$ 6,842,200	\$ 6,964,622	\$ 880,157
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,002,579	\$ 6,842,200	\$ 6,964,622	\$ 880,157
Total Liabilities	\$ 1,002,579	\$ 6,842,200	\$ 6,964,622	\$ 880,157

(Continued)

Exhibit H-2

Marshall County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 690,907	\$ 655,505	\$ 35,402
Accounts Receivable	0	63	0	63
<b>Total Assets</b>	<b>\$ 0</b>	<b>\$ 690,970</b>	<b>\$ 655,505</b>	<b>\$ 35,465</b>
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 0	\$ 5,465	\$ 0	\$ 5,465
Other Current Liabilities	0	685,505	655,505	30,000
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 690,970</b>	<b>\$ 655,505</b>	<b>\$ 35,465</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,002,276	\$ 6,842,032	\$ 6,964,319	\$ 879,989
Equity in Pooled Cash and Investments	65,470	2,826,485	2,797,387	94,568
Accounts Receivable	303	231	303	231
Due from Other Governments	345,500	338,559	345,500	338,559
<b>Total Assets</b>	<b>\$ 1,413,549</b>	<b>\$ 10,007,307</b>	<b>\$ 10,107,509</b>	<b>\$ 1,313,347</b>
<u>Liabilities</u>				
Accounts Payable	\$ 512	\$ 0	\$ 512	\$ 0
Payroll Deductions Payable	1,384	6,632	1,384	6,632
Due to Other Taxing Units	345,500	2,394,000	2,400,941	338,559
Due to Litigants, Heirs, and Others	1,066,153	6,921,170	7,049,167	938,156
Other Current Liabilities	0	685,505	655,505	30,000
<b>Total Liabilities</b>	<b>\$ 1,413,549</b>	<b>\$ 10,007,307</b>	<b>\$ 10,107,509</b>	<b>\$ 1,313,347</b>

# Marshall County School Department

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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.

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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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 24,770,739	\$ 0	\$ 3,313,605	\$ 0	\$ (21,457,134)
Support Services	16,522,445	78,704	34,957	388,642	(16,020,142)
Operation of Non-instructional Services	3,602,270	1,077,092	2,227,585	0	(297,593)
<b>Total Governmental Activities</b>	<b>\$ 44,895,454</b>	<b>\$ 1,155,796</b>	<b>\$ 5,576,147</b>	<b>\$ 388,642</b>	<b>\$ (37,774,869)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 9,458,510
Local Option Sales Tax					2,561,886
Other Local Taxes					10,702
Grants and Contributions Not Restricted to Specific Programs					26,210,421
Unrestricted Investment Income					191
Refund of Telecommunication and Internet Fees (E-Rate)					10,024
Miscellaneous					46,315
<b>Total General Revenues</b>					<b>\$ 38,298,049</b>
Change in Net Position					\$ 523,180
Net Position, July 1, 2015					53,622,831
Net Position, June 30, 2016					<b>\$ 54,146,011</b>

Exhibit I-2

Marshall County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Marshall County School Department  
June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 217,420	\$ 217,420
Equity in Pooled Cash and Investments	6,400,509	2,385,733	8,786,242
Accounts Receivable	0	559	559
Due from Other Governments	621,803	160,212	782,015
Property Taxes Receivable	9,571,033	0	9,571,033
Allowance for Uncollectible Property Taxes	(173,859)	0	(173,859)
Total Assets	<u>\$ 16,419,486</u>	<u>\$ 2,763,924</u>	<u>\$ 19,183,410</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 28,770	\$ 0	\$ 28,770
Accrued Payroll	673	0	673
Payroll Deductions Payable	732,409	189	732,598
Contracts Payable	0	268,541	268,541
Retainage Payable	0	62,351	62,351
Due to State of Tennessee	6,022	1,703	7,725
Total Liabilities	<u>\$ 767,874</u>	<u>\$ 332,784</u>	<u>\$ 1,100,658</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 9,185,680	\$ 0	\$ 9,185,680
Deferred Delinquent Property Taxes	178,494	0	178,494
Other Deferred/Unavailable Revenue	210,000	0	210,000
Total Deferred Inflows of Resources	<u>\$ 9,574,174</u>	<u>\$ 0</u>	<u>\$ 9,574,174</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 8,862	\$ 758,410	\$ 767,272
Restricted for Capital Outlay	0	1,472,730	1,472,730
Committed:			
Committed for Education	0	200,000	200,000
Assigned:			
Assigned for Education	415,681	0	415,681
Unassigned	5,652,895	0	5,652,895
Total Fund Balances	<u>\$ 6,077,438</u>	<u>\$ 2,431,140</u>	<u>\$ 8,508,578</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,419,486</u>	<u>\$ 2,763,924</u>	<u>\$ 19,183,410</u>

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  
For the Year Ended June 30, 2016

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)		\$	8,508,578
(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		2,275,681	
Add: buildings and improvements net of accumulated depreciation		46,142,071	
Add: infrastructure net of accumulated depreciation		92,285	
Add: other capital assets net of accumulated depreciation		<u>2,957,910</u>	53,874,973
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(154,250)	
Less: other postemployment benefits liability		(6,369,356)	
Less: net pension liability - teacher legacy pension plan		<u>(202,869)</u>	(6,726,475)
(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	\$	6,672,408	
Less: deferred inflows of resources related to pensions		<u>(8,873,290)</u>	(2,200,882)
(4) Net pension assets of the agent and teacher retirement plans are not current financial resources and therefore are not reported in the governmental funds.			301,323
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>388,494</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>54,146,011</u></u>

Exhibit I-4

Marshall County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Marshall County School Department  
For the Year Ended June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 12,099,069	\$ 0	\$ 12,099,069
Licenses and Permits	2,708	0	2,708
Charges for Current Services	78,704	1,077,092	1,155,796
Other Local Revenues	55,715	191	55,906
State of Tennessee	26,694,209	26,947	26,721,156
Federal Government	369,362	4,693,342	5,062,704
Total Revenues	<u>\$ 39,299,767</u>	<u>\$ 5,797,572</u>	<u>\$ 45,097,339</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,914,679	\$ 1,970,158	\$ 25,884,837
Support Services	13,306,165	672,080	13,978,245
Operation of Non-Instructional Services	521,296	3,146,987	3,668,283
Capital Outlay	1,064,974	0	1,064,974
Debt Service:			
Other Debt Service	259,944	0	259,944
Capital Projects	0	3,287,240	3,287,240
Total Expenditures	<u>\$ 39,067,058</u>	<u>\$ 9,076,465</u>	<u>\$ 48,143,523</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 232,709</u>	<u>\$ (3,278,893)</u>	<u>\$ (3,046,184)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 624	\$ 0	\$ 624
Transfers In	41,707	0	41,707
Transfers Out	0	(41,707)	(41,707)
Total Other Financing Sources (Uses)	<u>\$ 42,331</u>	<u>\$ (41,707)</u>	<u>\$ 624</u>
Net Change in Fund Balances	\$ 275,040	\$ (3,320,600)	\$ (3,045,560)
Fund Balance, July 1, 2015	5,802,398	5,751,740	11,554,138
Fund Balance, June 30, 2016	<u>\$ 6,077,438</u>	<u>\$ 2,431,140</u>	<u>\$ 8,508,578</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, 2016

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)		\$ (3,045,560)
(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	\$ 4,023,401	
Less: current-year depreciation expense	<u>(2,430,393)</u>	1,593,008
(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		388,642
(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, 2015	\$ (456,465)	
Add: deferred delinquent property taxes and other deferred June 30, 2016	<u>388,494</u>	(67,971)
(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 asset - agent pension plan	\$ (1,066,419)	
Change in net pension asset - teacher retirement pension plan	21,191	
Change in net pension liability - teacher legacy pension plan	(282,935)	
Change in deferred outflows of resources related to pensions	4,332,021	
Change in deferred inflows of resources related to pensions	(942,650)	
Change in other postemployment benefits liability	(397,276)	
Change in compensated absences payable	<u>(8,871)</u>	<u>1,655,061</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 523,180</u>

Exhibit I-6

Marshall County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Marshall County School Department  
June 30, 2016

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Governmental</u>
	<u>Projects</u>			<u>Capital</u>	<u>Funds</u>
				<u>Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 217,420	\$ 217,420	\$ 0	\$ 217,420
Equity in Pooled Cash and Investments	200,000	382,111	582,111	1,803,622	2,385,733
Accounts Receivable	0	559	559	0	559
Due from Other Governments	0	160,212	160,212	0	160,212
Total Assets	<u>\$ 200,000</u>	<u>\$ 760,302</u>	<u>\$ 960,302</u>	<u>\$ 1,803,622</u>	<u>\$ 2,763,924</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 0	\$ 189	\$ 189	\$ 0	\$ 189
Contracts Payable	0	0	0	268,541	268,541
Retainage Payable	0	0	0	62,351	62,351
Due to State of Tennessee	0	1,703	1,703	0	1,703
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,892</u>	<u>\$ 1,892</u>	<u>\$ 330,892</u>	<u>\$ 332,784</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 0	\$ 758,410	\$ 758,410	\$ 0	\$ 758,410
Restricted for Capital Outlay	0	0	0	1,472,730	1,472,730
Committed:					
Committed for Education	200,000	0	200,000	0	200,000
Total Fund Balances	<u>\$ 200,000</u>	<u>\$ 758,410</u>	<u>\$ 958,410</u>	<u>\$ 1,472,730</u>	<u>\$ 2,431,140</u>
Total Liabilities and Fund Balances	<u>\$ 200,000</u>	<u>\$ 760,302</u>	<u>\$ 960,302</u>	<u>\$ 1,803,622</u>	<u>\$ 2,763,924</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, 2016

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,077,092	\$ 1,077,092	\$ 0	\$ 1,077,092
Other Local Revenues	0	191	191	0	191
State of Tennessee	0	26,947	26,947	0	26,947
Federal Government	2,683,945	2,009,397	4,693,342	0	4,693,342
<b>Total Revenues</b>	<b>\$ 2,683,945</b>	<b>\$ 3,113,627</b>	<b>\$ 5,797,572</b>	<b>\$ 0</b>	<b>\$ 5,797,572</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,970,158	\$ 0	\$ 1,970,158	\$ 0	\$ 1,970,158
Support Services	672,080	0	672,080	0	672,080
Operation of Non-Instructional Services	0	3,146,987	3,146,987	0	3,146,987
Capital Projects	0	0	0	3,287,240	3,287,240
<b>Total Expenditures</b>	<b>\$ 2,642,238</b>	<b>\$ 3,146,987</b>	<b>\$ 5,789,225</b>	<b>\$ 3,287,240</b>	<b>\$ 9,076,465</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,707	\$ (33,360)	\$ 8,347	\$ (3,287,240)	\$ (3,278,893)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (41,707)	\$ 0	\$ (41,707)	\$ 0	\$ (41,707)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (41,707)</b>	<b>\$ 0</b>	<b>\$ (41,707)</b>	<b>\$ 0</b>	<b>\$ (41,707)</b>
Net Change in Fund Balances	\$ 0	\$ (33,360)	\$ (33,360)	\$ (3,287,240)	\$ (3,320,600)
Fund Balance, July 1, 2015	200,000	791,770	991,770	4,759,970	5,751,740
<b>Fund Balance, June 30, 2016</b>	<b>\$ 200,000</b>	<b>\$ 758,410</b>	<b>\$ 958,410</b>	<b>\$ 1,472,730</b>	<b>\$ 2,431,140</b>

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,099,069	\$ 0	\$ 0	\$ 12,099,069	\$ 10,927,133	\$ 10,927,133	\$ 1,171,936
Licenses and Permits	2,708	0	0	2,708	1,867	1,867	841
Charges for Current Services	78,704	0	0	78,704	73,600	73,600	5,104
Other Local Revenues	55,715	0	0	55,715	59,000	59,000	(3,285)
State of Tennessee	26,694,209	0	0	26,694,209	26,435,349	26,662,062	32,147
Federal Government	369,362	0	0	369,362	0	384,680	(15,318)
<b>Total Revenues</b>	<b>\$ 39,299,767</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 39,299,767</b>	<b>\$ 37,496,949</b>	<b>\$ 38,108,342</b>	<b>\$ 1,191,425</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 20,167,756	\$ (382,259)	\$ 56,397	\$ 19,841,894	\$ 20,423,443	\$ 20,292,844	\$ 450,950
Alternative Instruction Program	203,551	0	0	203,551	209,335	209,335	5,784
Special Education Program	2,350,018	0	0	2,350,018	2,347,836	2,397,836	47,818
Vocational Education Program	1,193,354	0	168	1,193,522	1,278,043	1,278,043	84,521
<u>Support Services</u>							
Attendance	202,872	(781)	0	202,091	211,226	211,226	9,135
Health Services	326,127	(6,538)	1,049	320,638	371,294	371,294	50,656
Other Student Support	947,948	0	0	947,948	949,430	969,430	21,482
Regular Instruction Program	1,472,230	(268)	294	1,472,256	1,514,644	1,514,644	42,388
Special Education Program	59,238	0	0	59,238	77,187	77,187	17,949
Vocational Education Program	95,438	0	0	95,438	97,864	97,864	2,426
Other Programs	197,713	0	0	197,713	0	197,713	0
Board of Education	534,751	0	218	534,969	560,440	560,440	25,471
Director of Schools	221,964	(50)	0	221,914	224,536	244,536	22,622
Office of the Principal	2,583,047	(4,703)	1,920	2,580,264	2,600,963	2,600,963	20,699
Fiscal Services	296,575	0	0	296,575	278,915	328,915	32,340
Human Services/Personnel	153,742	0	153	153,895	163,780	163,780	9,885
Operation of Plant	3,304,940	(820)	2,829	3,306,949	3,665,891	3,665,891	358,942
Maintenance of Plant	1,117,591	(30,113)	149,400	1,236,878	1,367,435	1,367,435	130,557

(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 7/1/2015	Add: Encumbrances 6/30/2016	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	\$ 1,551,463	\$ (300)	\$ 27,277	\$ 1,578,440	\$ 1,752,962	\$ 1,752,962	\$ 174,522
Central and Other	240,526	0	71	240,597	257,705	267,705	27,108
<u>Operation of Non-Instructional Services</u>							
Community Services	337,455	(2,599)	14,677	349,533	0	384,649	35,116
Early Childhood Education	183,841	(2,300)	7,400	188,941	196,283	196,283	7,342
<u>Capital Outlay</u>							
Regular Capital Outlay	1,064,974	(610,444)	153,828	608,358	450,000	650,000	41,642
<u>Other Debt Service</u>							
Education	259,944	0	0	259,944	0	259,955	11
Total Expenditures	\$ 39,067,058	\$ (1,041,175)	\$ 415,681	\$ 38,441,564	\$ 38,999,212	\$ 40,060,930	\$ 1,619,366
Excess (Deficiency) of Revenues Over Expenditures	\$ 232,709	\$ 1,041,175	\$ (415,681)	\$ 858,203	\$ (1,502,263)	\$ (1,952,588)	\$ 2,810,791
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 624	\$ 0	\$ 0	\$ 624	\$ 3,000	\$ 3,000	\$ (2,376)
Transfers In	41,707	0	0	41,707	20,000	20,000	21,707
Transfers Out	0	0	0	0	(259,955)	0	0
Total Other Financing Sources	\$ 42,331	\$ 0	\$ 0	\$ 42,331	\$ (236,955)	\$ 23,000	\$ 19,331
Net Change in Fund Balance	\$ 275,040	\$ 1,041,175	\$ (415,681)	\$ 900,534	\$ (1,739,218)	\$ (1,929,588)	\$ 2,830,122
Fund Balance, July 1, 2015	5,802,398	(1,041,175)	0	4,761,223	3,051,002	5,314,873	(553,650)
Fund Balance, June 30, 2016	\$ 6,077,438	\$ 0	\$ (415,681)	\$ 5,661,757	\$ 1,311,784	\$ 3,385,285	\$ 2,276,472

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 0	\$ 75,801	\$ 0	\$ 0
Federal Government	2,683,945	2,807,227	2,888,822	(204,877)
<b>Total Revenues</b>	<b>\$ 2,683,945</b>	<b>\$ 2,883,028</b>	<b>\$ 2,888,822</b>	<b>\$ (204,877)</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,018,559	\$ 1,067,387	\$ 1,066,673	\$ 48,114
Special Education Program	814,581	866,251	861,850	47,269
Vocational Education Program	137,018	137,454	137,018	0
<u>Support Services</u>				
Other Student Support	19,304	40,014	43,824	24,520
Regular Instruction Program	308,072	348,350	351,485	43,413
Special Education Program	214,213	235,674	238,126	23,913
Vocational Education Program	3,580	3,580	3,580	0
Transportation	126,911	142,494	144,442	17,531
<b>Total Expenditures</b>	<b>\$ 2,642,238</b>	<b>\$ 2,841,204</b>	<b>\$ 2,846,998</b>	<b>\$ 204,760</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,707	\$ 41,824	\$ 41,824	\$ (117)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (41,707)	\$ (41,824)	\$ (41,824)	\$ 117
<b>Total Other Financing Sources</b>	<b>\$ (41,707)</b>	<b>\$ (41,824)</b>	<b>\$ (41,824)</b>	<b>\$ 117</b>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2015	200,000	200,000	200,000	0
<b>Fund Balance, June 30, 2016</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 0</b>

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures/ (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,077,092	\$ 0	\$ 0	\$ 1,077,092	\$ 1,104,895	\$ 1,104,895	\$ (27,803)
Other Local Revenues	191	0	0	191	115	115	76
State of Tennessee	26,947	0	0	26,947	29,503	29,503	(2,556)
Federal Government	2,009,397	0	0	2,009,397	2,008,077	2,008,077	1,320
Total Revenues	<u>\$ 3,113,627</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,113,627</u>	<u>\$ 3,142,590</u>	<u>\$ 3,142,590</u>	<u>\$ (28,963)</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 3,146,987	\$ (43,762)	\$ 116,443	\$ 3,219,668	\$ 3,237,383	\$ 3,237,383	\$ 17,715
Total Expenditures	<u>\$ 3,146,987</u>	<u>\$ (43,762)</u>	<u>\$ 116,443</u>	<u>\$ 3,219,668</u>	<u>\$ 3,237,383</u>	<u>\$ 3,237,383</u>	<u>\$ 17,715</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (33,360)</u>	<u>\$ 43,762</u>	<u>\$ (116,443)</u>	<u>\$ (106,041)</u>	<u>\$ (94,793)</u>	<u>\$ (94,793)</u>	<u>\$ (11,248)</u>
Net Change in Fund Balance	\$ (33,360)	\$ 43,762	\$ (116,443)	\$ (106,041)	\$ (94,793)	\$ (94,793)	\$ (11,248)
Fund Balance, July 1, 2015	<u>791,770</u>	<u>(43,762)</u>	<u>0</u>	<u>748,008</u>	<u>664,548</u>	<u>569,756</u>	<u>178,252</u>
Fund Balance, June 30, 2016	<u>\$ 758,410</u>	<u>\$ 0</u>	<u>\$ (116,443)</u>	<u>\$ 641,967</u>	<u>\$ 569,755</u>	<u>\$ 474,963</u>	<u>\$ 167,004</u>

# Marshall County Board of Public Utilities

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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.

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Marshall County, Tennessee  
Statement of Net Position  
Discretely Presented Marshall County Board of Public Utilities  
June 30, 2016

Enterprise Fund  
Marshall County  
Board of  
Public Utilities

ASSETS

Current Assets:		
Cash	\$	1,803
Equity in Pooled Cash and Investments		2,228,368
Net Pension Asset - Agent Plan		28,886
Inventories		51,566
Accounts Receivable		212,684
Due from Primary Government		230,704
Restricted Assets:		
Customer Deposits		160,128
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land		355,901
Construction in Progress		238,837
Assets Net of Accumulated Depreciation:		
Buildings and Improvements		782,222
Infrastructure		18,863,027
Other Capital Assets		383,065
Total Assets	\$	<u>23,537,191</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	\$	137,045
Pension Changes in Experience		24,501
Pension Changes in Investment Earnings		53,511
Pension Changes in Contributions after Measurement Date		34,188
Total Deferred Outflows of Resources	\$	<u>249,245</u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$	4,318
Accrued Interest Payable		108
Payroll Deductions Payable		14,763
Contracts Payable		6,823
Current Liabilities Payable from Restricted Assets:		
Customer Deposits Payable		160,128
Other Payables from Restricted Assets		24,000
Due to State of Tennessee		14,663
Noncurrent Liabilities:		
Due Within One Year		319,857
Due in More Than One Year		7,290,034
Total Liabilities	\$	<u>7,834,694</u>

(Continued)

Exhibit J-1

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

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension Changes in Investment Earnings	\$ 70,674
Total Deferred Inflows of Resources	<u>\$ 70,674</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 13,229,178
Restricted for Other Purposes	28,886
Unrestricted	<u>2,623,004</u>
Total Net Position	<u><u>\$ 15,881,068</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, 2016

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 2,044,687
Other Local Revenues	41,841
Total Operating Revenues	<u>\$ 2,086,528</u>
<u>Operating Expenses</u>	
Other Economic and Community Development	\$ 1,568,637
Depreciation	665,853
Total Operating Expenses	<u>\$ 2,234,490</u>
Operating Income (Loss)	<u>\$ (147,962)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 5,117
Contribution from Primary Government (Adequate Facilities Tax)	230,704
Grants	215,484
Interest on Bonds	(250,720)
Total Nonoperating Revenues (Expenses)	<u>\$ 200,585</u>
Income (Loss) Before Contributions	\$ 52,623
Capital Contributions	69,992
Change in Net Position	\$ 122,615
Net Position, July 1, 2015	<u>15,758,453</u>
Net Position, June 30, 2016	<u><u>\$ 15,881,068</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, 2016

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 2,044,602
Other Receipts (Payments)	41,841
Payments to Vendors	(1,278,284)
Payments to Employees	(478,574)
Payments to Fringe Benefits	(161,696)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 167,889</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition and Construction of Capital Assets	\$ (663,119)
Capital Contributions	69,992
Principal Paid on Bonds	(190,203)
Interest Paid on Bonds	(250,720)
Proceeds from Capital Grants	590,793
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (443,257)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Contributions from Primary Government (Adequate Facilities Tax)	<u>\$ 192,597</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 192,597</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 5,117</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 5,117</u>
Increase (Decrease) in Cash	\$ (77,654)
Cash, July 1, 2015	<u>2,467,953</u>
Cash, June 30, 2016	<u>\$ 2,390,299</u>

(Continued)

Exhibit J-3

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

	<u>Enterprise Fund</u> <u>Marshall County</u> <u>Board of</u> <u>Public Utilities</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (147,962)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	665,853
Changes in Pension Related Inflows and Outflows of Resources	(86,681)
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(85)
(Increase) Decrease in Inventories	(1,355)
(Increase) Decrease in Net Pension Asset	61,911
Increase (Decrease) in Accounts Payable	(29,507)
Increase (Decrease) in Payroll Deductions Payable	(1,946)
Increase (Decrease) in Contracts Payable	(330,652)
Increase (Decrease) in Retainage Payable	(21,687)
Increase (Decrease) in Accrued Interest Payable	(8,893)
Increase (Decrease) in Customer Deposits	30,664
Increase (Decrease) in Other Payables from Restricted Assets	24,000
Increase (Decrease) in Due to State of Tennessee	14,663
Increase (Decrease) in Accrued Leave	(434)
	<hr/>
Net Cash Provided By (Used In) Operating Activities	\$ 167,889
	<hr/>
<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	2,228,368
Restricted Customer Deposits	160,128
	<hr/>
Cash, June 30, 2016	\$ 2,390,299
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## MISCELLANEOUS SCHEDULES

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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, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-16
<b><u>PRIMARY GOVERNMENT</u></b>									
<b><u>NOTES PAYABLE</u></b>									
<b><u>Payable through General Debt Service Fund</u></b>									
Energy Efficient Schools Initiative	\$ 2,982,250	.75 %	3-28-11	1-1-24	\$ 2,139,921	\$ 0	\$ 244,737	\$ 0	\$ 1,895,184
Total Notes Payable					\$ 2,139,921	\$ 0	\$ 244,737	\$ 0	\$ 1,895,184
<b><u>BONDS PAYABLE</u></b>									
<b><u>Payable through General Debt Service Fund</u></b>									
School Bonds	7,050,000	3.7	1-1-06	3-23-16	\$ 5,365,000	\$ 0	\$ 0	\$ 5,365,000	\$ 0
General Obligation Bond	5,000,000	3.63 to 4	6-1-07	6-1-31	3,725,000	0	170,000	0	3,555,000
School Refunding	5,115,000	3.8	9-11-08	11-1-20	2,885,000	0	435,000	0	2,450,000
GO Public Improvement Refunding Bonds, Series 2011	6,160,000	3.32	3-15-11	9-1-27	5,120,000	0	340,000	0	4,780,000
GO Refunding Bonds, Series 2011	3,580,000	2.04	6-23-11	5-1-24	1,906,740	0	350,217	0	1,556,523
GO Improvement Bonds, Series 2011	1,020,000	2.04	6-23-11	5-1-24	543,260	0	99,783	0	443,477
GO Improvement Bonds, Series 2013	3,250,000	1.84	5-31-13	5-1-28	2,860,000	0	200,000	0	2,660,000
GO School Improvement Bonds, Series 2013	5,945,000	3.86	12-23-13	10-1-43	5,825,000	0	120,000	0	5,705,000
GO School Improvement Bonds, Series 2014	5,550,000	2.81	10-14-14	12-1-44	5,550,000	0	160,000	0	5,390,000
GO School Refunding Bonds, Series 2014	4,105,000	2.81	10-14-14	12-1-44	4,105,000	0	635,000	0	3,470,000
GO School Improvement Bonds, Series 2015	8,000,000	3.02	1-20-15	10-1-44	8,000,000	0	165,000	0	7,835,000
GO School Refunding Bonds, Series 2016	5,060,000	1.78	3-23-16	5-1-31	0	5,060,000	0	0	5,060,000
Total Bonds Payable					\$ 45,885,000	\$ 5,060,000	\$ 2,675,000	\$ 5,365,000	\$ 42,905,000

(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 7-1-15	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-16
<u>DISCRETELY PRESENTED MARSHALL COUNTY BOARD OF PUBLIC UTILITIES</u>									
<u>BONDS PAYABLE</u>									
Water Revenue and Tax Bonds, Series 2003	\$ 849,000	4.38	% 6-22-04	6-30-16	\$ 724,747	\$ 0	\$ 14,530	\$ 710,217	\$ 0
Water Revenue and Tax Bonds, Series 2005	667,000	4.5	3-17-06	6-30-16	375,184	0	70,276	304,908	0
Water Revenue and Tax Bonds, Series 2007	1,940,000	4.13	4-16-09	6-30-16	1,791,169	0	27,906	1,763,263	0
Water Revenue and Tax Bonds, Series 2009	3,950,000	3	12-18-13	6-30-16	3,859,938	0	62,330	3,797,608	0
Water Revenue and Tax Bonds, Series 2011A	515,000	2.75	5-8-13	6-30-16	498,454	0	8,284	490,170	0
Water Revenue and Tax Bonds, Series 2011B	409,000	2.5	6-26-13	6-26-51	395,751	0	6,877	0	388,874
Water Revenue and Tax Refunding Bonds, Series 2016	7,005,000	1.9	6-30-16	6-1-36	0	7,005,000	0	0	7,005,000
Total Bonds Payable					\$ 7,645,243	\$ 7,005,000	\$ 190,203	\$ 7,066,166	\$ 7,393,874

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
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	\$ 1,895,184	\$ 54,463	\$ 1,949,647

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 3,030,000	\$ 1,200,063	\$ 4,230,063
2018	3,115,000	1,122,560	4,237,560
2019	2,915,000	1,043,521	3,958,521
2020	2,960,000	967,305	3,927,305
2021	3,005,000	884,714	3,889,714
2022	1,820,000	820,814	2,640,814
2023	1,865,000	774,759	2,639,759
2024	1,915,000	726,827	2,641,827
2025	1,780,000	675,563	2,455,563
2026	1,840,000	627,014	2,467,014
2027	1,905,000	575,652	2,480,652
2028	1,660,000	527,820	2,187,820
2029	1,235,000	488,713	1,723,713
2030	1,280,000	458,827	1,738,827
2031	1,325,000	427,026	1,752,026
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	\$ 42,905,000	\$ 14,400,784	\$ 57,305,784

(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	
2017	\$ 302,051	\$ 151,105	\$ 453,156
2018	297,229	154,470	451,699
2019	307,412	145,587	452,999
2020	312,599	139,400	451,999
2021	317,791	133,108	450,899
2022	327,988	126,711	454,699
2023	333,190	120,109	453,299
2024	338,397	113,402	451,799
2025	343,610	106,589	450,199
2026	353,828	99,672	453,500
2027	359,051	92,549	451,600
2028	369,280	85,320	454,600
2029	374,514	77,886	452,400
2030	379,755	70,345	450,100
2031	390,002	62,698	452,700
2032	395,254	54,846	450,100
2033	405,514	45,923	451,437
2034	415,780	35,782	451,562
2035	426,052	25,385	451,437
2036	436,332	15,560	451,892
2037	11,618	5,074	16,692
2038	11,912	4,780	16,692
2039	12,213	4,479	16,692
2040	12,522	4,170	16,692
2041	12,839	3,853	16,692
2042	13,164	3,528	16,692
2043	13,496	3,196	16,692
2044	13,838	2,854	16,692
2045	14,188	2,504	16,692
2046	14,547	2,145	16,692
2047	14,914	1,778	16,692
2048	15,292	1,400	16,692
2049	15,711	981	16,692
2050	16,075	617	16,692
2051	15,916	211	16,127
Total	\$ 7,393,874	\$ 1,898,017	\$ 9,291,891

Exhibit K-3

Marshall County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Marshall County School Department  
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Juvenile Services	General	Operations	<u>\$ 48,000</u>
Total Transfers Primary Government			<u><u>\$ 48,000</u></u>
<u>DISCRETELY PRESENTED MARSHALL COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 41,707</u>
Total Transfers Discretely Presented Marshall County School Department			<u><u>\$ 41,707</u></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, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 78,358	\$ 100,000	Auto Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	74,628	100,000	"
Director of Schools	State Board of Education and County Board of Education	127,469 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	67,843	1,499,444	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	67,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	67,843	115,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	67,843 (2)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	74,628 (3)	100,000	"
Director of Accounts and Budgets	Chapter 17, Private Acts of 2005, and County Commission	78,000 (4)	750,000	"
Board of Public Utilities Manager	Board of Public Utilities	57,327 (5)	(6)	
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 \$500 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 (\$11,235), and the director's five percent share of retirement (\$6,513).
- (2) Does not include special commissioner fees of \$24,550.
- (3) Does not include a \$600 law enforcement training supplement.
- (4) Does not include a \$1,000 bonus payment.
- (5) Does not include longevity pay of \$550 and 100 percent of the premium for family health, dental, and vision insurance (\$6,124) through December 31, 2015.
- (6) Included in the public employee blanket bond of the utility.

Exhibit K-5

Marshall County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,412,379	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	147,341	0	0	0	0
Trustee's Collections - Bankruptcy	6,999	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	61,748	0	0	0	0
Interest and Penalty	34,412	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	6,945	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	92,702	0	0	0	0
Payments in-Lieu-of Taxes - Other	410,199	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	249,958	0	0	0	0
Hotel/Motel Tax	177,159	0	0	0	0
Wheel Tax	68,026	0	0	0	0
Litigation Tax - General	136,664	0	0	0	0
Litigation Tax - Special Purpose	23,477	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Litigation Tax - Courthouse Security	83,949	0	0	0	0
Business Tax	247,193	0	0	0	0
Mixed Drink Tax	690	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
Adequate Facilities/Development Tax	230,704	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	0
Wholesale Beer Tax	105,592	0	0	0	0
Interstate Telecommunications Tax	1,403	0	0	0	0
Total Local Taxes	\$ 7,497,540	\$ 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	Constitu - tional Officers - Fees
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 35,602	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>					
Beer Permits	1,425	0	0	0	0
Building Permits	232,290	0	0	0	0
Other Permits	720	0	0	0	0
Total Licenses and Permits	<u>\$ 270,037</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 6,242	\$ 0	\$ 0	\$ 0	0
Officers Costs	3,994	0	0	0	0
Drug Control Fines	0	0	0	1,852	0
Drug Court Fees	0	0	0	497	0
Jail Fees	0	0	0	10	0
DUI Treatment Fines	285	0	0	0	0
Data Entry Fee - Circuit Court	3,916	0	0	0	0
Courtroom Security Fee	15	0	0	0	0
<u>General Sessions Court</u>					
Fines	17,001	0	0	0	0
Officers Costs	37,429	0	0	0	0
Game and Fish Fines	832	0	0	0	0
Drug Control Fines	0	0	0	2,150	0
Drug Court Fees	0	0	0	4,010	0
Jail Fees	0	0	0	257	0
DUI Treatment Fines	5,303	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	Constitu - tional Officers - Fees
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Data Entry Fee - General Sessions Court	\$ 10,869	\$ 0	\$ 0	\$ 0	0
Courtroom Security Fee	417	0	0	0	0
<u>Juvenile Court</u>					
Fines	2,972	0	0	0	0
Officers Costs	4,989	0	0	0	0
Data Entry Fee - Juvenile Court	4,522	0	0	0	0
Courtroom Security Fee	4	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,121	0	0	0	0
Data Entry Fee - Chancery Court	5,001	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	0	51,121	0	0	0
<u>Judicial District Drug Program</u>					
Fines	898	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	2,850	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 109,660</b>	<b>\$ 51,121</b>	<b>\$ 0</b>	<b>\$ 8,776</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Surcharge - Host Agency	\$ 0	\$ 0	\$ 445,760	\$ 0	0
Surcharge - General	0	0	3,477	0	0
Patient Charges	1,649,900	0	0	0	0
Zoning Studies	10,720	0	0	0	0
Work Release Charges for Board	13,650	0	0	0	0
Water Sales	630	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	Constitu - tional Officers - Fees
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Copy Fees	\$ 12,416	\$ 0	\$ 0	\$ 0	0
Library Fees	1,328	0	0	0	0
Telephone Commissions	63,003	0	0	0	0
Vending Machine Collections	13,176	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	24,550
Data Processing Fee - Register	11,948	0	0	0	0
Data Processing Fee - Sheriff	3,717	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,350	0	0	0	0
Data Processing Fee - County Clerk	3,801	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 1,787,639</b>	<b>\$ 0</b>	<b>\$ 449,237</b>	<b>\$ 0</b>	<b>\$ 24,550</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 84,438	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	13,250	0	0	0	0
Sale of Materials and Supplies	374	0	0	0	0
Sale of Gasoline	0	0	0	0	0
Sale of Maps	164	0	0	0	0
Sale of Recycled Materials	0	0	486,641	0	0
Miscellaneous Refunds	6,155	0	40	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	1,711	0	3,002	0	0
Sale of Property	1,785	0	0	0	0
Damages Recovered from Individuals	461	0	0	0	0
Contributions and Gifts	6,956	0	300,000	2,103	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	Constitu- tional Officers - Fees
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 1,949	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	<u>\$ 117,243</u>	<u>\$ 0</u>	<u>\$ 789,683</u>	<u>\$ 2,103</u>	<u>\$ 0</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 373,938	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	99,463	0	0	0	0
General Sessions Court Clerk	185,772	0	0	0	0
Clerk and Master	127,187	0	0	0	0
Juvenile Court Clerk	50,161	0	0	0	0
Register	150,126	0	0	0	0
Sheriff	16,203	0	0	0	0
Trustee	609,649	0	0	0	0
Total Fees Received From County Officials	<u>\$ 1,612,499</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	25,000	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	14,400	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	8,973	0	0	0	0
Other Health and Welfare Grants	89,126	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	Constitu - tional Officers - Fees
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants</u>					
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	0
State Aid Program	0	0	0	0	0
Litter Program	0	0	37,200	0	0
<u>Other State Revenues</u>					
Income Tax	70,577	0	0	0	0
Beer Tax	18,488	0	0	0	0
Vehicle Certificate of Title Fees	6,950	0	0	0	0
Alcoholic Beverage Tax	60,321	0	0	0	0
State Revenue Sharing - T.V.A.	184,315	0	0	0	0
Contracted Prisoner Boarding	1,214,229	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
State Shared Sales Tax - Cities	4,824	0	0	0	0
Other State Revenues	30,029	0	19,370	0	0
Total State of Tennessee	\$ 1,726,396	\$ 0	\$ 81,570	\$ 0	0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	51,557	0	0	0	0
Other Federal through State	124,263	0	0	0	0
<u>Direct Federal Revenue</u>					
FHA Grant	11,627	0	0	0	0
Other Direct Federal Revenue	5,365	0	0	0	0
Total Federal Government	\$ 192,812	\$ 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	Constitu - tional Officers - Fees
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 24,870	\$ 0	\$ 0	\$ 0	0
Contributions	66,053	0	0	0	0
<u>Citizens Groups</u>					
Donations	3,498	0	0	0	0
<u>Other</u>					
Other	19,932	0	0	0	0
Total Other Governments and Citizens Groups	\$ 114,353	\$ 0	\$ 0	\$ 0	0
Total	\$ 13,428,179	\$ 51,121	\$ 1,320,490	\$ 10,879	\$ 24,550

(Continued)

Exhibit K-5

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

	Special	Debt Service	Capital Projects Funds			Total
	Revenue Fund	Fund	Highway	School	Other	
	Highway / Public Works	General Debt Service	Capital Projects	Bus Acquisition	Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 437,395	\$ 1,366,644	\$ 0	\$ 0	\$ 1,257,403	\$ 8,473,821
Trustee's Collections - Prior Year	11,882	37,332	0	0	34,261	230,816
Trustee's Collections - Bankruptcy	566	1,767	0	0	1,626	10,958
Circuit Clerk/Clerk and Master Collections - Prior Years	5,204	15,121	0	0	13,559	95,632
Interest and Penalty	2,779	8,690	0	0	7,995	53,876
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	6,945
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	92,702
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	410,199
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	2,403,014	0	0	0	2,652,972
Hotel/Motel Tax	0	0	0	0	0	177,159
Wheel Tax	204,079	1,088,421	0	0	0	1,360,526
Litigation Tax - General	0	0	0	0	0	136,664
Litigation Tax - Special Purpose	0	0	0	0	0	23,477
Litigation Tax - Jail, Workhouse, or Courthouse	0	83,998	0	0	0	83,998
Litigation Tax - Courthouse Security	0	0	0	0	0	83,949
Business Tax	0	0	0	0	0	247,193
Mixed Drink Tax	0	0	0	0	0	690
Mineral Severance Tax	281,251	0	0	0	0	281,251
Adequate Facilities/Development Tax	0	0	0	0	0	230,704
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	129,343	0	129,343
Wholesale Beer Tax	0	0	0	0	0	105,592
Interstate Telecommunications Tax	0	0	0	0	0	1,403
<b>Total Local Taxes</b>	<b>\$ 943,156</b>	<b>\$ 5,004,987</b>	<b>\$ 0</b>	<b>\$ 129,343</b>	<b>\$ 1,314,844</b>	<b>\$ 14,889,870</b>

(Continued)

Exhibit K-5

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

	Special	Debt Service	Capital Projects Funds			Total
	Revenue Fund	Fund	Highway	School	Other	
	Highway / Public Works	General Debt Service	Capital Projects	Bus Acquisition	Capital Projects	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	35,602
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,425
Building Permits	0	0	0	0	0	232,290
Other Permits	0	0	0	0	0	720
<b>Total Licenses and Permits</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>270,037</b>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,242
Officers Costs	0	0	0	0	0	3,994
Drug Control Fines	0	0	0	0	0	1,852
Drug Court Fees	0	0	0	0	0	497
Jail Fees	0	0	0	0	0	10
DUI Treatment Fines	0	0	0	0	0	285
Data Entry Fee - Circuit Court	0	0	0	0	0	3,916
Courtroom Security Fee	0	0	0	0	0	15
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	17,001
Officers Costs	0	0	0	0	0	37,429
Game and Fish Fines	0	0	0	0	0	832
Drug Control Fines	0	0	0	0	0	2,150
Drug Court Fees	0	0	0	0	0	4,010
Jail Fees	0	0	0	0	0	257
DUI Treatment Fines	0	0	0	0	0	5,303

(Continued)

Exhibit K-5

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

	Special	Debt Service	Capital Projects Funds			Total
	Revenue Fund	Fund	Highway / Public Works	School Bus Acquisition	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Data Entry Fee - General Sessions Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,869
Courtroom Security Fee	0	0	0	0	0	417
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	2,972
Officers Costs	0	0	0	0	0	4,989
Data Entry Fee - Juvenile Court	0	0	0	0	0	4,522
Courtroom Security Fee	0	0	0	0	0	4
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	2,121
Data Entry Fee - Chancery Court	0	0	0	0	0	5,001
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	51,121
<u>Judicial District Drug Program</u>						
Fines	0	0	0	0	0	898
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	2,850
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	169,557
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	445,760
Surcharge - General	0	0	0	0	0	3,477
Patient Charges	0	0	0	0	0	1,649,900
Zoning Studies	0	0	0	0	0	10,720
Work Release Charges for Board	0	0	0	0	0	13,650
Water Sales	0	0	0	0	0	630

(Continued)

Exhibit K-5

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

	Special	Debt Service	Capital Projects Funds			Total
	Revenue Fund	Fund	Highway	School	Other	
	Highway / Public Works	General Debt Service	Capital Projects	Bus Acquisition	Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,416
Library Fees	0	0	0	0	0	1,328
Telephone Commissions	0	0	0	0	0	63,003
Vending Machine Collections	0	0	0	0	0	13,176
Constitutional Officers' Fees and Commissions	0	0	0	0	0	24,550
Data Processing Fee - Register	0	0	0	0	0	11,948
Data Processing Fee - Sheriff	0	0	0	0	0	3,717
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	3,350
Data Processing Fee - County Clerk	0	0	0	0	0	3,801
<b>Total Charges for Current Services</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>2,261,426</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	84,438
Lease/Rentals	0	0	0	0	0	13,250
Sale of Materials and Supplies	0	0	0	0	0	374
Sale of Gasoline	5,891	0	0	0	0	5,891
Sale of Maps	0	0	0	0	0	164
Sale of Recycled Materials	0	0	0	0	0	486,641
Miscellaneous Refunds	305	0	0	0	0	6,500
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	4,713
Sale of Property	0	0	0	0	0	1,785
Damages Recovered from Individuals	0	0	0	0	0	461
Contributions and Gifts	0	0	0	0	0	309,059

(Continued)

Exhibit K-5

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

	Special	Debt Service	Capital Projects Funds			Total
	Revenue Fund	Fund	Highway / Public Works	Highway Capital Projects	School Bus Acquisition	
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,949
Total Other Local Revenues	\$ 6,196	\$ 0	\$ 0	\$ 0	\$ 0	915,225
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	373,938
Circuit Court Clerk	0	0	0	0	0	99,463
General Sessions Court Clerk	0	0	0	0	0	185,772
Clerk and Master	0	0	0	0	0	127,187
Juvenile Court Clerk	0	0	0	0	0	50,161
Register	0	0	0	0	0	150,126
Sheriff	0	0	0	0	0	16,203
Trustee	0	0	0	0	0	609,649
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,612,499
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Solid Waste Grants	0	0	0	0	0	25,000
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	14,400
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	8,973
Other Health and Welfare Grants	0	0	0	0	0	89,126

(Continued)

Exhibit K-5

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

	Special	Debt Service	Capital Projects Funds			Total
	Revenue Fund	Fund	Highway Capital Projects	School Bus Acquisition	Other Capital Projects	
	Highway / Public Works	General Debt Service	Highway Capital Projects	School Bus Acquisition	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	\$ 125,641	\$ 0	\$ 0	\$ 0	\$ 0	125,641
State Aid Program	187,752	0	0	0	0	187,752
Litter Program	0	0	0	0	0	37,200
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	70,577
Beer Tax	0	0	0	0	0	18,488
Vehicle Certificate of Title Fees	0	0	0	0	0	6,950
Alcoholic Beverage Tax	0	0	0	0	0	60,321
State Revenue Sharing - T.V.A.	14,894	46,544	0	120,917	42,821	409,491
Contracted Prisoner Boarding	0	0	0	0	0	1,214,229
Gasoline and Motor Fuel Tax	1,712,244	0	0	0	0	1,712,244
Petroleum Special Tax	22,092	0	0	0	0	22,092
Registrar's Salary Supplement	0	0	0	0	0	15,164
State Shared Sales Tax - Cities	0	0	0	0	0	4,824
Other State Revenues	0	0	0	0	0	49,399
Total State of Tennessee	\$ 2,062,623	\$ 46,544	\$ 0	\$ 120,917	\$ 42,821	\$ 4,080,871
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 117,837	\$ 0	\$ 0	\$ 0	\$ 0	117,837
Homeland Security Grants	0	0	0	0	0	51,557
Other Federal through State	0	0	0	0	0	124,263
<u>Direct Federal Revenue</u>						
FHA Grant	0	0	0	0	0	11,627
Other Direct Federal Revenue	0	0	0	0	0	5,365
Total Federal Government	\$ 117,837	\$ 0	\$ 0	\$ 0	\$ 0	\$ 310,649

(Continued)

Exhibit K-5

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

	Special	Debt Service	Capital Projects Funds			Total
	Revenue Fund	Fund	Highway Capital Projects	School Bus Acquisition	Other Capital Projects	
	Highway / Public Works	General Debt Service				
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	24,870
Contributions	0	259,944	132,000	0	0	457,997
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	3,498
<u>Other</u>						
Other	0	0	0	0	0	19,932
Total Other Governments and Citizens Groups	\$ 0	\$ 259,944	\$ 132,000	\$ 0	\$ 0	506,297
Total	\$ 3,129,812	\$ 5,311,475	\$ 132,000	\$ 250,260	\$ 1,357,665	\$ 25,016,431

Exhibit K-6

Marshall County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Marshall County School Department  
For the Year Ended June 30, 2016

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 9,130,117	\$ 0	\$ 0	\$ 9,130,117
Trustee's Collections - Prior Year	248,440	0	0	248,440
Trustee's Collections - Bankruptcy	11,807	0	0	11,807
Circuit Clerk/Clerk and Master Collections - Prior Years	88,070	0	0	88,070
Interest and Penalty	58,047	0	0	58,047
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,551,886	0	0	2,551,886
Mixed Drink Tax	8,007	0	0	8,007
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	2,695	0	0	2,695
Total Local Taxes	<u>\$ 12,099,069</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,099,069</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,708	\$ 0	\$ 0	\$ 2,708
Total Licenses and Permits	<u>\$ 2,708</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,708</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 505,802	\$ 505,802
Lunch Payments - Adults	0	0	48,148	48,148
Income from Breakfast	0	0	65,116	65,116
A la Carte Sales	0	0	458,026	458,026
Receipts from Individual Schools	78,156	0	0	78,156

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
TBI Criminal Background Fee	\$ 548	\$ 0	\$ 0	\$ 548
Total Charges for Current Services	\$ 78,704	\$ 0	\$ 1,077,092	\$ 1,155,796
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 191	\$ 191
Sale of Materials and Supplies	1,012	0	0	1,012
E-Rate Funding	10,024	0	0	10,024
Miscellaneous Refunds	38,113	0	0	38,113
<u>Nonrecurring Items</u>				
Sale of Equipment	5,783	0	0	5,783
Damages Recovered from Individuals	783	0	0	783
Total Other Local Revenues	\$ 55,715	\$ 0	\$ 191	\$ 55,906
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 197,713	\$ 0	\$ 0	\$ 197,713
<u>State Education Funds</u>				
Basic Education Program	25,820,000	0	0	25,820,000
Early Childhood Education	191,241	0	0	191,241
School Food Service	0	0	26,947	26,947
Driver Education	16,289	0	0	16,289
Other State Education Funds	130,114	0	0	130,114
Career Ladder Program	137,855	0	0	137,855

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 190,000	\$ 0	\$ 0	\$ 190,000
Other State Grants	10,997	0	0	10,997
Total State of Tennessee	<u>\$ 26,694,209</u>	<u>\$ 0</u>	<u>\$ 26,947</u>	<u>\$ 26,721,156</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,349,420	\$ 1,349,420
USDA - Commodities	0	0	170,296	170,296
Breakfast	0	0	474,246	474,246
USDA - Other	0	0	15,435	15,435
Vocational Education - Basic Grants to States	0	71,615	0	71,615
Other Vocational	0	80,000	0	80,000
Title I Grants to Local Education Agencies	0	1,076,641	0	1,076,641
Special Education - Grants to States	11,036	1,141,656	0	1,152,692
Special Education Preschool Grants	0	34,048	0	34,048
English Language Acquisition Grants	0	10,426	0	10,426
Rural Education	0	98,788	0	98,788
Eisenhower Professional Development State Grants	0	170,771	0	170,771
Other Federal through State	358,326	0	0	358,326
Total Federal Government	<u>\$ 369,362</u>	<u>\$ 2,683,945</u>	<u>\$ 2,009,397</u>	<u>\$ 5,062,704</u>
Total	<u>\$ 39,299,767</u>	<u>\$ 2,683,945</u>	<u>\$ 3,113,627</u>	<u>\$ 45,097,339</u>

Exhibit K-7

Marshall County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	76,858	
Social Security		4,333	
Extension Service Medicare		1,048	
Employee and Dependent Insurance		7,698	
Audit Services		9,185	
Communication		2,514	
Contracts with Private Agencies		4,681	
Data Processing Services		1,130	
Dues and Memberships		6,547	
Legal Notices, Recording, and Court Costs		4,266	
Postal Charges		259	
Printing, Stationery, and Forms		1,107	
Royalties		22	
Travel		4,344	
Other Contracted Services		4,950	
Food Supplies		77	
Other Supplies and Materials		3,087	
In Service/Staff Development		100	
Total County Commission			\$ 132,206

Board of Equalization

Board and Committee Members Fees	\$	1,460	
Social Security		91	
Extension Service Medicare		21	
Total Board of Equalization			1,572

Other Boards and Committees

Board and Committee Members Fees	\$	4,350	
Social Security		270	
Extension Service Medicare		63	
Total Other Boards and Committees			4,683

County Mayor/Executive

County Official/Administrative Officer	\$	78,358	
Secretary(ies)		25,645	
Part-time Personnel		625	
Bonus Payments		1,000	
In-service Training		630	
Social Security		6,444	
Extension Service Medicare		1,507	
Pensions		6,920	
Employee and Dependent Insurance		5,005	
Communication		2,254	
Dues and Memberships		1,500	
Evaluation and Testing		66	
Postal Charges		410	
Travel		1,073	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Supplies	\$	956	
In Service/Staff Development		<u>785</u>	
Total County Mayor/Executive	\$		133,178

County Attorney

Legal Services	\$	<u>39,089</u>	
Total County Attorney			39,089

Election Commission

County Official/Administrative Officer	\$	61,059	
Deputy(ies)		29,957	
Bonus Payments		1,000	
Election Commission		2,145	
Election Workers		13,345	
Social Security		6,146	
Extension Service Medicare		1,437	
Pensions		6,064	
Employee and Dependent Insurance		6,363	
Communication		1,467	
Data Processing Services		17,630	
Dues and Memberships		150	
Evaluation and Testing		66	
Legal Notices, Recording, and Court Costs		4,098	
Maintenance and Repair Services - Office Equipment		328	
Postal Charges		2,336	
Printing, Stationery, and Forms		1,405	
Travel		4,478	
Office Supplies		2,677	
In Service/Staff Development		<u>2,355</u>	
Total Election Commission			164,506

Register of Deeds

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		57,526	
Part-time Personnel		4,054	
Longevity Pay		500	
Bonus Payments		2,000	
Social Security		7,394	
Extension Service Medicare		1,729	
Pensions		8,427	
Employee and Dependent Insurance		22,099	
Communication		1,317	
Contracts with Government Agencies		88	
Data Processing Services		13,796	
Dues and Memberships		644	
Evaluation and Testing		132	
Maintenance and Repair Services - Office Equipment		600	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Postal Charges	\$	616	
Travel		1,360	
Office Supplies		3,784	
In Service/Staff Development		405	
Total Register of Deeds			\$ 194,314

Building

Assistant(s)	\$	35,334	
Supervisor/Director		50,814	
Secretary(ies)		26,937	
Longevity Pay		850	
Bonus Payments		3,000	
Social Security		6,884	
Extension Service Medicare		1,610	
Pensions		7,706	
Employee and Dependent Insurance		19,073	
Communication		2,435	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		1,182	
Licenses		218	
Maintenance and Repair Services - Office Equipment		540	
Maintenance and Repair Services - Vehicles		626	
Postal Charges		672	
Printing, Stationery, and Forms		499	
Travel		20	
Gasoline		2,434	
Office Supplies		418	
Road Signs		179	
Vehicle and Equipment Insurance		977	
In Service/Staff Development		940	
Other Charges		148	
Total Building			163,846

County Buildings

Maintenance Personnel	\$	102,651
Overtime Pay		5,787
Bonus Payments		2,000
Social Security		6,793
Extension Service Medicare		1,589
Pensions		6,223
Employee and Dependent Insurance		15,500
Architects		9,481
Communication		1,144
Data Processing Services		5,872
Evaluation and Testing		164
Janitorial Services		17,404
Maintenance and Repair Services - Buildings		155,001

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Vehicles	\$	202	
Pest Control		2,536	
Disposal Fees		5,220	
Custodial Supplies		3,765	
Electricity		88,762	
Gasoline		2,113	
Natural Gas		36,561	
Office Supplies		1,268	
Uniforms		898	
Water and Sewer		8,668	
Vehicle and Equipment Insurance		1,445	
Motor Vehicles		25,204	
Office Equipment		839	
Other Equipment		117,276	
Total County Buildings			\$ 624,366

Finance

Accounting and Budgeting

Assistant(s)	\$	76,694	
Supervisor/Director		78,000	
Accountants/Bookkeepers		90,485	
Longevity Pay		2,100	
Bonus Payments		6,000	
Social Security		15,327	
Extension Service Medicare		3,584	
Pensions		16,691	
Employee and Dependent Insurance		33,391	
Communication		1,809	
Data Processing Services		38,488	
Dues and Memberships		75	
Licenses		655	
Maintenance and Repair Services - Office Equipment		1,200	
Postal Charges		1,950	
Travel		4,748	
Office Supplies		4,040	
In Service/Staff Development		1,234	
Furniture and Fixtures		850	
Office Equipment		5,831	
Total Accounting and Budgeting			383,152

Property Assessor's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		91,046	
Secretary(ies)		12,785	
Longevity Pay		1,900	
Bonus Payments		5,000	
Social Security		10,926	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Extension Service Medicare	\$	2,555	
Pensions		11,610	
Employee and Dependent Insurance		17,429	
Advertising		164	
Audit Services		14,280	
Communication		1,842	
Data Processing Services		9,271	
Dues and Memberships		1,828	
Evaluation and Testing		132	
Maintenance and Repair Services - Office Equipment		600	
Postal Charges		1,488	
Rentals		365	
Travel		1,458	
Office Supplies		1,782	
Other Supplies and Materials		3,768	
In Service/Staff Development		562	
Office Equipment		3,126	
Total Property Assessor's Office	\$		261,760

Reappraisal Program

Assistant(s)	\$	28,795	
Deputy(ies)		17,570	
Secretary(ies)		12,128	
Social Security		3,533	
Extension Service Medicare		826	
Pensions		3,220	
Employee and Dependent Insurance		8,331	
Data Processing Services		3,200	
Maintenance and Repair Services - Vehicles		563	
Postal Charges		910	
Travel		193	
Gasoline		722	
Office Supplies		42	
Vehicle and Equipment Insurance		514	
Office Equipment		855	
Total Reappraisal Program			81,402

County Trustee's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		57,844	
Part-time Personnel		2,002	
Longevity Pay		1,450	
Bonus Payments		2,000	
Social Security		7,629	
Extension Service Medicare		1,784	
Pensions		7,860	
Employee and Dependent Insurance		19,583	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Communication	\$	1,734	
Contracts with Private Agencies		5,840	
Dues and Memberships		674	
Evaluation and Testing		66	
Legal Services		100	
Legal Notices, Recording, and Court Costs		34	
Maintenance and Repair Services - Office Equipment		3,132	
Postal Charges		5,474	
Printing, Stationery, and Forms		3,882	
Travel		48	
Office Supplies		1,918	
Office Equipment		330	
Total County Trustee's Office			\$ 191,227

County Clerk's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		159,947	
Part-time Personnel		12,444	
Longevity Pay		3,500	
Bonus Payments		9,000	
Social Security		14,908	
Extension Service Medicare		3,487	
Pensions		15,779	
Employee and Dependent Insurance		38,437	
Communication		2,918	
Data Processing Services		16,464	
Dues and Memberships		729	
Evaluation and Testing		66	
Maintenance and Repair Services - Office Equipment		1,114	
Postal Charges		9,011	
Travel		1,676	
Office Supplies		6,984	
In Service/Staff Development		200	
Office Equipment		5,539	
Total County Clerk's Office			370,046

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		161,847	
Attendants		5,850	
Longevity Pay		2,550	
Bonus Payments		5,000	
Jury and Witness Expense		14,201	
Social Security		13,907	
Extension Service Medicare		3,253	
Pensions		14,600	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Employee and Dependent Insurance	\$	46,225	
Communication		5,105	
Data Processing Services		15,868	
Dues and Memberships		699	
Evaluation and Testing		66	
Maintenance and Repair Services - Office Equipment		2,100	
Postal Charges		4,502	
Travel		1,657	
Other Contracted Services		2,417	
Office Supplies		9,309	
In Service/Staff Development		790	
Office Equipment		22,092	
Total Circuit Court			\$ 399,881

General Sessions Judge

Judge(s)	\$	137,364	
Secretary(ies)		30,703	
Bonus Payments		1,000	
Other Salaries and Wages		23,527	
Social Security		10,778	
Extension Service Medicare		2,763	
Pensions		11,267	
Employee and Dependent Insurance		12,386	
Communication		769	
Dues and Memberships		595	
Evaluation and Testing		66	
Licenses		410	
Postal Charges		374	
Travel		333	
Office Supplies		899	
In Service/Staff Development		325	
Total General Sessions Judge			233,559

Chancery Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		53,912	
Part-time Personnel		7,375	
Longevity Pay		450	
Bonus Payments		2,000	
Social Security		7,795	
Extension Service Medicare		1,823	
Pensions		8,186	
Employee and Dependent Insurance		17,858	
Communication		2,528	
Data Processing Services		8,240	
Dues and Memberships		719	
Evaluation and Testing		49	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	620	
Maintenance and Repair Services - Office Equipment		600	
Postal Charges		1,748	
Travel		560	
Office Supplies		4,749	
Premiums on Corporate Surety Bonds		60	
In Service/Staff Development		195	
Office Equipment		456	
Total Chancery Court			\$ 187,766

Juvenile Court

Probation Officer(s)	\$	35,500	
Youth Service Officer(s)		44,821	
Guidance Personnel		52,800	
Longevity Pay		1,650	
Overtime Pay		2,881	
Bonus Payments		3,000	
Social Security		8,442	
Extension Service Medicare		1,974	
Pensions		8,004	
Employee and Dependent Insurance		19,116	
Communication		2,679	
Dues and Memberships		385	
Maintenance and Repair Services - Office Equipment		582	
Postal Charges		607	
Travel		3,464	
Office Supplies		1,816	
Other Charges		35,449	
Total Juvenile Court			223,170

Courtroom Security

Deputy(ies)	\$	60,165	
Overtime Pay		1,164	
Bonus Payments		1,000	
Social Security		3,855	
Extension Service Medicare		902	
Pensions		3,470	
Employee and Dependent Insurance		4,105	
Law Enforcement Equipment		3,090	
Total Courtroom Security			77,751

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,628	
Assistant(s)		52,088	
Deputy(ies)		430,674	
Investigator(s)		103,787	

(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.)

Captain(s)	\$	71,338	
Sergeant(s)		40,061	
Accountants/Bookkeepers		60,847	
Salary Supplements		21,515	
Dispatchers/Radio Operators		44	
School Resource Officer		135,129	
Longevity Pay		7,100	
Overtime Pay		127,968	
Bonus Payments		25,000	
In-service Training		14,400	
Social Security		70,311	
Extension Service Medicare		16,444	
Pensions		71,236	
Employee and Dependent Insurance		154,771	
Advertising		3,260	
Communication		5,071	
Contracts with Private Agencies		4,278	
Data Processing Services		2,966	
Dues and Memberships		2,300	
Evaluation and Testing		1,112	
Maintenance and Repair Services - Equipment		133	
Maintenance and Repair Services - Office Equipment		650	
Maintenance and Repair Services - Vehicles		22,939	
Pest Control		1,423	
Postal Charges		1,747	
Towing Services		1,085	
Transportation - Other than Students		1,157	
Travel		1,945	
Tuition		6,000	
Disposal Fees		2,239	
Diesel Fuel		222	
Electricity		17,787	
Gasoline		54,133	
Law Enforcement Supplies		7,676	
Natural Gas		3,636	
Office Supplies		4,340	
Tires and Tubes		8,257	
Uniforms		18,126	
Water and Sewer		21,519	
Other Supplies and Materials		327	
Vehicle and Equipment Insurance		20,045	
In Service/Staff Development		270	
Other Charges		1,277	
Law Enforcement Equipment		289	
Motor Vehicles		858	
Office Equipment		1,564	
Total Sheriff's Department			\$ 1,695,972

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Other Charges	\$ 1,557	
Total Administration of the Sexual Offender Registry		\$ 1,557

Jail

Assistant(s)	\$ 34,520	
Supervisor/Director	38,413	
Salary Supplements	16,931	
Guards	445,541	
Clerical Personnel	27,414	
Cafeteria Personnel	2,650	
Longevity Pay	4,150	
Overtime Pay	53,615	
Bonus Payments	17,000	
Social Security	38,681	
Extension Service Medicare	9,046	
Pensions	31,020	
Employee and Dependent Insurance	92,202	
Communication	3,728	
Contracts with Private Agencies	5,722	
Data Processing Services	9,697	
Evaluation and Testing	6,796	
Maintenance and Repair Services - Equipment	7,553	
Maintenance and Repair Services - Office Equipment	650	
Maintenance and Repair Services - Vehicles	1,415	
Medical and Dental Services	172,547	
Pest Control	5,277	
Postal Charges	1,720	
Travel	2,163	
Disposal Fees	5,493	
Diesel Fuel	98	
Electricity	53,360	
Food Supplies	208,144	
Natural Gas	41,937	
Office Supplies	3,285	
Prisoners Clothing	10,033	
Uniforms	2,695	
Water and Sewer	50,212	
Other Supplies and Materials	37,938	
Vehicle and Equipment Insurance	2,434	
In Service/Staff Development	726	
Office Equipment	416	
Total Jail		1,445,222

Rural Fire Protection

In-service Training	\$ 48
Evaluation and Testing	197
Maintenance and Repair Services - Equipment	681

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rural Fire Protection (Cont.)

Maintenance and Repair Services - Vehicles	\$	14,640	
Other Contracted Services		24,000	
Diesel Fuel		3,051	
Electricity		14,821	
Gasoline		834	
Natural Gas		8,820	
Water and Sewer		2,235	
Other Supplies and Materials		5,229	
Excess Risk Insurance		8,065	
Vehicle and Equipment Insurance		16,402	
Other Equipment		22,345	
Total Rural Fire Protection	\$		121,368

Civil Defense

Supervisor/Director	\$	56,102	
Secretary(ies)		26,937	
Part-time Personnel		20,078	
Longevity Pay		1,000	
Bonus Payments		2,000	
Social Security		6,227	
Extension Service Medicare		1,456	
Pensions		5,670	
Employee and Dependent Insurance		13,673	
Communication		2,188	
Contracts with Government Agencies		640	
Data Processing Services		630	
Dues and Memberships		165	
Evaluation and Testing		66	
Maintenance and Repair Services - Equipment		3,322	
Maintenance and Repair Services - Office Equipment		568	
Maintenance and Repair Services - Vehicles		13,643	
Postal Charges		375	
Travel		1,232	
Diesel Fuel		1,187	
Gasoline		1,192	
Office Supplies		1,000	
Uniforms		2,456	
Other Supplies and Materials		25,083	
Vehicle and Equipment Insurance		6,594	
In Service/Staff Development		789	
Other Charges		485	
Office Equipment		1,974	
Other Equipment		10,104	
Total Civil Defense			206,836

Other Emergency Management

Other Supplies and Materials	\$	751	
Total Other Emergency Management			751

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Assistant(s)	\$	1,442	
Supervisor/Director		4,989	
Social Security		399	
Extension Service Medicare		93	
Pensions		95	
Pauper Burials		800	
Other Contracted Services		50,556	
Other Equipment		752	
Total County Coroner/Medical Examiner			\$ 59,126

Other Public Safety

Communication	\$	527	
Total Other Public Safety			527

Public Health and Welfare

Local Health Center

Communication	\$	4,177	
Contracts with Government Agencies		19,141	
Contracts with Private Agencies		1,250	
Dues and Memberships		200	
Janitorial Services		12,350	
Legal Notices, Recording, and Court Costs		122	
Pest Control		130	
Disposal Fees		790	
Custodial Supplies		105	
Electricity		12,472	
Natural Gas		1,647	
Office Supplies		299	
Water and Sewer		647	
Other Supplies and Materials		28,511	
Other Charges		404	
Building Improvements		495	
Furniture and Fixtures		1,034	
Total Local Health Center			83,774

Rabies and Animal Control

Assistant(s)	\$	27,758	
Overtime Pay		8,287	
Bonus Payments		1,000	
Social Security		2,055	
Extension Service Medicare		480	
Pensions		2,441	
Employee and Dependent Insurance		8,145	
Communication		371	
Contracts with Government Agencies		9,158	
Maintenance and Repair Services - Vehicles		439	
Gasoline		1,314	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Uniforms	\$	377	
Other Supplies and Materials		120	
Vehicle and Equipment Insurance		494	
Total Rabies and Animal Control			\$ 62,439

Ambulance/Emergency Medical Services

Supervisor/Director	\$	59,114	
Accountants/Bookkeepers		28,519	
Medical Personnel		11,011	
Paraprofessionals		1,386,111	
Longevity Pay		7,000	
Bonus Payments		26,000	
Social Security		91,075	
Extension Service Medicare		21,300	
Pensions		83,586	
Employee and Dependent Insurance		138,142	
Communication		10,110	
Contracts with Government Agencies		6,000	
Contracts with Private Agencies		76,480	
Dues and Memberships		320	
Evaluation and Testing		2,705	
Licenses		2,250	
Maintenance and Repair Services - Buildings		41	
Maintenance and Repair Services - Equipment		7,817	
Maintenance and Repair Services - Office Equipment		543	
Maintenance and Repair Services - Vehicles		50,381	
Pest Control		1,336	
Postal Charges		1,154	
Towing Services		2,315	
Travel		1,271	
Disposal Fees		903	
Custodial Supplies		1,469	
Diesel Fuel		27,627	
Drugs and Medical Supplies		82,514	
Electricity		24,988	
Gasoline		18,147	
Natural Gas		3,297	
Office Supplies		1,422	
Tires and Tubes		8,362	
Uniforms		5,768	
Water and Sewer		1,189	
Other Supplies and Materials		748	
Refunds		4,076	
Vehicle and Equipment Insurance		7,741	
In Service/Staff Development		8,037	
Other Equipment		23,144	
Total Ambulance/Emergency Medical Services			2,234,013

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services

Contracts with Government Agencies	\$	5,000	
Total Maternal and Child Health Services			\$ 5,000

Other Local Health Services

Paraprofessionals	\$	68,026	
Secretary(ies)		47,970	
Bonus Payments		4,000	
Social Security		6,912	
Extension Service Medicare		1,616	
Pensions		6,911	
Employee and Dependent Insurance		33,234	
Life Insurance		79	
Evaluation and Testing		66	
Travel		1,911	
Other Supplies and Materials		999	
Total Other Local Health Services			171,724

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)	\$	30,557	
Supervisor/Director		42,981	
Librarians		72,203	
Part-time Personnel		47,379	
Longevity Pay		1,800	
Bonus Payments		4,000	
Social Security		11,862	
Extension Service Medicare		2,774	
Pensions		8,490	
Employee and Dependent Insurance		21,960	
Advertising		250	
Communication		4,552	
Contracts with Private Agencies		3,200	
Data Processing Services		5,739	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Dues and Memberships	\$	310	
Evaluation and Testing		263	
Janitorial Services		1,820	
Maintenance and Repair Services - Equipment		180	
Pest Control		260	
Postal Charges		871	
Rentals		3,297	
Travel		799	
Disposal Fees		300	
Electricity		11,118	
Library Books/Media		10,531	
Natural Gas		2,338	
Office Supplies		7,225	
Periodicals		660	
Water and Sewer		756	
Other Supplies and Materials		4,169	
In Service/Staff Development		459	
Office Equipment		5,765	
Total Libraries			\$ 308,868

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	9,330	
Supervisor/Director		15,710	
Secretary(ies)		8,057	
Educational Assistants		9,292	
Bonus Payments		4,000	
Social Security		1,477	
Extension Service Medicare		563	
Pensions		4,454	
Communication		2,178	
Dues and Memberships		120	
Janitorial Services		11,525	
Travel		1,499	
Custodial Supplies		1,750	
Electricity		5,767	
Natural Gas		4,022	
Office Supplies		1,003	
Water and Sewer		689	
Other Supplies and Materials		2,153	
Office Equipment		3,401	
Total Agricultural Extension Service			86,990

Forest Service

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Supervisor/Director	\$	30,703	
Longevity Pay		750	
Bonus Payments		1,000	
Social Security		1,690	
Extension Service Medicare		395	
Pensions		2,139	
Employee and Dependent Insurance		7,500	
Total Soil Conservation			\$ 44,177

Other Operations

Tourism

Contributions	\$	34,000	
Total Tourism			34,000

Housing and Urban Development

Other Contracted Services	\$	13,309	
Total Housing and Urban Development			13,309

Other Economic and Community Development

Contributions	\$	287,113	
Other Charges		10,000	
Total Other Economic and Community Development			297,113

Veterans' Services

Assistant(s)	\$	2,608	
Supervisor/Director		17,228	
Part-time Personnel		191	
Overtime Pay		43	
Social Security		1,244	
Extension Service Medicare		291	
Communication		1,602	
Data Processing Services		746	
Evaluation and Testing		263	
Postal Charges		337	
Transportation - Other than Students		1,051	
Travel		651	
Office Supplies		416	
Vehicle and Equipment Insurance		458	
Office Equipment		100	
Total Veterans' Services			27,229

Other Charges

Life Insurance	\$	5,483	
Disability Insurance		13,952	
Unemployment Compensation		12,970	
Bank Charges		660	
Judgments		9,785	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Liability Insurance	\$	170,900	
Trustee's Commission		162,178	
Workers' Compensation Insurance		128,368	
Liability Claims		2,678	
Other Charges		13,485	
Office Equipment		1,242	
Total Other Charges			\$ 521,701

Contributions to Other Agencies

Contributions	\$	308,012	
Total Contributions to Other Agencies			<u>308,012</u>

Total General Fund \$ 11,781,664

Juvenile Services Fund

Administration of Justice

Juvenile Court

Penalties	\$	860	
Other Supplies and Materials		379	
Trustee's Commission		504	
Total Juvenile Court			<u>\$ 1,743</u>

Total Juvenile Services Fund 1,743

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	67,870	
Foremen		42,902	
Equipment Operators - Light		72,621	
Truck Drivers		59,299	
Secretary(ies)		25,645	
Temporary Personnel		16,513	
Part-time Personnel		110,161	
Longevity Pay		1,100	
Overtime Pay		24,634	
Bonus Payments		5,000	
Social Security		26,353	
Extension Service Medicare		6,052	
Pensions		16,943	
Employee and Dependent Insurance		46,469	
Life Insurance		281	
Disability Insurance		750	
Unemployment Compensation		35	
Advertising		924	
Communication		6,063	
Contracts with Private Agencies		9,475	

(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.)

Contracts with Public Carriers	\$	19,404	
Dues and Memberships		852	
Evaluation and Testing		1,026	
Laundry Service		2,099	
Legal Services		16,500	
Legal Notices, Recording, and Court Costs		517	
Licenses		75	
Maintenance and Repair Services - Buildings		24,862	
Maintenance and Repair Services - Equipment		44,532	
Maintenance and Repair Services - Vehicles		52,966	
Pest Control		240	
Postal Charges		344	
Rentals		23,045	
Travel		1,988	
Disposal Fees		18,567	
Custodial Supplies		1,154	
Diesel Fuel		31,998	
Electricity		43,983	
Food Supplies		25,839	
Garage Supplies		25,526	
Gasoline		3,092	
Instructional Supplies and Materials		54	
Natural Gas		9,960	
Office Supplies		2,270	
Uniforms		1,058	
Water and Sewer		7,425	
Other Supplies and Materials		3,297	
Liability Insurance		8,067	
Trustee's Commission		9,563	
Vehicle and Equipment Insurance		6,409	
Workers' Compensation Insurance		8,792	
In Service/Staff Development		390	
Other Charges		1,888	
Building Improvements		39,228	
Motor Vehicles		27,453	
Other Equipment		40,423	
Other Capital Outlay		172	
Total Sanitation Management			\$ 1,044,148
Total Solid Waste/Sanitation Fund			\$ 1,044,148
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Trustee's Commission	\$	93	
Motor Vehicles		11,353	
Total Drug Enforcement			\$ 11,446
Total Drug Control Fund			11,446

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 24,550	
Total Chancery Court		<u>\$ 24,550</u>

Total Constitutional Officers - Fees Fund \$ 24,550

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 74,628	
Assistant(s)	38,022	
Accountants/Bookkeepers	35,901	
Salary Supplements	5,800	
Longevity Pay	1,000	
Overtime Pay	5,200	
Bonus Payments	2,000	
Social Security	10,019	
Extension Service Medicare	2,336	
Pensions	10,699	
Employee and Dependent Insurance	8,715	
Dues and Memberships	2,831	
Legal Services	3,000	
Legal Notices, Recording, and Court Costs	357	
Maintenance and Repair Services - Equipment	1,110	
Maintenance and Repair Services - Office Equipment	1,113	
Postal Charges	517	
Travel	1,104	
Office Supplies	1,492	
Other Charges	862	
Total Administration		<u>\$ 206,706</u>

Highway and Bridge Maintenance

Foremen	\$ 83,366
Equipment Operators	355,309
Truck Drivers	248,434
Laborers	86,822
Longevity Pay	10,750
Overtime Pay	15,042
Bonus Payments	22,000
Social Security	49,801
Extension Service Medicare	11,647
Pensions	51,435
Employee and Dependent Insurance	137,454
Evaluation and Testing	1,172
Asphalt	174,874
Crushed Stone	189,443
Fertilizer, Lime, and Seed	8,944
General Construction Materials	163

(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.)

Pipe	\$	55,017	
Road Signs		17,245	
Salt		9,204	
Total Highway and Bridge Maintenance			\$ 1,528,122

Operation and Maintenance of Equipment

Foremen	\$	47,174	
Mechanic(s)		107,328	
Longevity Pay		2,400	
Overtime Pay		600	
Bonus Payments		4,000	
Social Security		9,645	
Extension Service Medicare		2,256	
Pensions		10,643	
Employee and Dependent Insurance		24,573	
Evaluation and Testing		160	
Laundry Service		10,519	
Diesel Fuel		52,358	
Equipment and Machinery Parts		183,101	
Garage Supplies		51,263	
Gasoline		13,512	
Lubricants		8,312	
Tires and Tubes		53,564	
Other Supplies and Materials		27,377	
Total Operation and Maintenance of Equipment			608,785

Other Charges

Communication	\$	6,116	
Electricity		11,236	
Water and Sewer		2,539	
Liability Insurance		9,228	
Trustee's Commission		31,501	
Vehicle and Equipment Insurance		22,549	
Liability Claims		2,500	
Total Other Charges			85,669

Employee Benefits

Life Insurance	\$	1,175	
Disability Insurance		3,138	
Workers' Compensation Insurance		23,071	
Total Employee Benefits			27,384

Capital Outlay

Bridge Construction	\$	155,049	
Plant Operation Equipment		4,590	
State Aid Projects		193,308	
Total Capital Outlay			352,947

Total Highway/Public Works Fund \$ 2,809,613

(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	\$ 893,657	
Total General Government		\$ 893,657

Highways and Streets

Principal on Bonds	\$ 133,893	
Total Highways and Streets		133,893

Education

Principal on Bonds	\$ 1,647,450	
Principal on Notes	244,737	
Total Education		1,892,187

Interest on Debt

General Government

Interest on Bonds	\$ 293,773	
Total General Government		293,773

Highways and Streets

Interest on Bonds	\$ 32,247	
Total Highways and Streets		32,247

Education

Interest on Bonds	\$ 1,048,207	
Interest on Notes	15,207	
Total Education		1,063,414

Other Debt Service

General Government

Contracts with Private Agencies	\$ 876	
Trustee's Commission	64,918	
Other Debt Issuance Charges	4,000	
Total General Government		69,794

Highways and Streets

Contracts with Private Agencies	\$ 74	
Total Highways and Streets		74

Education

Contracts with Private Agencies	\$ 1,350	
Underwriter's Discount	33,059	
Other Debt Issuance Charges	59,471	
Other Debt Service	5,462,735	
Total Education		5,556,615

Total General Debt Service Fund		\$ 9,935,654
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(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>			
Building Construction	\$	2,550	
Total Administration of Justice Projects			\$ 2,550
Total General Capital Projects Fund			\$ 2,550
<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Highway Construction	\$	532,432	
Total Highway and Street Capital Projects			\$ 532,432
Total Highway Capital Projects Fund			532,432
<u>School Bus Acquisition Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Trustee's Commission	\$	1,293	
Transportation Equipment		393,742	
Total Other General Government Projects			\$ 395,035
Total School Bus Acquisition Fund			395,035
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Architects	\$	20,265	
Trustee's Commission		26,739	
Motor Vehicles		293,511	
Other Equipment		223,463	
Other Construction		135,293	
Total Other General Government Projects			\$ 699,271
<u>Education Capital Projects</u>			
Other Capital Outlay	\$	86,500	
Total Education Capital Projects			86,500
Total Other Capital Projects Fund			785,771
Total Governmental Funds - Primary Government			<u>\$ 27,324,606</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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 13,053,022	
Career Ladder Program	70,848	
Career Ladder Extended Contracts	9,031	
Homebound Teachers	8,219	
Educational Assistants	684,279	
Other Salaries and Wages	64,666	
Certified Substitute Teachers	74,354	
Non-certified Substitute Teachers	133,760	
Social Security	814,613	
Pensions	1,222,568	
Medical Insurance	2,693,237	
Dental Insurance	10,494	
Unemployment Compensation	27,110	
Employer Medicare	191,833	
Maintenance and Repair Services - Equipment	89,776	
Travel	2,953	
Other Contracted Services	72,855	
Instructional Supplies and Materials	224,374	
Textbooks	519,170	
Other Charges	103,085	
Regular Instruction Equipment	97,509	
Total Regular Instruction Program		\$ 20,167,756

Alternative Instruction Program

Teachers	\$ 144,099	
Certified Substitute Teachers	54	
Non-certified Substitute Teachers	576	
Social Security	8,325	
Pensions	13,027	
Medical Insurance	30,014	
Dental Insurance	137	
Unemployment Compensation	196	
Employer Medicare	1,948	
Communication	91	
Other Contracted Services	4,484	
Instructional Supplies and Materials	600	
Total Alternative Instruction Program		203,551

Special Education Program

Teachers	\$ 1,099,916
Career Ladder Program	10,995
Homebound Teachers	6,381
Educational Assistants	301,360
Speech Pathologist	210,182
Certified Substitute Teachers	7,263
Non-certified Substitute Teachers	20,138

(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	\$	94,854	
Pensions		134,925	
Medical Insurance		402,784	
Dental Insurance		1,621	
Unemployment Compensation		4,308	
Employer Medicare		22,293	
Contracts with Private Agencies		166	
Other Contracted Services		27,232	
Instructional Supplies and Materials		5,600	
Total Special Education Program			\$ 2,350,018

Vocational Education Program

Teachers	\$	818,529	
Career Ladder Program		3,552	
Certified Substitute Teachers		2,160	
Non-certified Substitute Teachers		7,266	
Social Security		48,672	
Pensions		74,344	
Medical Insurance		137,454	
Dental Insurance		633	
Unemployment Compensation		1,401	
Employer Medicare		11,401	
Maintenance and Repair Services - Equipment		45	
Other Contracted Services		25,086	
Instructional Supplies and Materials		26,692	
Textbooks		2,000	
Vocational Instruction Equipment		34,119	
Total Vocational Education Program			1,193,354

Support Services

Attendance

Supervisor/Director	\$	65,972	
Career Ladder Program		1,000	
Social Workers		72,261	
Social Security		8,153	
Pensions		10,816	
Medical Insurance		24,227	
Dental Insurance		137	
Unemployment Compensation		183	
Employer Medicare		1,907	
Travel		1,189	
Other Contracted Services		10,230	
Other Supplies and Materials		1,176	
In Service/Staff Development		3,739	
Attendance Equipment		1,882	
Total Attendance			202,872

(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		143,660	
Other Salaries and Wages		65,006	
Social Security		10,371	
Pensions		7,681	
Medical Insurance		33,052	
Dental Insurance		109	
Unemployment Compensation		689	
Employer Medicare		2,905	
Travel		1,599	
Other Contracted Services		40,000	
Other Supplies and Materials		14,833	
In Service/Staff Development		3,722	
Other Charges		1,950	
Total Health Services			\$ 326,127

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		595,289	
Other Salaries and Wages		1,851	
Social Security		34,698	
Pensions		54,341	
Medical Insurance		137,244	
Dental Insurance		456	
Unemployment Compensation		855	
Employer Medicare		8,119	
Contracts with Government Agencies		64,558	
Evaluation and Testing		24,942	
Other Contracted Services		7,577	
Other Supplies and Materials		3,277	
Other Charges		8,741	
Total Other Student Support			947,948

Regular Instruction Program

Supervisor/Director	\$	320,722	
Career Ladder Program		8,500	
Librarians		441,573	
Education Media Personnel		172,028	
Instructional Computer Personnel		76,909	
Secretary(ies)		15,133	
Other Salaries and Wages		2,350	
Social Security		60,546	
Pensions		87,297	
Medical Insurance		184,198	
Dental Insurance		673	
Unemployment Compensation		1,388	

(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.)

Employer Medicare	\$	14,174	
Communication		15	
Travel		4,188	
Other Contracted Services		27,569	
Library Books/Media		22,255	
Other Supplies and Materials		12,223	
In Service/Staff Development		18,505	
Other Equipment		1,984	
Total Regular Instruction Program			\$ 1,472,230

Special Education Program

Psychological Personnel	\$	26,311	
Social Security		1,492	
Pensions		2,378	
Medical Insurance		6,971	
Dental Insurance		23	
Unemployment Compensation		30	
Employer Medicare		349	
Other Contracted Services		21,684	
Total Special Education Program			59,238

Vocational Education Program

Supervisor/Director	\$	39,685	
Secretary(ies)		20,393	
Social Security		3,353	
Pensions		4,931	
Medical Insurance		20,042	
Dental Insurance		68	
Unemployment Compensation		96	
Employer Medicare		784	
Communication		2,117	
Travel		798	
Other Contracted Services		3,171	
Total Vocational Education Program			95,438

Other Programs

On-behalf Payments to OPEB	\$	197,713	
Total Other Programs			197,713

Board of Education

Board and Committee Members Fees	\$	6,625	
Social Security		360	
Employer Medicare		96	
Dues and Memberships		6,477	
Legal Services		11,630	
Travel		119	

(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.)

Other Contracted Services	\$	4,000	
Liability Insurance		62,235	
Trustee's Commission		268,617	
Workers' Compensation Insurance		165,248	
In Service/Staff Development		310	
Criminal Investigation of Applicants - TBI		5,716	
Other Charges		3,318	
Total Board of Education			\$ 534,751

Director of Schools

County Official/Administrative Officer	\$	127,469	
Secretary(ies)		40,750	
Social Security		10,170	
Pensions		19,923	
Medical Insurance		16,190	
Dental Insurance		551	
Unemployment Compensation		128	
Employer Medicare		2,380	
Communication		550	
Dues and Memberships		2,444	
Travel		298	
Office Supplies		246	
In Service/Staff Development		519	
Other Charges		346	
Total Director of Schools			221,964

Office of the Principal

Principals	\$	740,943	
Career Ladder Program		12,000	
Assistant Principals		751,818	
Secretary(ies)		210,930	
Clerical Personnel		124,130	
Social Security		108,161	
Pensions		157,187	
Medical Insurance		277,983	
Dental Insurance		1,085	
Unemployment Compensation		2,350	
Employer Medicare		25,296	
Other Contracted Services		8,580	
Office Supplies		5,867	
Other Charges		144,457	
Administration Equipment		12,260	
Total Office of the Principal			2,583,047

Fiscal Services

Supervisor/Director	\$	43,609	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Accountants/Bookkeepers	\$	153,260	
Social Security		11,784	
Pensions		9,390	
Medical Insurance		24,622	
Dental Insurance		91	
Unemployment Compensation		342	
Employer Medicare		2,756	
Data Processing Services		34,337	
Travel		212	
Other Contracted Services		9,990	
Data Processing Supplies		4,332	
In Service/Staff Development		1,225	
Administration Equipment		625	
Total Fiscal Services			\$ 296,575

Human Services/Personnel

Supervisor/Director	\$	71,878	
Career Ladder Program		1,000	
Clerical Personnel		41,200	
Social Security		6,810	
Pensions		9,303	
Medical Insurance		14,283	
Dental Insurance		91	
Unemployment Compensation		128	
Employer Medicare		1,593	
Travel		229	
Office Supplies		140	
Other Supplies and Materials		1,260	
In Service/Staff Development		658	
Other Charges		3,907	
Administration Equipment		1,262	
Total Human Services/Personnel			153,742

Operation of Plant

Secretary(ies)	\$	45,339	
Custodial Personnel		890,321	
Other Salaries and Wages		54,060	
Social Security		57,254	
Pensions		53,487	
Medical Insurance		250,101	
Dental Insurance		821	
Unemployment Compensation		3,075	
Employer Medicare		13,390	
Disposal Fees		64,847	
Other Contracted Services		189,953	
Custodial Supplies		152,883	

(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	\$	1,098,040	
Natural Gas		95,346	
Water and Sewer		147,225	
Boiler Insurance		9,715	
Building and Contents Insurance		176,991	
Plant Operation Equipment		2,092	
Total Operation of Plant			\$ 3,304,940

Maintenance of Plant

Maintenance Personnel	\$	414,822	
Other Salaries and Wages		26,250	
Social Security		25,423	
Pensions		28,046	
Medical Insurance		109,736	
Dental Insurance		264	
Unemployment Compensation		892	
Employer Medicare		5,991	
Communication		831	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		245,410	
Maintenance and Repair Services - Equipment		120,677	
Travel		800	
Other Contracted Services		128,523	
Other Supplies and Materials		639	
Other Charges		4,087	
Maintenance Equipment		5,000	
Total Maintenance of Plant			1,117,591

Transportation

Supervisor/Director	\$	46,400	
Mechanic(s)		93,011	
Bus Drivers		567,047	
Clerical Personnel		33,083	
Other Salaries and Wages		36,983	
Social Security		41,537	
Pensions		47,527	
Medical Insurance		353,241	
Dental Insurance		1,560	
Unemployment Compensation		3,472	
Employer Medicare		9,740	
Communication		904	
Medical and Dental Services		10,822	
Travel		415	
Other Contracted Services		1,844	
Diesel Fuel		116,938	
Gasoline		39,916	

(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.)

Tires and Tubes	\$	23,668	
Vehicle Parts		45,746	
Vehicle and Equipment Insurance		54,645	
In Service/Staff Development		1,321	
Other Charges		20,440	
Transportation Equipment		1,203	
Total Transportation			\$ 1,551,463

Central and Other

Clerical Personnel	\$	20,280	
Social Security		1,148	
Pensions		1,336	
Life Insurance		14,990	
Medical Insurance		151,789	
Dental Insurance		14	
Unemployment Compensation		50	
Employer Medicare		269	
Other Fringe Benefits		26,585	
Communication		7,083	
Postal Charges		8,780	
Office Supplies		1,148	
Other Supplies and Materials		359	
Other Charges		6,695	
Total Central and Other			240,526

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	63,488	
Teachers		194,513	
Educational Assistants		7,010	
Other Salaries and Wages		15,430	
Social Security		16,448	
Pensions		23,835	
Employer Medicare		3,857	
Travel		55	
Instructional Supplies and Materials		3,630	
Other Charges		9,189	
Total Community Services			337,455

Early Childhood Education

Teachers	\$	92,206	
Educational Assistants		23,602	
Social Security		6,390	
Pensions		9,891	
Medical Insurance		31,652	
Dental Insurance		137	

(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.)

Unemployment Compensation	\$	265	
Employer Medicare		1,494	
Instructional Supplies and Materials		16,547	
In Service/Staff Development		876	
Other Charges		188	
Regular Instruction Equipment		593	
Total Early Childhood Education			\$ 183,841

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	1,064,974	
Total Regular Capital Outlay			1,064,974

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	259,944	
Total Education			259,944

Total General Purpose School Fund \$ 39,067,058

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	646,259	
Educational Assistants		84,521	
Certified Substitute Teachers		490	
Non-certified Substitute Teachers		408	
Social Security		41,495	
Pensions		61,715	
Medical Insurance		115,950	
Dental Insurance		378	
Unemployment Compensation		1,790	
Employer Medicare		9,999	
Instructional Supplies and Materials		34,070	
Regular Instruction Equipment		21,484	
Total Regular Instruction Program			\$ 1,018,559

Special Education Program

Teachers	\$	274,155	
Educational Assistants		262,739	
Other Salaries and Wages		37,272	
Social Security		32,722	
Pensions		42,234	
Medical Insurance		138,874	
Dental Insurance		739	
Unemployment Compensation		2,395	

(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.)

Employer Medicare	\$	7,653	
Maintenance and Repair Services - Equipment		608	
Instructional Supplies and Materials		7,034	
Special Education Equipment		8,156	
Total Special Education Program			\$ 814,581

Vocational Education Program

Vocational Instruction Equipment	\$	137,018	
Total Vocational Education Program			137,018

Support Services

Other Student Support

Other Salaries and Wages	\$	3,581	
Other Contracted Services		7,436	
Other Charges		8,287	
Total Other Student Support			19,304

Regular Instruction Program

Supervisor/Director	\$	21,414	
Secretary(ies)		23,087	
Other Salaries and Wages		145,771	
Social Security		10,968	
Pensions		15,475	
Medical Insurance		53,756	
Dental Insurance		218	
Unemployment Compensation		405	
Employer Medicare		3,021	
Travel		1,045	
Other Supplies and Materials		3,707	
In Service/Staff Development		29,205	
Total Regular Instruction Program			308,072

Special Education Program

Supervisor/Director	\$	33,650	
Secretary(ies)		20,297	
Clerical Personnel		13,306	
Social Security		3,918	
Pensions		5,284	
Medical Insurance		14,779	
Dental Insurance		87	
Unemployment Compensation		100	
Employer Medicare		916	
Travel		2,319	
Other Contracted Services		104,663	
Other Supplies and Materials		4,303	
In Service/Staff Development		9,755	
Other Charges		836	
Total Special Education Program			214,213

(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.)

Vocational Education Program

Supervisor/Director	\$ 3,580	
Total Vocational Education Program		\$ 3,580

Transportation

Bus Drivers	\$ 45,558	
Other Salaries and Wages	33,811	
Social Security	4,255	
Pensions	5,230	
Medical Insurance	36,377	
Dental Insurance	274	
Unemployment Compensation	411	
Employer Medicare	995	
Total Transportation		<u>126,911</u>

Total School Federal Projects Fund		\$ 2,642,238
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 58,700	
Clerical Personnel	54,998	
Cafeteria Personnel	931,066	
Social Security	59,231	
Pensions	51,933	
Medical Insurance	316,190	
Dental Insurance	1,254	
Unemployment Compensation	5,170	
Employer Medicare	13,879	
Other Fringe Benefits	272	
Communication	2,264	
Transportation - Other than Students	4,249	
Travel	4,221	
Other Contracted Services	40,131	
Food Supplies	1,182,589	
Office Supplies	7,513	
Uniforms	12,347	
USDA - Commodities	170,296	
Other Supplies and Materials	192,975	
In Service/Staff Development	5,991	
Food Service Equipment	31,718	
Total Food Service		<u>\$ 3,146,987</u>

Total Central Cafeteria Fund		3,146,987
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(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$	130,850
Consultants		14,123
Legal Services		100
Other Contracted Services		4,722
Drugs and Medical Supplies		1,694
Electricity		7,862
Building Construction		2,877,888
Data Processing Equipment		55,747
Furniture and Fixtures		154,289
Other Equipment		39,965
Total Education Capital Projects		<u>\$ 3,287,240</u>
Total Education Capital Projects Fund		<u>\$ 3,287,240</u>
Total Governmental Funds - Marshall County School Department		<u><u>\$ 48,143,523</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, 2016

Revenues

Operating Revenues

Charges for Current Services

General Service Charges

Sewer Fees	\$ 18,993
Water Sales	1,836,342
Water Tap Sales	138,008
Service Charges	51,344
Total Charges for Current Services	<u>\$ 2,044,687</u>

Other Local Revenues

Recurring Items

Miscellaneous Refunds	\$ 41,841
Total Other Local Revenues	<u>\$ 41,841</u>
Total Operating Revenues	<u>\$ 2,086,528</u>

Nonoperating Revenues

Investment Income	\$ 5,117
Contribution from Primary Government (Adequate Facilities Tax)	230,704
Grants	215,484
Total Nonoperating Revenues	<u>\$ 451,305</u>

Total Revenues	<u>\$ 2,537,833</u>
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Expenses

Operating Expenses

Other Economic and Community Development

Assistants	\$ 35,664
Supervisor/Director	57,327
Accountants/Bookkeepers	116,468
Foremen	62,025
Equipment Operators	53,793
Laborers	119,660
Overtime Pay	19,637
Bonus Payments	14,000
Board and Committee Members Fees	3,000
Social Security	28,904
Extension Service Medicare	7,111
Employee and Dependent Insurance	89,442
State Retirement	9,418
Life Insurance	535
Disability Insurance	1,310
Unemployment Compensation	204
Employer Medicare	2
Audit Services	2,866
Communication	10,270
Contracts with Government Agencies	641,244
Data Processing Services	17,646
Dues and Memberships	3,988
Evaluation and Testing	4,756

(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	\$ 1,916
Legal Services	20,606
Legal Notices, Recording and Court Costs	1,056
Licenses	300
Maintenance and Repair Services - Buildings	4,146
Maintenance and Repair Services - Equipment	5,382
Maintenance and Repair Services - Office Equipment	620
Maintenance and Repair Services - Vehicles	6,077
Pest Control	240
Postal Charges	14,527
Contracts with Government Agencies	1,200
Custodial Supplies	1,341
Electricity	38,541
Gasoline	16,582
General Construction Materials	73,305
Natural Gas	2,504
Office Supplies	3,827
Small Tools	1,755
Tires and Tubes	171
Uniforms	3,262
Water and Sewer	1,361
Liability Insurance	12,356
Trustee's Commission	23,685
Vehicle and Equipment Insurance	10,331
Workers' Compensation Insurance	13,999
Depreciation	665,853
Liability Claims	1,275
In-Service/Staff Development	735
Fines, Assessments, and Penalties	5,327
Building Improvements	931
Office Equipment	120
Plant Operation Equipment	274
Other Equipment	1,615
Total Other Economic and Community Development	<u>\$ 2,234,490</u>
Total Operating Expenses	<u>\$ 2,234,490</u>

Nonoperating Expenses

General Government Debt Service

Interest on Bonds	\$ 250,720
Total Nonoperating Expenses	<u>\$ 250,720</u>

Total Expenses	<u><u>\$ 2,485,210</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, 2016

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	3,818	

Marshall County, Tennessee  
 Schedule of Unaccounted for Water  
 Discretely Presented Marshall County Board of Public Utilities  
 For the Year Ended June 30, 2016

WAS v5.0  
 American Water Works Association.  
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### AWWA Free Water Audit Software: Reporting Worksheet

Water Audit Report for: **#N/A**  
 Reporting Year: **2016**    **7/2015 - 6/2016**

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

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

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

----- Enter grading in column 'E' and 'J' ----->

WATER SUPPLIED				Master Meter and Supply Error Adjustments	
Volume from own sources:	<input type="text" value=""/>	<input type="text" value=""/>	MG/Yr	Pcnt:	<input type="text" value=""/>
Water imported:	<input type="text" value="5"/>	<input type="text" value="268.809"/>	MG/Yr	<input type="radio"/>	<input type="text" value=""/>
Water exported:	<input type="text" value=""/>	<input type="text" value=""/>	MG/Yr	<input type="radio"/>	<input type="text" value=""/>
<b>WATER SUPPLIED:</b>			<b>268.809</b>	MG/Yr	

AUTHORIZED CONSUMPTION				Master Meter and Supply Error Adjustments	
Billed metered:	<input type="text" value="7"/>	<input type="text" value="205.645"/>	MG/Yr	Pcnt:	<input type="text" value=""/>
Billed unmetered:	<input type="text" value="n/a"/>	<input type="text" value=""/>	MG/Yr	<input type="radio"/>	<input type="text" value=""/>
Unbilled metered:	<input type="text" value="n/a"/>	<input type="text" value=""/>	MG/Yr	<input type="radio"/>	<input type="text" value=""/>
Unbilled unmetered:	<input type="text" value="7"/>	<input type="text" value="1.963"/>	MG/Yr	<input type="radio"/>	<input type="text" value=""/>
<b>AUTHORIZED CONSUMPTION:</b>			<b>207.608</b>	MG/Yr	

WATER LOSSES (Water Supplied - Authorized Consumption)			
<b>Apparent Losses</b>		<input type="text" value="0.672"/>	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed			
Unauthorized consumption:	<input type="text" value="7"/>	<input type="text" value="10.823"/>	MG/Yr
Customer metering inaccuracies:	<input type="text" value="7"/>	<input type="text" value="0.500"/>	MG/Yr
Systematic data handling errors:	<input type="text" value="9"/>	<input type="text" value="0.500"/>	MG/Yr
<b>Apparent Losses:</b>			<b>11.995</b> MG/Yr
<b>Real Losses (Current Annual Real Losses or CARL)</b>			
Real Losses = Water Losses - Apparent Losses:		<input type="text" value="49.206"/>	MG/Yr
<b>WATER LOSSES:</b>			<b>61.201</b> MG/Yr

NON-REVENUE WATER			
<b>NON-REVENUE WATER:</b>	<input type="text" value=""/>	<input type="text" value="63.164"/>	MG/Yr
= Water Losses + Unbilled Metered + Unbilled Unmetered			

SYSTEM DATA			
Length of mains:	<input type="text" value="9"/>	<input type="text" value="394.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="10"/>	<input type="text" value="3,818"/>	
Service connection density:	<input type="text" value=""/>	<input type="text" value="10"/>	conn./mile main
Are customer meters typically located at the curbside or property line? <input type="text" value="Yes"/> (length of service line, beyond the property boundary, that is the responsibility of the utility)			
Average length of customer service line has been set to zero and a data grading score of 10 has been applied			
Average operating pressure:	<input type="text" value="9"/>	<input type="text" value="115.0"/>	psi

COST DATA			
Total annual cost of operating water system:	<input type="text" value="9"/>	<input type="text" value="\$3,046,501"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="9"/>	<input type="text" value="\$8.99"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$2,502.32"/>	\$/Million gallons U

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 71 out of 100 \*\*\*

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Water imported
- 2: Billed metered
- 3: Unauthorized consumption

Marshall County, Tennessee  
 Schedule of Unaccounted for Water  
 Discretely Presented Marshall County Board of Public Utilities  
 For the Year Ended June 30, 2016

<b>AWWA Free Water Audit Software:</b>		WAS v5.0
<b>System Attributes and Performance Indicators</b>		American Water Works Association. Copyright © 2014, All Rights Reserved
Water Audit Report for: <input style="width: 600px;" type="text" value="#N/A"/>		
Reporting Year: <input style="width: 100px;" type="text" value="2016"/> <input style="width: 100px;" type="text" value="7/2015 - 6/2016"/>		
<b>*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 71 out of 100 ***</b>		
<b>System Attributes:</b>		
	Apparent Losses:	<input style="width: 100px;" type="text" value="11.995"/> MG/Yr
	+ Real Losses:	<input style="width: 100px;" type="text" value="49.206"/> MG/Yr
	= <b>Water Losses:</b>	<input style="width: 100px;" type="text" value="61.201"/> MG/Yr
	<input style="width: 20px;" type="text" value="?"/> Unavoidable Annual Real Losses (UARL):	<input style="width: 100px;" type="text" value="113.51"/> MG/Yr
	Annual cost of Apparent Losses:	<input style="width: 100px;" type="text" value="\$107,839"/>
	Annual cost of Real Losses:	<input style="width: 100px;" type="text" value="\$123,128"/> Valued at <b>Variable Production Cost</b>
		Return to Reporting Worksheet to change this assumption
<b>Performance Indicators:</b>		
Financial:	{	Non-revenue water as percent by volume of Water Supplied: <input style="width: 100px;" type="text" value="23.5%"/>
		Non-revenue water as percent by cost of operating system: <input style="width: 100px;" type="text" value="7.7%"/> Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day: <input style="width: 100px;" type="text" value="8.61"/> gallons/connection/day
		Real Losses per service connection per day: <input style="width: 100px;" type="text" value="N/A"/> gallons/connection/day
		Real Losses per length of main per day*: <input style="width: 100px;" type="text" value="342.16"/> gallons/mile/day
		Real Losses per service connection per day per psi pressure: <input style="width: 100px;" type="text" value="N/A"/> gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	<input style="width: 100px;" type="text" value="49.21"/> million gallons/year
	<input style="width: 20px;" type="text" value="?"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input style="width: 100px;" type="text" value="0.43"/>
* 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, 2016

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,055,441
Total Cash Receipts	<u>\$ 2,055,441</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,034,887
Trustee's Commission	20,554
Total Cash Disbursements	<u>\$ 2,055,441</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2015	<u>0</u>
 Cash Balance, June 30, 2016	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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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 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***

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, 2016, 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 1, 2016.

**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. 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 a certain deficiency in internal controls, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a significant deficiency.

### **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 matter that is required to be reported under *Government Auditing Standards*.

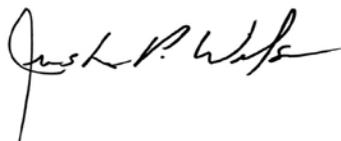
### **Marshall County's Response to the Finding**

Marshall County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Marshall County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 results 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 1, 2016

JPW/yu



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

**Auditor's 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 Uniform Guidance**

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for*

*Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

### **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 the Uniform Guidance, 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

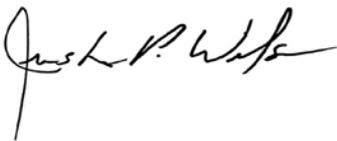
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2016, and the related notes to the financial statements, which collectively comprise Marshall County's basic financial statements. We issued our report thereon dated September 1, 2016, 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 the Uniform Guidance 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 1, 2016

JPW/yu

Marshall County, Tennessee, Marshall County School Department, and the Marshall County Board of Public Utilities  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year Ended June 30, 2016

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	\$ 62,219
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	474,246
National School Lunch Program	10.555	N/A	1,349,420 (4)
Summer Food Service Program for Children	10.559	N/A	15,435
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	170,296 (4)
Total U.S. Department of Agriculture			<u>\$ 2,071,616</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 11,627
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(3)	153,264
Total U.S. Department of Housing and Urban Development			<u>\$ 164,891</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	\$ 945
Total U.S. Department of Justice			<u>\$ 945</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z16GHS215	\$ 4,436
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	34101-26615	7,200
Total U.S. Department of Transportation			<u>\$ 11,636</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(3)	\$ 2,201
Total U.S. Institute of Museum and Library Services			<u>\$ 2,201</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,076,641
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,152,692
Special Education - Preschool Grants	84.173	N/A	34,048
Career and Technical Education - Basic Grants to States	84.048	N/A	151,615
Twenty-first Century Community Learning Centers	84.287	(3)	358,326
Rural Education	84.358	(3)	98,788
English Language Acquisition Grants	84.365	N/A	10,426
Improving Teacher Quality State Grants	84.367	N/A	170,771
Total U.S. Department of Education			<u>\$ 3,053,307</u>

(Continued)

Marshall County, Tennessee, Marshall County School Department, and the Marshall County Board of Public Utilities  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed through State Department of Human Services:			
Community Services Block Grant	93.569	(3)	\$ 10,000
Passed-through Tennessee Hospital Education and Research Foundation (THERF):			
National Bioterrorism Hospital Preparedness Program	93.889	(3)	13,850
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	GG1437881	85,631
Total U.S. Department of Health and Human Services			<u>\$ 109,481</u>
U.S. Department of Homeland Security:			
Passed-through Tennessee Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 117,837
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	33,850
Homeland Security Grant Program	97.067	(3)	17,707
Total U.S. Department of Homeland Security			<u>\$ 169,394</u>
Total Expenditures of Federal Awards			<u>\$ 5,583,471</u>

State Grants

		<u>Contract Number</u>	
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Safe Schools Act - State Department of Education	N/A	(3)	29,000
Early Childhood Education - State Department of Education	N/A	(3)	191,241
Coordinated School Health - State Department of Education	N/A	(3)	34,957
Arts Students Tickets Subsidy - Tennessee Arts Commission	N/A	(3)	10,997
Internet Connectivity - State Department of Education	N/A	(3)	66,157
Litter Program - State Department of Transportation	N/A	(3)	37,200
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(3)	25,000
Local Health Services - State Department of Health	N/A	GG-1542461	89,126
Total State Grants			<u>\$ 492,678</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) Marshall County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.

(3) Information not available.

(4) Total for CFDA No. 10.555 is \$1,519,716.

Marshall County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2016

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Marshall County, Tennessee, for the year ended June 30, 2016.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	202	2015-001	Deficiencies Were Noted in the Maintenance of Capital Asset Records	N/A	Corrected
2015	203	2015-002	The Offices of Circuit, General Sessions, and Juvenile Courts Clerk and Clerk and Master had Multiple Employees Operating from the Same Cash Drawer	N/A	Corrected
2015	203-204	2015-003	The Offices of Circuit, General Sessions, and Juvenile Courts Clerk; and Sheriff had a Lack of Segregation of Duties	N/A	Corrected
2015	203-204	2015-003	The Offices of Clerk and Master and Register of Deeds had a Lack of Segregation of Duties	N/A	Not Corrected - See Explanation on Corrective Action Plan

***Prior-year Federal Award Findings***

There were no prior-year federal award findings to report.

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**MARSHALL COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2016**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Marshall County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
  - \* CFDA Numbers: 10.553; 10.555; and  
10.559 Nutrition Cluster: School Breakfast  
Program; National School Lunch  
Program; and Summer Food Service  
Program for Children
  - \* CFDA Number: 84.010 Title I Grants to Local Educational  
Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

A finding and recommendation, as a result of our audit of the financial statements of Marshall County, Tennessee, is presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. Written responses for the finding are paraphrased and are presented following the finding and recommendation. The clerk and master and register of deeds provided corrective action plans, which are paraphrased in the Management's Corrective Action Plan section of this report.

Findings relating specifically to the audit of federal awards of Marshall County, Tennessee, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### **OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS**

#### **FINDING 2016-001**

#### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among officials and employees in the Offices of Clerk and Master and Register of Deeds. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' 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. Officials should refer to the segregation of duties checklists on the Division of Local Government Audit's website for examples of how to adequately segregate duties in small offices. Duties can be adequately segregated in offices that have as few as two employees.

#### **MANAGEMENT'S RESPONSE – CLERK AND MASTER**

I concur with the finding. In explanation, the duties were segregated beginning January 1, 2016. Unfortunately, in my absence, employees had to alternate their lunch hour, which left one (1) employee in the office. These were the times my prior bookkeeper receipted transactions while working alone, which is the reason for this finding. Going forward, I have internal controls in place.

#### **MANAGEMENT'S RESPONSE – REGISTER OF DEEDS**

I concur with the finding. I have implemented new internal controls as of May 1, 2016. Hopefully, with the additional measures in place and an additional employee, this finding will be eliminated in the future.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016. Our audit followed audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Findings relating specifically to the audit of the financial statements of Marshall County, Tennessee, are separately presented under Part II, Findings Relating to the Financial Statements.

Marshall County, Tennessee  
**Management's Corrective Action Plan**  
For the Year Ended June 30, 2016

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

**Corrective Action - Financial Statement Findings**

**OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS**

**FINDING 2016-001                      DUTIES WERE NOT SEGREGATED ADEQUATELY**

Response and Corrective Action Plan Prepared by:                      Kimberlee Alsup, Clerk and Master; and Dorris Wayne Weaver, Register of Deeds of Marshall County, Tennessee

Person Responsible for Implementing the Corrective Action:                      Same

Anticipated Completion Date of Corrective Action:                      September 2016 for the clerk and master and May 2016 for the register of deeds

Repeat Finding:                      Yes

Reason Why Corrective Action was not Taken – PY                      Clerk and Master thought finding was corrected. Register of Deeds did not believe he had the resources to correct this finding

**Planned Corrective Action:**

Clerk and Master:  
I now have internal controls in place and have had no other issues.

Register of Deeds:  
With an additional employee, a better understanding of internal controls, and additional control measures in place, hopefully this finding will be eliminated.

## **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.