Report on the

Marshall County Commission

Marshall County, Alabama

October 1, 2008 through September 30, 2009

Filed: January 7, 2011

Department of Examiners of Public Accounts

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Ronald L. Jones, Chief Examiner

11-022

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Ronald L. Jones
Chief Examiner

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the ***Code of Alabama 1975***, Section 41-5-21, I submit this report on the results of the audit of the Marshall County Commission for the period October 1, 2008 through September 30, 2009.

Sworn to and subscribed before me this
the 17 day of December, 20 10 .

Debra Ballinger
Notary Public

Respectfully submitted,

Ashleigh O. Helton
Ashleigh O. Helton
Examiner of Public Accounts

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Provides information required by the GASB to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.

Contains financial information and notes relative to federal financial assistance.

Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards and/or U. S. Office of Management and Budget (OMB) Circular A-133 for federal compliance audits.

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Department of
Examiners of Public Accounts

SUMMARY

Marshall County Commission
October 1, 2008 through September 30, 2009

The Marshall County Commission (the "Commission") is a five-member body elected by the citizens of Marshall County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 16. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Marshall County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted 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 as well as the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5-14.

An unqualified opinion was issued on the financial statements, which means that the Commission's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2009.

An instance of noncompliance relative to federal financial assistance programs was found (Exhibit 19) and it is summarized below.

- 2008-1 relates to meals that were purchased for advisory council meetings and other purposes from the Retired and Senior Volunteer Program.

The following officials/employees were invited to an exit conference to discuss the contents of this report: Nancy R. Wilson, County Administrator and Commissioners: Doug Fleming, William Stricklend, III, James Maze, Richard Kilgore, R. E. Martin, C. W. “Buddy” Allen, and Tim Bollinger. The following individuals attended the exit conference, held at the Commission’s office: Nancy R. Wilson, County Administrator and Commissioners: Tim Bollinger, William Stricklend, III, James Maze, Richard Kilgore and R. E. Martin. Also in attendance at the exit conference were representatives from the Department of Examiners of Public Accounts: Ashleigh O. Helton, Examiner and Randall O’Bannon, Audit Manager.

Independent Auditor's Report

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of and for the year ended September 30, 2009, which collectively comprise the basic financial statements of the Marshall County Commission as listed in the table of contents as Exhibits 1 through 8. These financial statements are the responsibility of the Marshall County Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Marshall County Commission adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 45, ***Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions***, during the fiscal year ended September 30, 2009. This represents a change in the Marshall County Commission's method of accounting for certain postemployment benefits.

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 15, 2010 on our consideration of the Marshall County Commission'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis (MD&A), the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual and the Schedules of Funding Progress (Exhibits 9 through 14) are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshall County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 15) as required by U. S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ronald L. Jones

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

December 15, 2010

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Management's Discussion and Analysis
(Required Supplementary Information)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Marshall County Commission's discussion and analysis of its financial statements for the fiscal year ending September 30, 2009 is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Commission's financial activities, (c) identify any material deviations from the financial plan (the approved budget), and (d) identify financial issues and concerns.

The reader should be able to identify the changes in the Commission's financial position and analyze the ability of the Commission to meet future needs.

Marshall County Commission encourage readers to read and evaluate this information in conjunction with all sections of this report, which includes government-wide statements, fund statements, Notes to the Financial Statements and the Required Supplemental Information that is provided in addition to this discussion and analysis.

Financial Highlights

The Commission's Net Assets and Changes in Net Assets are presented in a condensed version in Tables I & II.

- The Commission's net assets are $21,406,591.81 representing an increase from fiscal year 2008 of $791,922.14.

- The Commission's program revenues for governmental programs (excluding transfers) were $9,740,088.73, an increase of $844,334.43 from fiscal year 2008.

- Total expenses for the Commission were $22,622,244.03 for governmental activities representing an increase $1,545,860.71 from fiscal year 2008.

- Under the guidelines of GASB 34, accumulated depreciation was $13,594,148.00.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements that are composed of: government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements:

- The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private-sector business.

- The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

- The statement of activities presents information showing how the Commission's net assets changed during the most recent fiscal year. The statement includes the financial activities of the primary government, except for fiduciary activities. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in the statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

- To assess the overall condition of the Commission, additional non-financial factors must be considered such as changes in the Commission's property tax base and the condition of the Commission's infrastructure, building and other facilities.

- The government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and intergovernmental revenue (government activities).

- In the government-wide financial statements the Commission's services are shown in the category of governmental activities. Most of the Commission's services are general government, public safety, highways & roads, sanitation, health, welfare, culture & recreation, education, interest & fiscal charges, and intergovernmental.

Fund Financial Statements

Major governmental funds are the focus in the fund financial statements instead of the Commission as a whole. The Commission establishes many funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, bond covenant, and other money.

- Governmental funds – Most of the Commission's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliation's to the government-wide financial statements.

- Fiduciary funds – The Commission is the trustee, or fiduciary, and responsible for assets of various agency funds that can be used only for the fiduciary beneficiaries. The Commission is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Commission's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. They are excluded from the Commission's government-wide financial statements because the County cannot use their assets to finance its operations.

Financial Analysis of the Commission

The total net assets of the Commission for fiscal year 2009 were $21,406,591.81 and $20,614,669.97 for fiscal year 2008 representing an increase in net assets of $791,922.14. Net assets of the Commission are summarized and analyzed below:

NET ASSETS
September 30, 2009

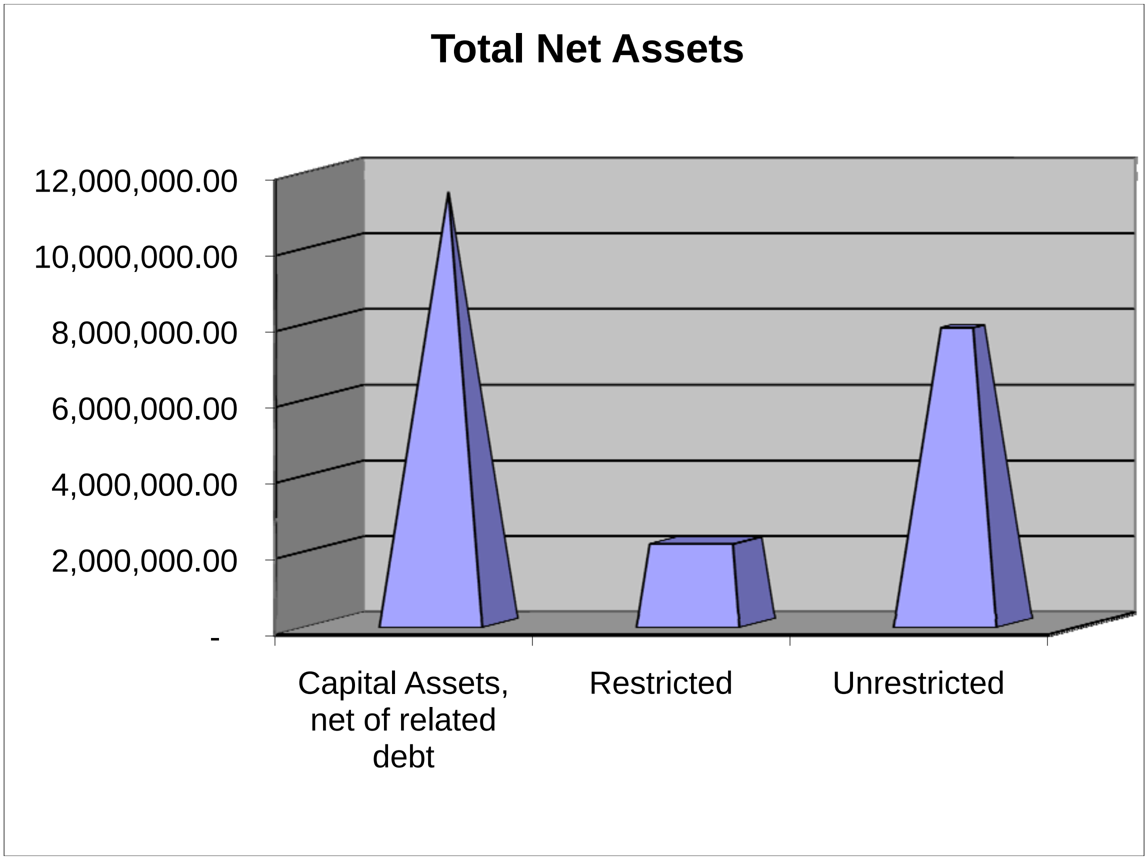
		2009		2008
Current and other assets	$	22,219,214.63	$	19,613,624.95
Capital Assets		17,724,312.93		18,267,845.88
Total Assets	$	**39,943,527.56**	$	**37,881,470.83**
Long-term debt outstanding		8,377,400.04		7,238,695.46
Other Liabilities		10,159,535.71		10,028,105.40
Total Liabilities	$	**18,536,935.75**	$	**17,266,800.86**
Net Assets				
Invested in capital assets				
Net of related debt		11,387,768.01		11,434,118.33
Restricted		2,182,336.36		2,129,457.45
Unrestricted		7,836,487.44		7,051,094.19
Total Net Assets	$	**21,406,591.81**	$	**20,614,669.97**

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. Assets exceeded liabilities by $21,406,591.81 as of September 30, 2009. This was an increase of $791,922.14 from fiscal year 2008. The increase in net assets can be attributed to an increase in program and general revenues.

The largest portion of the Commission's net assets, $11,387,768.01 or 53.2%, is reflected in its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.), net of related outstanding debt used to acquire those assets. The Commission uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Commission's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

The second largest portion of the Commission's net assets, $7,836,487.44 or 33.6%, is unrestricted and may be used to meet the Commission's ongoing obligations to citizens and creditors.

The remaining portion of the Commission's net assets, $2,182,336.36 or 10.2%, represents resources that are subject to external restrictions on how they may be used.



CHANGES IN NET ASSETS
SEPTEMBER 30, 2009

	Governmental Activities	
	2009	**2008**
Revenue		
Program Revenues:		
Charges for Services	1,696,721.03	2,175,344.49
Operating Grants & Contributions	7,116,679.49	6,227,034.31
Capital Grants & Contributions	926,688.63	493,375.60
General Revenues:		
Property Taxes for General Purpose	4,652,598.64	4,281,181.35
Property Taxes for Specific Purpose	3,437,606.01	3,458,721.32
Gasoline Sales Tax	482,711.57	547,603.40
General Sales Tax	31,767.48	51,321.25
Grants & Contribution not Restricted for Specific Purpose	593,278.58	477,686.50
Miscellaneous Taxes	3,397,810.50	3,284,064.79
Interest Earned	114,963.51	324,016.98
Miscellaneous	844,424.31	929,331.25
Gain on Disposition of Capital Assets	118,916.54	51,897.27
Total Revenue	**23,414,165.87**	**22,301,578.51**
Expense		
General Government	6,849,465.41	5,970,599.49
Public Safety	7,836,052.67	6,800,200.94
Highways & Roads	5,527,484.09	5,962,516.29
Sanitation	502,495.26	67,631.97
Health	115,368.95	97,109.44
Welfare	767,326.53	1,314,324.95
Culture & Recreation	328,514.18	205,030.83
Education	94,036.66	84,083.30
Interest & Fiscal Charges on Long-Term Debt	180,843.98	216,738.41
Intergovernmental	420,656.30	358,147.70
Total Expense	**22,622,244.03**	**21,076,383.32**
Increase in net assets	791,921.84	1,225,195.19
Net Asset – Beginning of Year, as Restated	20,614,669.97	19,389,474.78
Net Assets – End of Year	21,406,591.81	20,614,669.97

The Commission’s total revenue for fiscal year 2009 was $23,414,165.87 with approximately 35% from ad valorem taxes, 2% from county gasoline tax, 15% from miscellaneous taxes, 7% from charges for services, and .5% from interest earned/miscellaneous. Approximately 30% of the total revenue is represented by grants and contributions.

The total expenditures for the fiscal year 2009, excluding transfers, were $22,622,244.03. Expenditures by functions are as follows: General Government 30%, Public Safety 35%, Highways and Roads 24%, Welfare 3% and Sanitation, Health, Culture and Recreation, Education, Interest & Fiscal Charges and Intergovernmental 7%.

The Commission was able to fully fund all fiscal year 2009 costs and increase total net assets by $791,921.84.

Governmental Activities

	Total Cost of Services	Net Cost of Services
General Government	6,849,465.41	3,382,779.14
Public Safety	7,836,052.67	6,044,411.53
Highway and Roads	5,527,484.09	2,036,870.57
Other Programs	2,409,241.86	1,418,094.06
Total	22,622,244.03	12,882,155.30

The governmental activities table provides the reader the Commission's net cost by function of its programs. Net cost represents the total expenditures less any fees generated by the activities and less intergovernmental revenues and shows the financial burden that was placed on the County's taxpayers by each of the functions.

Significant Changes in Individual Major Fund Balances

The following table provides a summary of the changes in fund balances of the Commission's major funds.

	Beginning Fund Balance	Net Increase (Decrease)	Ending Fund Balance
General	1,952,146.80	489,088.08	2,441,234.88
Public Building Road and Bridge	1,744,346.95	461,020.39	2,205,367.34
Courthouse & Jail	2,542,095.57	7,145.26	2,549,240.83

The Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission's financing requirement. In particular, unreserved fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the year.

General Fund – the chief operating fund of the Commission. At the end of the fiscal year the fund balance increased by $489,088.08. This fund balance includes a reservation for health insurance for retirees.

Public Building, Roads and Bridges Fund – fund balance increased by $461,020.39.

Courthouse & Jail Fund – fund balance increased by $7,145.26 unreserved for emergency needs.

Budgetary Highlights of Major Funds

The statutory basis for county budgeting is the County Financial Control Act of 1935 as amended by Act Number 2007-488, Acts of Alabama. According to the terms of the law, county officials receiving public funds and/or issuing orders for payment out of the county treasury must submit and estimate of revenues and expenditures for the next fiscal year. The Commission must adopt its annual budget no later than October 1 of each year. The budgeted expenditures may not legally exceed budgeted revenues for the budget year.

The budget is divided into two parts – an operating and a capital budget. The operating budget focuses on providing services, paying personnel, travel and equipment. The capital budget addresses major equipment, capital improvements and public works projects.

Throughout the year, the Commission and management will compare the original adopted budget to actual results of operations. A determination is then made of what, if any, amendments need to be made to the original budget to reflect changes in funding needs. Any changes must be within the revenues and reserves estimated to be available. There were no significant budgetary variations.

Capital Assets and Debt Administration
Capital Assets

GASB 34 required the Commission to report new infrastructure assets beginning with fiscal year 2003. The Commission adopted thresholds for items in its list of capital assets. Depreciation of all assets is recorded on an annual basis, with the exception of land and improvements, construction in progress and infrastructure in progress. Depreciation is calculated using the straight-line method.

The following table provides a reconciliation of capital assets for the year ended September 30, 2009.

CAPITAL ASSETS

Land	1,204,413.65
Infrastructure	8,345,887.31
Buildings & Improvements	12,557,490.32
Motor Vehicles, Furniture & Equipment	8,684,662.69
Assets Under Capital Leases	526,006.96
Less: Accumulated Depreciation	(13,594,148.00)
Total Capital Assets, net of depreciation	**17,724,312.93**

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Long Term Obligations

As of September 30, 2009 the outstanding balance of the County's general obligation warrants was $5,715,000.00, a decrease of $330,000.00 from fiscal year 2008.

In 2003 the Commission issued general obligation warrants/USDA loan in the amount of $345,000.00 for the purchase of a building to provide a public daycare center. A lease agreement was entered into between the Commission and the Childcare Resource Network, Inc. for rental payments on the building. The outstanding balance as of September 30, 2009 is $315,000.00.

LONG TERM DEBT

Notes Payable	87,472.88
Capital Lease Contracts	219,072.04
Warrants Payable	6,030,000.00
Estimated Liability for Compensated Absences	410,361.12
Net Pension Obligation	1,630,494.00
Total long term debt	**8,377,400.04**

ECONOMIC FACTORS AND CONDITIONS

- Property tax revenue is a major resource component for the Commission. Marshall County will be conducting a full reappraisal each year resulting in an increase in property values and thereby in ad valorem taxes.

- The cost of fuel and petroleum based products such as asphalt is expected to remain high during fiscal year 2010.

- Total employment growth during 2009 was -4.6%. Only 9 other Alabama counties had less employment growth than Marshall County.

- The Base Realignment and Closure (BRAC) will cause approximately 5,000 new jobs to be transferred from other US military bases to Huntsville, Alabama's Redstone Arsenal. An additional 5,000 support jobs will also be transferred. Most of these are expected to transfer during 2009 to 2011. The average salary of those transferring to Huntsville's Redstone Arsenal will be in the $100,000 per year range. During 2010, Marshall County, as one of the primary commuter areas for employees working at Redstone Arsenal, expects to feel the impact of BRAC on its population, employment, retail sales, taxes and other economic indicators.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Administrator, Marshall County Commission 424 Blount Avenue, Guntersville, Alabama 35976.

Basic Financial Statements

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Statement of Net Assets
September 30, 2009

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 10,302,666.07
Cash with Fiscal Agent	416,875.84
Investments	1,781,612.44
Receivables (Note 4)	2,004,389.52
Ad Valorem Taxes Receivable	7,193,571.27
Lease Receivable	513,003.18
Inventories	5,795.25
Prepaid Items	1,301.06
Capital Assets (Note 5):	
Nondepreciable	1,204,413.65
Depreciable, Net	16,519,899.28
Total Assets	39,943,527.56
Liabilities	
Payables (Note 9)	607,581.43
Deferred Revenue	8,725,651.33
Accrued Wages Payable	549,601.87
Accrued Interest Payable	114,032.98
Estimated Claims Costs Payable	162,668.10
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Notes Payable	45,428.57
Capital Leases Payable	140,768.48
Warrants Payable	345,000.00
Estimated Liability for Compensated Absences	40,585.22
Portion Due or Payable After One Year:	
Notes Payable	42,044.31
Capital Leases Payable	78,303.56
Warrants Payable	5,685,000.00
Estimated Liability for Compensated Absences	369,775.90
Net Pension Obligation	1,630,494.00
Total Liabilities	18,536,935.75
Net Assets	
Invested in Capital Assets, Net of Related Debt	11,387,768.01
Restricted for:	
Road Projects	1,879,493.50
Debt Service	302,842.86
Unrestricted	7,836,487.44
Total Net Assets	$ 21,406,591.81

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Activities
For the Year Ended September 30, 2009

Functions/Programs		Expenses		Program Revenues: Charges for Services		Program Revenues: Operating Grants and Contributions
Governmental Activities						
General Government	$	6,849,465.41	$	1,483,971.57	$	1,538,039.57
Public Safety		7,836,052.67		5,800.00		1,593,775.32
Highways and Roads		5,527,484.09				3,490,613.52
Sanitation		502,495.26				
Health		115,368.95				56,709.29
Welfare		767,326.53		109,447.46		436,944.88
Culture and Recreation		328,514.18		97,502.00		596.91
Education		94,036.66				
Interest on Long-Term Debt		180,843.98				
Intergovernmental		420,656.30				
Total Governmental Activities	$	22,622,244.03	$	1,696,721.03	$	7,116,679.49

General Revenues:

Taxes:

Property Taxes for General Purposes

Property Taxes for Specific Purposes

County Gasoline Sales Tax

General Sales Tax

Miscellaneous Taxes

Grants and Contributions not Restricted for Specific Programs

Interest Earned

Miscellaneous

Gain on Disposition of Capital Assets

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

The accompanying Notes to the Financial Statements are an integral part of this statement.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets Total Governmental Activities
$ 444,675.13	$ (3,382,779.14)
192,065.82	(6,044,411.53)
	(2,036,870.57)
	(502,495.26)
	(58,659.66)
289,947.26	69,013.07
	(230,415.27)
	(94,036.66)
	(180,843.98)
	(420,656.30)
$ 926,688.21	(12,882,155.30)
	4,652,598.64
	3,437,606.01
	482,711.57
	31,767.48
	3,397,810.50
	593,278.58
	114,963.51
	844,424.31
	118,916.54
	13,674,077.14
	791,921.84
	20,614,669.97
	$ 21,406,591.81

Balance Sheet
Governmental Funds
September 30, 2009

	General Fund	Public Buildings, Roads and Bridges Fund
Assets		
Cash and Cash Equivalents	$ 2,244,670.50	$ 1,599,991.47
Cash with Fiscal Agent		
Investments		677,012.73
Receivables (Note 4)	941,294.27	39,178.13
Ad Valorem Taxes Receivable	4,556,180.28	1,714,909.24
Interfund Receivables	600,144.12	
Lease Receivable	620.00	
Inventories	5,795.25	
Prepaid Items	1,301.06	
Total Assets	8,350,005.48	4,031,091.57
Liabilities and Fund Balances		
Liabilities		
Payables (Note 9)	540,085.15	972.38
Interfund Payables	67,088.80	
Deferred Revenue	4,776,905.47	1,791,490.16
Accrued Wages Payable	362,023.08	33,261.69
Claims Cost Payable	162,668.10	
Total Liabilities	5,908,770.60	1,825,724.23
Fund Balances		
Reserved for:		
Debt Service		
Future Claims	465,994.02	
Prepaid Items	1,301.06	
Inventories	5,795.25	
Unreserved, Reported in:		
General Fund	1,968,144.55	
Special Revenue Funds		2,205,367.34
Total Fund Balances	2,441,234.88	2,205,367.34
Total Liabilities and Fund Balances	$ 8,350,005.48	$ 4,031,091.57

The accompanying Notes to the Financial Statements are an integral part of this statement.

Reappraisal Fund	Courthouse and Jail Fund	Other Governmental Funds	Total Governmental Funds
$ 672,346.25	$ 1,466,263.18	$ 4,319,394.67	$ 10,302,666.07
		416,875.84	416,875.84
	1,104,599.71		1,781,612.44
13.00		1,023,904.12	2,004,389.52
493,750.81	428,730.94		7,193,571.27
67,088.80			667,232.92
		512,383.18	513,003.18
			5,795.25
			1,301.06
1,233,198.86	2,999,593.83	6,272,557.81	22,886,447.55
6,596.42		59,927.48	607,581.43
		600,144.12	667,232.92
1,194,519.52	450,353.00	512,383.18	8,725,651.33
32,082.92		122,234.18	549,601.87
			162,668.10
1,233,198.86	450,353.00	1,294,688.96	10,712,735.65
		424,855.91	424,855.91
			465,994.02
			1,301.06
			5,795.25
			1,968,144.55
	2,549,240.83	4,553,012.94	9,307,621.11
	2,549,240.83	4,977,868.85	12,173,711.90
$ 1,233,198.86	$ 2,999,593.83	$ 6,272,557.81	$ 22,886,447.55

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Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
September 30, 2009

Total Fund Balances - Governmental Funds (Exhibit 3)			$ 12,173,711.90
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. (See Note 5)			
Nondepreciable		$ 1,204,413.65	
Depreciable, Net		16,519,899.28	
			17,724,312.93
Certain liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year-end consist of:			
	Due or Payable Within One Year	Due or Payable After One Year	
Warrants Payable	$ 345,000.00	5,685,000.00	
Notes Payable	45,428.57	42,044.31	
Capital Lease Contracts Payable	140,768.48	78,303.56	
Accrued Interest Payable	114,032.98		
Estimated Liability for Compensated Absences	40,585.22	369,775.90	
Net Pension Obligation		1,630,494.00	
Total Long-Term Liabilities	$ 685,815.25	$ 7,805,617.77	(8,491,433.02)
Total Net Assets - Governmental Activities (Exhibit 1)			$ 21,406,591.81

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2009

	General Fund	Public Buildings, Roads and Bridges Fund
Revenues		
Taxes	$ 5,443,280.47	$ 1,793,699.00
Licenses and Permits	105,977.05	
Intergovernmental	3,004,946.47	687,021.56
Charges for Services	1,342,810.59	
Miscellaneous	614,199.03	51,049.91
Total Revenues	10,511,213.61	2,531,770.47
Expenditures		
Current:		
General Government	3,849,367.31	83,893.83
Public Safety	4,811,018.19	
Highways and Roads		1,152,387.42
Sanitation		
Health	107,371.46	
Welfare	199,785.38	
Culture and Recreation	22,736.00	
Education	94,036.66	
Capital Outlay	238,930.56	534,942.68
Debt Service:		
Principal Retirement	112,477.12	5,992.70
Interest and Fiscal Charges	8,011.88	506.06
Intergovernmental	420,656.30	
Total Expenditures	9,864,390.86	1,777,722.69
Excess (Deficiency) of Revenues Over Expenditures	646,822.75	754,047.78
Other Financing Sources (Uses)		
Transfers In	492,537.01	213,802.00
Sale of Capital Assets	53,390.00	58,066.00
Inception of Notes Payable		45,188.00
Transfers Out	(703,661.68)	(610,083.39)
Total Other Financing Sources (Uses)	(157,734.67)	(293,027.39)
Net Changes in Fund Balances	489,088.08	461,020.39
Fund Balances - Beginning of Year	1,952,146.80	1,744,346.95
Fund Balances - End of Year	$ 2,441,234.88	$ 2,205,367.34

The accompanying Notes to the Financial Statements are an integral part of this statement.

Reappraisal Fund	Courthouse and Jail Fund	Other Governmental Funds	Total Governmental Funds
$ 1,063,679.25	$ 445,948.60	$ 932,696.87	$ 9,679,304.19
			105,977.05
	2,986.90	7,041,009.83	10,735,964.76
		492,788.01	1,835,598.60
8,195.61	28,009.76	236,950.42	938,404.73
1,071,874.86	476,945.26	8,703,445.13	23,295,249.33
1,071,874.86		966,731.35	5,971,867.35
	4,800.00	2,043,912.04	6,859,730.23
		3,236,762.35	4,389,149.77
		502,495.26	502,495.26
			107,371.46
		477,453.77	677,239.15
		279,341.71	302,077.71
			94,036.66
		203,060.77	976,934.01
		423,900.81	542,370.63
		282,948.74	291,466.68
			420,656.30
1,071,874.86	4,800.00	8,416,606.80	21,135,395.21
	472,145.26	286,838.33	2,159,854.12
		1,490,073.13	2,196,412.14
		47,038.55	158,494.55
			45,188.00
	(465,000.00)	(417,667.07)	(2,196,412.14)
	(465,000.00)	1,119,444.61	203,682.55
	7,145.26	1,406,282.94	2,363,536.67
	2,542,095.57	3,571,585.91	9,810,175.23
$	$ 2,549,240.83	$ 4,977,868.85	$ 12,173,711.90

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Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2009

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)			$	2,363,536.67
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.				
Capital Outlay Expenditures	$	976,934.01		
Depreciation Expense		(1,480,888.95)		
Total				(503,954.94)
Repayment of warrants, notes payable, and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and does not effect the Statement of Activities.				542,370.63
Some items 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. These items consist of:				
Net Pension Obligation	$	(1,630,494.00)		
Net Increase in Compensated Absences		(5,393.21)		
Net Decrease in Accrued Interest Payable		110,622.70		
Total				(1,525,264.51)
Governmental funds report the proceeds of entering into a notes payable as an increase in financial resources. However, issuing debt increase liabilities in the Statement of Net Assets and does not affect the Statement of Activities.				
Notes Payable				(45,188.00)
In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net assets differs from the change in fund balance by the cost of the capital assets sold.				(39,578.01)
Change in Net Assets of Governmental Activities (Exhibit 2)			$	791,921.84

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Fiduciary Net Assets
September 30, 2009

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and Cash Equivalents	$ 273,228.42	$ 525,524.22
Accounts Receivable (Note 4)	20,425.36	
Prepaid Items	250.00	
Total Assets	293,903.78	525,524.22
Liabilities		
Accounts Payable (Note 9)	19,962.75	
Payable to External Parties	190,391.96	525,524.22
Accrued Wages Payable	1,206.97	
Total Liabilities	211,561.68	$ 525,524.22
Net Assets		
Held in Trust for Other Purposes	82,342.10	
Total Net Assets	$ 82,342.10	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2009

		Private-Purpose Trust Funds
Additions		
Contributions from:		
Worthless Check Collection Service Charges	$	244,576.77
State Grants		80,032.50
Child Protection		33,833.14
Miscellaneous		28,553.35
Interest		333.20
Total Additions		387,328.96
Deductions		
Administrative Expenses		394,195.06
Total Deductions		394,195.06
Change in Net Assets		(6,866.10)
Net Assets - Beginning of Year		89,208.20
Net Assets - End of Year	$	82,342.10

The accompanying Notes to the Financial Statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Marshall County Commission (the "Commission") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Commission is a general purpose local government governed by separately elected commissioners. The accompanying financial statements present the activities of the Marshall County Commission. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Commission does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds in the other governmental funds' column.

The Commission reports the following major governmental funds:

- ***General Fund*** – The general fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, accounted for in the general fund is employee health insurance to self-insure the Commission against liability claims.

- ***Public Buildings, Roads and Bridges Fund*** – This fund is used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.

- ***Reappraisal Fund*** – This fund is used to account for the expenditures of special county property taxes for the costs related to the property reappraisal program.

- ***Courthouse and Jail Fund*** – This fund is used to account for the expenditures of special county property taxes for maintaining the courthouse and jail.

The Commission reports the following fund types in the Other Governmental Funds' column:

Governmental Fund Types

- ***Special Revenue Funds*** – These funds are used to account for the proceeds of specific revenue sources (other than those derived from special assessments or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

- ***Debt Service Funds*** – These funds are used to account for the accumulation of resources for, and the payment of, the Commission's principal and interest on governmental bonds.

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

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ***Private-Purpose Trust Funds*** – These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.

- ***Agency Funds*** – These funds are used to report assets held by the Commission in a purely custodial capacity. The Commission collects these assets and transfers them to the proper individual, private organizations, or other government.

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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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 are 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 Commission considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

D. Assets, Liabilities, and Net Assets/Fund Balances

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit.

Investments are reported at fair value.

2. Receivables

Sales tax receivables are based on the amounts collected within 60 days after year-end.

Sales, rental, gas, tobacco and lodging taxes receivables consist of taxes that have been paid by consumers in September. These taxes are normally remitted to the Commission within the next 60 days.

Millage rates for property taxes are levied at the first regular meeting of the Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects and amounts due from the state and other local governments.

3. Inventories

Inventories are valued at cost. Inventories are recorded as expenditures when consumed rather than when purchased.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

5. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (roads and bridges), are reported in the applicable governmental activities columns in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Roads	$250,000	20-50 years
Bridges	$ 50,000	40 years
Land Improvements – Exhaustible	$100,000	25 years
Buildings	$ 50,000	40 years
Equipment and Furniture	$ 5,000	5 years
Equipment Under Capital Lease	$ 5,000	5 years

The Commission began retroactively reporting its major general infrastructure assets that were acquired after October 1, 1980 during the fiscal year ended September 30, 2007.

The majority of governmental activities infrastructure assets are roads and bridges. The Association of County Engineers has determined that due to the climate and materials used in road construction, the base of the roads in the county will not deteriorate and therefore should not be depreciated. The remaining part of the roads, the surface, will deteriorate and will be depreciated. The entire costs of bridges in the county will be depreciated.

6. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements the face amount of debt issued is reported as other financing sources.

7. Compensated Absences

The Commission has a standard leave policy for its full-time employees as to sick, annual and compensatory leave. The Marshall County Personnel Board establishes rules and regulations governing leaves of absence as provided under Act Number 82-206, Acts of Alabama, page 242.

Annual Leave

All employees accrue annual leave, with pay, based upon total service and may accumulate a maximum of 300 hours of annual leave. Upon termination of employment in good standing, the employees are paid for all unused annual leave accumulated during the anniversary year of such employee termination.

Sick Leave

All employees, after one (1) month of service, are eligible for paid sick leave at the rate of one (1) workday per month of continuous employment. Unused sick leave credits may be accumulated and carried over into successive fiscal years up to 120 days. All unused sick leave is forfeited upon separation and is not compensated to the employee, except in the case of retirement when an employee may be compensated for one-half of his/her accumulated sick leave.

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Employees may accrue compensatory time for hours worked in excess of forty hours per week. Employees may use these hours for additional time off or be paid at one and one-half times the regular rate of pay. Compensatory time must be used within ninety days of accrual.

The Commission uses the termination method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

8. Net Assets/Fund Equity

Net assets are reported on the government-wide financial statements and are required to be classified for accounting and reporting purposes into the following net asset categories:

- ***Invested in Capital Assets, Net of Related Debt*** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.

- ***Restricted*** – Constraints imposed on net assets by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

- ***Unrestricted*** – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Commission.

Fund equity is reported in the fund financial statements. Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Note 2 – Stewardship, Compliance, and Accountability

A. Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund, the Public Building, Roads and Bridges Fund, the Reappraisal Fund and the Courthouse and Jail Fund with the exception of ad valorem taxes, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

The State Legislature enacted Act Number 616, Acts of Alabama 1976, and then provided further under Act Number 79-466, Acts of Alabama, the statutory basis for county budgeting operations for the Marshall County Commission. Under the terms of these laws, the Commission, at some meeting in September of each year, but in any event not later than the first meeting in October must estimate the Commission's revenues and expenditures and appropriate for the various purposes the respective amounts that are to be used for each purpose. The appropriations must not exceed the total revenues available for appropriation. Expenditures may not legally exceed appropriations.

Budgets may be adjusted during the fiscal year when approved by the County Commission. Any changes must be within the revenues and reserves estimated to be available.

B. Deficit Fund Balances

At September 30, 2009, the following governmental funds had deficit fund balances:

DUI Checkpoint Grant Fund	$5,776.01
Emergency Management Fund	$3,108.27
Drug Enforcement Fund	$ 618.60
C.E.R.T. 8CCL ALDHS	$ 99.44

The deficit in the DUI Checkpoint Grant Fund, Emergency Management Fund, and Drug Enforcement Fund occurred as a result of properly recording Accrued Wages Payable. The above fund balances will be eliminated in the subsequent fiscal year when corresponding grant revenues become available.

Note 3 – Deposits and Investments

A. Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Commission's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

All of the Commission's investments were in certificates of deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

B. Cash with Fiscal Agents

The ***Code of Alabama 1975***, Section 11-8-11 and Section 11-81-21, authorizes the Commission to invest in obligations of the U. S. Treasury and federal agency securities along with certain pre-refunded public obligations such as bonds or other obligations of any state in the United States of America or any agency, instrumentality or local governmental unit of any such state.

The Commission adopted a Deposit and Investment Policy that requires all deposits to be placed in checking accounts or money market accounts covered by the SAFE Act for investments. Also, the Commission authorized investments in certificates of deposit that are covered by the SAFE Act and United States Treasury Notes.

As of September 30, 2009, the Commission had the following investments in cash held by fiscal agent:

Investment Type	Fair Value	Investment Maturity
Pioneer Treasury Reserves Fund	$416,875.84	Within One Year

The Pioneer Treasury Reserves Fund primarily invests in U. S. Treasury Obligations with an average maturity date of 90 days or less. The Fund is rated AAA by Standard and Poor's.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Credit Risk – State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission does not have a formal investment policy that limits the amount of exposure to credit risk. At September 30, 2009, the Commission's money market fund was rated AAA by Standard & Poor's Corporation.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have a formal investment policy that limits the amount of securities that can be held by counterparties. The funds transferred to meet the Commission's annual debt service requirements are invested until payments are made.

Note 4 – Receivables

On September 30, 2009, receivables for the Commission's individual major funds, other governmental and fiduciary funds in the aggregate are as follows:

	General Fund	Public Buildings, Roads and Bridges Fund	Reappraisal Fund	Other Governmental Funds	Total	Fiduciary Funds Private-Purpose Trust
Governmental						
Accounts Receivable	$ 687.54	$	$	$ 69,096.64	$ 69,784.18	$
Due from Other Governments	940,606.73	39,178.13	13.00	954,807.48	1,934,605.34	20,425.36
Totals	$941,294.27	$39,178.13	$13.00	$1,023,904.12	$2,004,389.52	$20,425.36

Deferred Revenues

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2009, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Ad Valorem Property Taxes Receivable	$7,075,562.89	$
Ad Valorem Motor Vehicle Taxes Receivable		436,936.55
Unearned Revenues in Reappraisal Fund		700,768.71
Lease Receivable		512,383.18
Total Deferred/Unearned Revenue for Governmental Funds	$7,075,562.89	$1,650,088.44

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	Balance 10/01/2008	Additions	Deletions	Balance 09/30/2009
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land and Improvements	$ 1,014,885.99	$ 189,527.66	$	$ 1,204,413.65
Total Capital Assets, Not Being Depreciated	1,014,885.99	189,527.66		1,204,413.65
Capital Assets Being Depreciated:				
Infrastructure – Bridges	6,025,656.31			6,025,656.31
Infrastructure – Roads	2,320,231.00			2,320,231.00
Buildings and Improvements	12,332,760.55	224,729.77		12,557,490.32
Motor Vehicles, Furniture and Equipment	8,897,052.86	644,908.84	(857,299.01)	8,684,662.69
Equipment Under Capital Lease	608,239.22	7,004.74	(89,237.00)	526,006.96
Total Capital Assets Being Depreciated	30,183,939.94	876,643.35	(946,536.01)	30,114,047.28
Less: Accumulated Depreciation For:				
Infrastructure – Bridges	(971,047.00)	(334,942.00)		(1,305,989.00)
Infrastructure – Roads	(593,226.05)	(15,692.95)		(608,919.00)
Buildings and Improvements	(5,110,054.00)	(311,128.00)		(5,421,182.00)
Motor Vehicles, Furniture and Equipment	(6,135,569.00)	(807,465.00)	817,721.00	(6,125,313.00)
Equipment Under Capital Lease	(121,084.00)	(55,319.00)	43,658.00	(132,745.00)
Total Accumulated Depreciation	(12,930,980.05)	(1,524,546.95)	861,379.00	(13,594,148.00)
Total Capital Assets Being Depreciated, Net	17,252,959.89	(647,903.60)	(85,157.01)	16,519,899.28
Total Governmental Activities Capital Assets, Net	$ 18,267,845.88	$ (458,375.94)	$ (85,157.01)	$ 17,724,312.93

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 338,438.00
Public Safety	318,355.00
Highway and Roads	802,871.95
Welfare	15,354.00
Culture and Recreation	5,870.00
Total Depreciation Expense – Governmental Activities	$1,480,888.95

Note 6 – Defined Benefit Pension Plan

A. Plan Description

The Commission contributes to the Employees' Retirement System of Alabama, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments.

Substantially all employees of the Commission are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the Commission. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the ***Code of Alabama 1975***, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-Of-Living-Adjustments (COLAs) granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

B. Funding Policy

Employees of the Commission, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Employees' Retirement System. As of January 1, 2001, full-time law enforcement officers are required by statute to contribute 6 percent of their salary to the Employees' Retirement System. The Commission is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. The contribution requirements of the Commission are established by the Employees' Retirement System based on annual actuarial valuations. The employer's contribution rate for the year ended September 30, 2009 was 7.8% percent based on the actuarial valuation performed as of September 30, 2006.

C. Annual Pension Cost

For the year ended September 30, 2009, the Commission's annual pension cost of $506,464.30 was equal to the Commission's required and actual contribution. The required contribution was determined using the "entry age normal" method. The actuarial assumptions as of September 30, 2008, the latest actuarial valuation date, were: (a) 8 percent investment rate of return on present and future assets, and (b) projected salary increases ranging from 7.75 percent at age 20 to 4.61 percent at age 65. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2008 was 20 years.

The following is three-year trend information for the Commission:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2009	$506,464	100%	$0
09/30/2008	$460,084	100%	$0
09/30/2007	$406,298	100%	$0

D. Funded Status and Funding Progress

As of September 30, 2008, the most recent actuarial valuation date, the plan was 83.9 percent funded. The actuarial accrued liability for benefits was $19,027,214 and the actuarial value of assets was $15,956,400, resulting in an unfunded actuarial accrued liability (UAAL) of $3,070,814. The covered payroll (annual payroll of active employees covered by the plan) was $6,679,604, and the ratio of the UAAL to the covered payroll was 46.0 percent.

The Schedule of Funding Progress, presented as RSI following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 7 – Other Postemployment Benefits (OPEB)

A. Plan Description

The Marshall County Commission provides a single-employer defined benefit medical and life insurance plan for eligible retirees and their spouses. The medical insurance plan covers both active and retired members. The ***Code of Alabama 1975***, Section 11-91-1 through 11-91-8 gives authority to the Commission to establish and amend benefit provisions. The plan does not issue a stand-alone financial report. The provisions of GASB Statement Number 45, ***Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions***, were implemented prospectively.

B. Funding Policy

The Commission's contributions were on a pay-as-you go basis as of September 30, 2009. The Commission does not anticipate setting up a trust fund within the next two years to fund its postemployment medical insurance plans.

The Commission contributes $619.00 towards the costs current-monthly premiums of eligible retirees. For fiscal year 2009, the Commission contributed $561,247.29 to cover approximately seventy-six participants.

Retired employees also may elect to participate in a life insurance plan. The Commission pays around $2 to $4 per month for retirees depending on the age of the retiree. The Commission's expenditures for retirees life insurance for the year ending September 30, 2009, to cover approximately seventy-six participants, totaled $2,614.00.

C. Annual OPEB Cost

For fiscal year 2009, the Commission's annual other postemployment benefit (OPEB) cost (expense) for medical, drug, and dental insurance was $1,630,494.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2009	$1,630,494	100%	$1,630,494

D. Funded Status and Funding Progress

The funding status of the plan as of September 30, 2009, was as follows:

Actuarial Accrued Liability (AAL)	$21,042,415.00
Actuarial Value of Plan Assets	$ 0.00
Unfunded Actuarial Accrued Liability (UAAL)	$21,042,415.00
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	$ 5,346,294.00
UAAL as a Percentage of Covered Payroll	393.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with 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, will in future years present multiyear trend information that will show whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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, consistent with the long-term perspective of the calculations.

The actuarial cost method used was the projected unit credit method. The actuarial assumptions included a four percent investment rate of return assumption and an annual healthcare cost trend rate of 11.0% initially, reduced by decrements to an ultimate rate of 5.0% after seven years. It was assumed that 100% of future retirees would elect medical, drug, and dental insurance coverage. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a open period. The unfunded actuarial accrued liability (UAAL) is being amortized over thirty years.

Note 8 – Contingent Liabilities

Under the provisions of Act Number 79-357, Acts of Alabama, a sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen (16) years of service credit as a law enforcement officer, twelve (12) of which have been as a sheriff, and who has attained the age of fifty-five (55) years. The Marshall County Sheriff, who elected to participate in this retirement plan, made monthly contributions out of his salary as required by law. The Commission has a responsibility to properly manage these funds in order to provide the necessary monthly payments to the Sheriff when he retires. Should the Sheriff decide to withdraw from the plan for whatever reason the Commission is obligated to refund the Sheriff's total contribution which at September 30, 2009 amounted to $9,395.59.

The Commission is a defendant in various lawsuits. Management is unable to predict the outcome of the litigation but believes it has strong grounds upon which to defend these proceedings. Accordingly, no provisions for possible loss, if any, are included in the financial statements.

Note 9 – Payables

On September 30, 2009, payables for the Commission's individual major funds and other governmental funds in the aggregate are as follows:

	Vendors	Due to Other Governments	Total
Governmental Funds:			
General Fund	$50,930.69	$489,154.46	$540,085.15
Public Buildings, Roads and Bridges Fund	972.38		972.38
Reappraisal Fund	6,596.42		6,596.42
Other Governmental Funds	35,997.41	23,930.07	59,927.48
Total	$94,496.90	$513,084.53	$607,581.43

	Vendors	Due to Other Governments	Total
Fiduciary Funds:			
Private-Purpose Trust Funds	$10,000.00	$9,962.75	$19,962.75

Note 10 – Lease Obligations

Capital Leases

The Commission is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled $526,006.96 for governmental activities at September 30, 2009. If the Commission completes the lease payments according to the schedules below, which is the stated intent of the Commission, ownership of the leased equipment will pass to the Commission. The lease purchase contracts give the Commission the right to cancel the lease with 30 days written notice and payment of a pro rata share of the current year's lease payments. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30, 2009.

	Governmental Activities
September 30, 2010	$146,326.30
2011	59,206.05
2012	21,284.19
Total Minimum Lease Payments	226,816.54
Less: Amount Representing Interest	(7,744.50)
Present Value of Net Minimum Lease Payments	$219,072.04

Operating Leases

The Commission is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as part of the Commission's capital assets. During the fiscal year ended September 30, 2009, total costs paid by the Commission were $49,159.65 for operating leases. The payments remaining for the leases having initial or remaining noncancelable lease terms in excess of one year at September 30, 2009, are noted below.

Fiscal Year Ending	Equipment
2010	$18,649.93
2011	8,626.94
2012	4,012.90
2013	481.56
Total	$31,771.33

Note 11 – Long-Term Debt

In December 2001, the Commission issued General Obligation Warrants, Series 2001, for capital improvements and to refund the Commission's General Obligation Warrants, Series 1990-A and 1990-B, and its General Obligation Refunding Warrants, Series 1993.

In June 2003, the Commission issued General Obligation Warrants/U.S.D.A. Loan for the purchase of a building to provide a public daycare center. On June 11, 2003, a lease agreement was entered into between the Commission and the Childcare Resource Network, Inc., for rental payments on the building. A lease receivable of $513,003.18 is reflected in the financial statements at September 30, 2009. This amount is due in payable in excess of one year.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2009:

	Debt Outstanding 10/01/2008	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2009	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants:					
Series 2001	$6,045,000.00	$	$(330,000.00)	$5,715,000.00	$340,000.00
U.S.D.A. Warrant/Loan	320,000.00		(5,000.00)	315,000.00	5,000.00
Sub-Total Warrants	6,365,000.00		(335,000.00)	6,030,000.00	345,000.00
Notes Payable	76,423.48	45,188.00	(34,138.60)	87,472.88	45,428.57
Other Liabilities:					
Capital Lease Contracts Payable	392,304.07		(173,232.03)	219,072.04	140,768.48
Estimated Liability for Compensated Absences	404,967.91	5,393.21		410,361.12	40,585.22
Net Pension Obligation		1,630,494.00		1,630,494.00	
Total Governmental Activities Long-Term Liabilities	$7,238,695.46	$1,681,075.21	$(542,370.63)	$8,377,400.04	$571,782.27

Payments on the warrants payable were made from the Debt Service Funds. These payments were made from transfers from the Public Buildings, Roads and Bridges Fund. In addition, the long-term notes payable are paid from the Public Buildings, Roads and Bridges Fund. The capital lease contracts payable are paid from the General Fund and from the following Special Revenue Funds: the Gasoline Tax Fund and the Public Buildings, Roads and Bridges Fund.

The compensated absences liability will be liquidated by several of the Commission's governmental funds. In the past, approximately 59% has been paid by the General Fund, 25% by the Gasoline Tax Special Revenue Fund, and the remainder by the other governmental funds.

The following is a schedule of debt service requirements to maturity:

	Governmental Activities			
	General Obligation Warrants, Series 2001		General Obligation Warrants/U.S.D.A. Loan	
Fiscal Year Ending	Principal	Interest	Principal	Interest
September 30, 2010	$ 340,000.00	$ 245,925.00	$ 5,000.00	$ 14,175.00
2011	355,000.00	232,542.50	10,000.00	13,950.00
2012	365,000.00	218,320.00	10,000.00	13,500.00
2013	380,000.00	203,230.00	10,000.00	13,050.00
2014	395,000.00	187,145.00	10,000.00	12,600.00
2015-2019	2,260,000.00	653,040.00	50,000.00	56,250.00
2020-2024	1,620,000.00	117,800.00	65,000.00	44,325.00
2025-2029			75,000.00	28,125.00
2030-2033			80,000.00	9,000.00
Total	$5,715,000.00	$1,858,002.50	$315,000.00	$204,975.00

<u>Note 12 – Conduit Debt Obligations</u>

On August 8, 1994, the Commission issued its $10,000,000.00 Special Obligation School Refunding Warrants to advance refund a portion of the Commission's outstanding Limited Obligation School Warrants, Series 1991, and to fund projects for capital improvements of certain public school facilities. The Warrants are secured by a lease agreement dated August 1, 1994, between the Commission and the Marshall County Board of Education and are payable solely from payments received under the lease agreement. The Board of Education has an irrevocable letter of credit with the bank to make payments on the Warrants from pledged ad valorem tax proceeds, sales tax proceeds, and TVA payments-in-lieu of taxes. Upon repayment of the Warrants, ownership of the projects transfers to the Board of Education. The Commission is not obligated in any manner for repayment of the Warrants. Accordingly, the Warrants are not reported as liabilities in the accompanying financial statements.

As of September 30, 2009, the principal balance outstanding on the 1994 Series Special Obligation School Refunding Warrants was $3,350,000.00.

Governmental Activities				
Notes Payable		Capital Lease Contracts Payable		Total Principal and Interest Requirements
Principal	Interest	Principal	Interest	to Maturity
$45,428.57	$3,516.79	$140,768.48	$5,557.82	$ 800,371.66
31,365.69	1,350.92	57,364.63	1,841.42	703,415.16
10,678.62	222.64	20,938.93	345.26	639,005.45
				606,280.00
				604,745.00
				3,019,290.00
				1,847,125.00
				103,125.00
				89,000.00
$87,472.88	$5,090.35	$219,072.04	$7,744.50	$8,412,357.27

Note 13 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission’s individual claims experience and the experience of the Fund as a whole. Coverage is provided up to $500,000 per claim for a maximum total coverage of $2,000,000 and unlimited defense costs.

The Commission has workers’ compensation insurance through the Association of County Commissions of Alabama (ACCA) Workers’ Compensation Self Insurance Fund, a public entity risk pool. Premiums are based on a rate per $100 of renumeration for each class of employee, which is adjusted by an experience modifier for the individual county less a 15% discount. At year-end, pool participants receive refunds of unused premiums and the related investment earnings.

The Commission purchases commercial insurance for its other risks of loss, including property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Commission is self insured with regard to employee health insurance. The Commission purchases insurance for claims in excess of the aggregate stop loss basis. The aggregate stop loss basis is determined annually based on the Commission's claim experience. An estimate of the claims liability is reported in the general fund, and is based on past experience.

The schedule below presents the changes in claims liabilities for the past three years for the employee health insurance:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2008-2009	$127,700.00	$2,576,182.31	$2,541,214.21	$162,668.10
2007-2008	$191,817.15	$2,167,119.00	$2,231,236.15	$127,700.00
2006-2007	$138,731.50	$2,301,498.32	$2,248,412.67	$191,817.15

Note 14 – Interfund Transactions

Interfund Receivables and Payables

The amounts due to/from other funds at September 30, 2009, were as follows:

	Interfund Receivables		
	General Fund	Reappraisal Fund	Total
Interfund Payables:			
General Fund	$	$67,088.80	$ 67,088.80
Other Governmental Funds	600,144.12		600,144.12
Totals	$600,144.12	$67,088.80	$667,232.92

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2009, were as follows:

	Transfers In			
	General Fund	Public Buildings, Roads and Bridges Fund	Other Governmental Funds	Total Governmental
Transfers Out:				
General Fund	$	$203,802.00	$ 499,859.68	$ 703,661.68
Public Buildings, Roads and Bridges			610,083.39	610,083.39
Courthouse and Jail Fund	465,000.00			465,000.00
Other Governmental Funds	27,537.01	10,000.00	380,130.06	417,667.07
Total	$492,537.01	$213,802.00	$1,490,073.13	$2,196,412.14

Note 15 – Related Organizations

A majority of the members of the Board of the Marshall County Health Care Authority are appointed by the Marshall County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for this agency and this agency is not considered part of the Commission's financial reporting entity. This agency is considered a related organization of the County Commission.

Note 16 – Subsequent Events

On June 10, 2010, the Commission entered into a capital lease agreement for the purchase of eight dump trucks in the amount of $990,302.60.

On November 1, 2010, the Commission issued General Oligation Warrants, Series 2010-A in the amount of $5,160,000 for the purpose of refunding the General Obligation Warrants, Series 2001. The Commission will pay interest rates between 2.000% and 4.000% over the life of the warrant. These warrants will mature in fiscal year 2033.

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Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	**Final**	**Budgetary Basis**
Revenues			
Taxes	$ 5,004,389.42	$ 5,401,826.90	$ 5,432,147.35
Licenses and Permits	290,530.00	290,436.00	105,977.05
Intergovernmental	2,311,112.00	2,685,483.51	3,004,946.47
Charges for Services	1,339,600.00	1,305,696.35	1,342,810.59
Fines and Forfeits		350.00	
Miscellaneous	656,541.03	473,061.92	614,199.03
Total Revenues	9,602,172.45	10,156,854.68	10,500,080.49
Expenditures			
Current:			
General Government	3,562,017.18	3,728,323.78	3,849,367.31
Public Safety	5,190,674.12	5,215,697.26	4,811,018.19
Health	177,542.11	183,477.11	107,371.46
Welfare	164,517.00	177,046.53	199,785.38
Culture and Recreation			22,736.00
Education	89,060.00	89,060.00	94,036.66
Capital Outlay	33,000.00	311,670.61	238,930.56
Debt Service:			
Principal	113,360.09	113,360.09	112,477.12
Interest	7,128.90	7,128.90	8,011.88
Intergovernmental	275,000.00	275,000.00	420,656.30
Total Expenditures	9,612,299.40	10,100,764.28	9,864,390.86
Excess (Deficiency) of Revenues Over Expenditures	(10,126.95)	56,090.40	635,689.63
Other Financing Sources (Uses)			
Transfers In	596,916.12	809,130.67	492,537.01
Proceeds from Sale of Capital Assets		52,390.00	53,390.00
Transfers Out	(490,717.45)	(920,488.63)	(703,661.68)
Total Other Financing Sources (Uses)	106,198.67	(58,967.96)	(157,734.67)
Net Change in Fund Balances	96,071.72	(2,877.56)	477,954.96
Fund Balances - Beginning of Year			2,263,216.22
Fund Balances - End of Year	$ 96,071.72	$ (2,877.56)	$ 2,741,171.18

		Budget to GAAP Differences		Actual Amounts GAAP Basis
(1)	$	11,133.12	$	5,443,280.47
				105,977.05
				3,004,946.47
				1,342,810.59
				614,199.03
		11,133.12		10,511,213.61
				3,849,367.31
				4,811,018.19
				107,371.46
				199,785.38
				22,736.00
				94,036.66
				238,930.56
				112,477.12
				8,011.88
				420,656.30
				9,864,390.86
		11,133.12		646,822.75
				492,537.01
				53,390.00
				(703,661.68)
				(157,734.67)
		11,133.12		489,088.08
(2)		(311,069.42)		1,952,146.80
	$	(299,936.30)	$	2,441,234.88

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended September 30, 2009

Explanation of differences:

The Commission budgets on the modified accrual basis of accounting except as follows:

(1) The Commission recognizes motor vehicle ad valorem taxes as they are received without regard to when they are earned.

Net Increase in Fund Balance - Budget to GAAP

(2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

$	11,133.12
$	11,133.12

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Public Buildings, Roads and Bridges Fund For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 1,586,000.00	$ 1,586,000.00	$ 1,780,232.44
Licenses and Permits	12,000.00	12,000.00	
Intergovernmental	418,000.00	418,000.00	687,021.56
Miscellaneous	64,000.00	64,000.00	51,049.91
Total Revenues	2,080,000.00	2,080,000.00	2,518,303.91
Expenditures			
Current:			
General Government	115,595.56	231,182.75	83,893.83
Highways and Roads	1,142,096.18	2,146,926.48	1,152,387.42
Capital Outlay	243,254.05	392,672.89	534,942.68
Debt Service:			
Principal	5,992.70	5,992.70	5,992.70
Interest	506.06	506.06	506.06
Total Expenditures	1,507,444.55	2,777,280.88	1,777,722.69
Excess (Deficiency) of Revenues Over Expenditures	572,555.45	(697,280.88)	740,581.22
Other Financing Sources (Uses)			
Transfers In		248,990.00	213,802.00
Sale of Capital Assets	20,000.00	70,061.00	58,066.00
Inception of Notes Payable			45,188.00
Transfers Out	(592,555.45)	(633,879.45)	(610,083.39)
Total Other Financing Sources (Uses)	(572,555.45)	(314,828.45)	(293,027.39)
Net Change in Fund Balances		(1,012,109.33)	447,553.83
Fund Balances - Beginning of Year			1,865,432.24
Fund Balances - End of Year	$	$ (1,012,109.33)	$ 2,312,986.07

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	$ 13,466.56	$ 1,793,699.00
		687,021.56
		51,049.91
	13,466.56	2,531,770.47
		83,893.83
		1,152,387.42
		534,942.68
		5,992.70
		506.06
		1,777,722.69
	13,466.56	754,047.78
		213,802.00
		58,066.00
		45,188.00
		(610,083.39)
		(293,027.39)
	13,466.56	461,020.39
(2)	(121,085.29)	1,744,346.95
	$ (107,618.73)	$ 2,205,367.34

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Public Buildings, Roads and Bridges Fund For the Year Ended September 30, 2009

Explanation of differences:

(1) The Commission recognizes motor vehicle ad valorem taxes as they are received without regard to when they are earned.

Net Increase in Fund Balance - Budget to GAAP

(2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

$	13,466.56
$	13,466.56

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 1,399,125.92	$ 1,399,125.92	$ 1,371,584.87
Miscellaneous	28,999.85	27,000.00	8,195.61
Total Revenues	1,428,125.77	1,426,125.92	1,379,780.48
Expenditures			
Current:			
General Government	1,399,125.92	1,586,989.01	1,071,874.86
Capital Outlay		205,000.00	
Total Expenditures	1,399,125.92	1,791,989.01	1,071,874.86
Excess (Deficiency) of Revenues Over Expenditures	28,999.85	(365,863.09)	307,905.62
Net Change in Fund Balances			
Fund Balances - Beginning of Year			392,863.09
Fund Balances - End of Year	$ 28,999.85	$ (365,863.09)	$ 700,768.71

Explanation of differences:

(1) The Commission budgets ad valorem tax when collected, rather than on the modified accrual basis (GAAP).

Net Decrease in Fund Balance - Budget to GAAP

(2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

		Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	$	(307,905.62)	$ 1,063,679.25
			8,195.61
		(307,905.62)	1,071,874.86
			1,071,874.86
			1,071,874.86
		(307,905.62)	
(2)		(392,863.09)	
	$	(700,768.71)	$
	$	(307,905.62)	
	$	(307,905.62)	

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Courthouse and Jail Fund For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	**Final**	**Budgetary Basis**
Revenues			
Taxes	$ 402,000.00	$ 402,000.00	$ 445,058.82
Intergovernmental	3,000.00	3,000.00	2,986.90
Miscellaneous	60,000.00	60,000.00	28,009.76
Total Revenues	465,000.00	465,000.00	476,055.48
Expenditures			
Public Safety		4,800.00	4,800.00
Total Expenditures		4,800.00	4,800.00
Excess (Deficiency) of Revenues Over Expenditures	465,000.00	460,200.00	471,255.48
Other Financing Sources (Uses)			
Transfers Out	(465,000.00)	(465,000.00)	(465,000.00)
Total Other Financing Sources (Uses)	(465,000.00)	(465,000.00)	(465,000.00)
Net Change in Fund Balances		(4,800.00)	6,255.48
Fund Balances - Beginning of Year			2,572,366.87
Fund Balances - End of Year	$	$ (4,800.00)	$ 2,578,622.35

Explanation of differences:

(1) The Commission recognizes motor vehicle ad valorem taxes as they are received without regard to when they are earned.

Net Increase in Fund Balance - Budget to GAAP

(2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	$ 889.78	$ 445,948.60
		2,986.90
		28,009.76
	889.78	476,945.26
		4,800.00
		4,800.00
	889.78	472,145.26
		(465,000.00)
		(465,000.00)
	889.78	7,145.26
(2)	(30,271.30)	2,542,095.57
	$ (29,381.52)	$ 2,549,240.83
	$ 889.78	
	$ 889.78	

Schedule of Funding Progress
Defined Benefit Pension Plan
For the Year Ended September 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)*	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2008	$15,956,400	$19,027,214	$3,070,814	83.9%	$6,679,604	46.0%
09/30/2007	$15,658,115	$17,849,820	$2,191,705	87.7%	$6,174,630	35.5%
09/30/2006**	$14,171,077	$16,089,618	$1,918,540	88.1%	$6,113,997	31.4%
09/30/2005	$13,464,510	$14,588,616	$1,124,106	92.3%	$5,762,541	19.3%

* Reflects liability for cost of living benefit increases granted on or after October 1, 1978.
**Reflects changes in actuarial assumptions.

Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended September 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2008	$0.00	$21,042,415	$21,042,415	0%	$5,346,294	393.6%

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Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
U. S. Department of Housing and Urban Development		
Passed Through Alabama Department of Economic and Community Affairs		
Community Development Block Grants/State's Program	14.228	CY-CE-PF-07-005
Total U. S. Department of Housing and Urban Development		
U. S. Department of Justice		
Direct Programs		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2006-DD-BX-0511
Public Safety Partnership and Community Policing Grants	16.710	2007-CK-WX-0269
Passed Through Alabama Department of Economic and Community Affairs		
Juvenile Accountability Incentive Block Grant Program	16.523	06-JB-11-001
Violence Against Women Formula Grants	16.588	08-WF-PR-003
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-DJ-01-024
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-DH-01-019
Edward Byrne Memorial Justice Assistance Grant Program	16.738	08-DJ-01-014
Sub-Total Edward Memorial Justice Assistance Grant Program		
Total U. S. Department of Justice		
U. S. Department of Transportation		
Passed Through the Alabama Department of Economic and Community Affairs		
Passed Through Northeast Traffic Safety Office		
State and Community Highway Safety	20.600	09-SP-PT-004
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	07-HS-K8-003
Safety Belt Performance Grants	20.609	07-HS-K4-012
Sub-Total Highway Safety Cluster		
Total U. S. Department of Transportation		
U. S. Department of Transportation		
Passed Through Alabama Emergency Management Agency		
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	09 DOT
Total U. S. Department of Transportation		
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
11/13/2007 - 10/13/2009	$ 447,249.00	$ 250,000.00	$ 212,548.00	$ 212,548.00
	447,249.00	250,000.00	212,548.00	212,548.00
10/01/2005 - 11/30/2008	246,530.00	246,530.00	14,351.53	14,351.53
09/01/2007 - 08/31/2009	294,289.00	294,289.00	120,512.98	120,512.98
01/01/2008 - 12/31/2008	46,556.56	41,900.79	10,510.95	10,510.95
10/01/2008 - 09/30/2009	70,933.34	53,199.75	53,199.75	53,199.75
07/01/2008 - 06/30/2009	355,597.47	177,798.60	137,578.32	137,578.32
09/01-2008 - 08/31/2009	26,226.00	23,603.40	23,603.40	23,603.40
07/01/2009 - 09/30/2009	50,000.00	50,000.00	50,000.00	50,000.00
	431,823.47	251,402.00	211,181.72	211,181.72
	1,090,132.37	887,321.54	409,756.93	409,756.93
10/01/2008 - 09/30/2009	6,708.20	6,708.20	6,708.20	6,708.20
10/01/2008 - 09/30/2009	2,191.29	2,191.29	2,191.29	2,191.29
10/01/2008 - 09/30/2009	2,000.00	2,000.00	1,999.09	1,999.09
	10,899.49	10,899.49	10,898.58	10,898.58
	10,899.49	10,899.49	10,898.58	10,898.58
10/01/2008 - 09/30/2009	25,000.00	25,000.00	19,936.75	19,936.75
	25,000.00	25,000.00	19,936.75	19,936.75
	$ 1,573,280.86	$ 1,173,221.03	$ 653,140.26	$ 653,140.26

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
General Services Administration		
Passed Through Alabama Department of		
Economic and Community Affairs		
Donation of Federal Surplus Personal Property (N) (M)	39.003	N/A
Total General Services Administration		
U. S. Department of Education		
Passed Through Alabama Department of		
Economic and Community Affairs		
Safe and Drug-Free Schools and Communities: State Grants	84.186	08-GV-SP-009
Total U. S. Department of Education		
U. S. Department of Health and Human Services		
Passed Through Top of Alabama Regional		
Council of Governments		
Special Programs for the Aging:		
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	770-32-73-74
Aging Cluster:		
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	770-32-73-74
Title III, Part C - Nutrition Services	93.045	770-32-73-74
Sub-Total Aging Cluster		
Total Special Programs for the Aging		
National Family Caregiver Support - Title III Part E	93.052	770-32-73-74
Total Top of Alabama Regional Council of Local Governments		
Passed Through Alabama Department of Mental Health,		
Mental Retardation Substance Abuse Services		
Substance Abuse and Mental Health Services		
Projects of Regional and National Significance	93.243	G8-4389-24
Total U. S. Department of Health and Human Services		
Corporation for National and Community Service		
Direct Program		
Retired and Senior Volunteer Program (M)	94.002	07SRAL001
Retired and Senior Volunteer Program (M)	94.002	07SRAL001
Total Corporation for National and Community Service		
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 1,573,280.86	$ 1,173,221.03	$ 653,140.26	$ 653,140.26
10/01/2008 - 09/30/2009			370,219.44	370,219.44
			370,219.44	370,219.44
10/01/2008 - 09/30/2009	42,292.07	42,292.07	42,292.07	42,292.07
	42,292.07	42,292.07	42,292.07	42,292.07
10/01/2008 - 09/30/2009	1,744.32	835.00	835.00	835.00
10/01/2008 - 09/30/2009	52,294.10	25,033.00	25,033.00	25,033.00
10/01/2008 - 09/30/2009	184,630.59	88,382.00	88,382.00	88,382.00
	238,669.01	114,250.00	114,250.00	114,250.00
	240,413.33	115,085.00	115,085.00	115,085.00
10/01/2008 - 09/30/2009	3,655.76	1,750.00	1,750.00	1,750.00
	242,324.77	116,000.00	116,000.00	116,000.00
10/01/2008 - 09/30/2009	87,000.00	87,000.00	86,974.07	86,974.07
	329,324.77	203,000.00	202,974.07	202,974.07
10/01/2006 - 03/31/2009	390,007.00	266,838.00	88,440.00	88,440.00
04/01/2009 - 03/31/2010	264,033.00	178,398.00	53,714.51	53,714.51
	654,040.00	445,236.00	142,154.51	142,154.51
	$ 2,598,937.70	$ 1,863,749.10	$ 1,410,780.35	$ 1,410,780.35

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
U. S. Department of Homeland Security		
Passed Through Alabama Emergency Management Agency		
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (M)	97.036	FEMA-1836-DR-AL
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (M)	97.036	Louisiana Sheltering
Sub-Total Disaster Grants - Public Assistance (Presidentially Declared Disasters) (M)		
Passed Through Alabama Department of Homeland Security		
Homeland Security Grant Program	97.067	6SHL
Homeland Security Grant Program	97.067	7CCL
Homeland Security Grant Program	97.067	7MAL
Homeland Security Grant Program	97.067	7SHL
Homeland Security Grant Program	97.067	8CCL
Homeland Security Grant Program	97.067	8MAL
Homeland Security Grant Program	97.067	8SHL
Passed Through Alabama Emergency Management Agency		
Homeland Security Grant Program	97.067	6NIM
Sub-Total Homeland Security Grant Program (M)		
Passed Through Alabama Emergency Management Agency		
Hazard Mitigation Grant Program	97.039	DR 1605-0230
Hazard Mitigation Grant Program	97.039	DR 1605-0237
Sub-Total Hazard Mitigation Program		
Emergency Management Performance Grants	97.042	09-EMPG-50
Sub-Total Federal Emergency Management Agency		
Total U. S Department of Homeland Security		
Federal Emergency Management Agency		
Direct Programs		
Assistance to Firefighters Grant	97.044	EMW-2007-FP-02608
Total Federal Emergency Management Agency		
Total Expenditures of Federal Awards		

(M) = Major Program
(N) = Non-Cash Assistance
N/A = Not Available

The accompanying Notes to the Schedule of Expenditures of Federal Awards are integral part of this schedule.

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 2,598,937.70	$ 1,863,749.10	$ 1,410,780.35	$ 1,410,780.35
05/08/2009 - 11/08/2009	660,579.34	522,433.99	522,433.99	522,433.99
08/31/2008 - 09/05/2008	44,647.03	44,647.03	44,647.03	44,647.03
	705,226.37	567,081.02	567,081.02	567,081.02
03/23/2009 - 06/01/2009	6,675.00	6,675.00	5,870.00	5,870.00
10/11/2007 - 12/31/2009	21,000.00	21,000.00	260.23	260.23
10/11/2007 - 12/31/2009	11,000.00	11,000.00	5,886.92	5,886.92
10/11/2007 - 12/31/2009	31,000.00	31,000.00	3,321.68	3,321.68
10/10/2008 - 06/30/2010	21,000.00	21,000.00	17,422.15	17,422.15
10/10/2008 - 06/30/2010	14,760.00	14,760.00	6,323.18	6,323.18
10/10/2008 - 06/30/2010	127,024.49	127,024.49	66,976.00	66,976.00
10/01/2008 - 09/30/2009	574.97	574.97	574.97	574.97
	233,034.46	233,034.46	106,635.13	106,635.13
09/16/2008 - 01/31/2010	87,900.00	65,925.00	60,749.31	60,749.31
01/07/2009 - 01/06/2010	85,951.00	64,463.00	52,147.33	52,147.33
	173,851.00	130,388.00	112,896.64	112,896.64
10/01/2008 - 09/30/2009	62,109.00	62,109.00	62,109.00	62,109.00
	62,109.00	62,109.00	62,109.00	62,109.00
	1,174,220.83	992,612.48	848,721.79	848,721.79
03/28/2008 - 03/27/2009	33,129.00	33,129.00	31,030.00	31,030.00
	33,129.00	33,129.00	31,030.00	31,030.00
	$ 3,806,287.53	$ 2,889,490.58	$ 2,290,532.14	$ 2,290,532.14

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2009

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Marshall County Commission and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Additional Information

Commission Members and Administrative Personnel

October 1, 2008 through September 30, 2009

Commission Members			**Term Expires**
Hon. Douglas D. Fleming	Chairman	3310 Eddy Scant City Road Arab, AL 35016	2010
Hon. William Stricklend, III	Commissioner	292 Norwood Drive Joppa, AL 35807	2010
Hon. R. E. Martin	Commissioner	4094 Simpson Point Road Grant, AL 35747	2008
Hon. James Maze	Commissioner	106 O'Neal Lane Guntersville, AL 35976	2012
Hon. C. W. "Buddy" Allen	Commissioner	3621 Turnpike Road Albertville, AL 35950	2008
Hon. Richard Kilgore	Commissioner	1478 Douglas Hyatt Road Horton, AL 35980	2012
Hon. Tim F. Bollinger	Commissioner	215 Collier Drive Albertville, AL 35951	2010

Administrative Personnel

Nancy R. Wilson	County Administrator	1301 Hickory Street Albertville, AL 35950

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission (the "Commission") as of and for the year ended September 30, 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 15, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

This report is intended solely for the information and use of management, members of the Commission, the Chairman, the County Administrator and others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

December 15, 2010

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Marshall County Commission (the "Commission") with the types of compliance requirements described in the ***U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*** that are applicable to each of its major federal programs for the year ended September 30, 2009. The Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Commission's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weakness as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a entity's internal control over compliance exists when the design and operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

The Marshall County Commission's response to the finding identified in our audit is described in the accompanying Auditee Response/Corrective Action Plan. We did not audit the Marshall County Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, members of the Commission, the County Administrator and others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald L. Jones

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

December 15, 2010

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	______ Yes	__X__ None reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	__X__ Yes	______ None reported
Type of opinion issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	______ Yes	__X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
39.003	Donation of Federal Surplus Personal Property
94.002	Retired and Senior Volunteer Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000.00	
Auditee qualified as low-risk auditee?	______ Yes	__X__ No

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		No matters were reportable.	

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
2008-1	94.002	Corporation for National and Community Service Retired and Senior Volunteer Program.	OMB Circular A-87, Section 225.15 requires for a cost to be allowable it must be necessary and reasonable for proper and efficient performance and administration of federal awards. Meals were paid for with federal funds for advisory council meetings and other purposes for the Retired and Senior Volunteer Program. These costs do not appear to meet the required criteria. Adequate procedures were not in place to prevent these costs from being billed to the program.	N/A

Summary Schedule of Prior Audit Findings

MARSHALL COUNTY COMMISSION

CHAIRMAN
DOUGLAS D. FLEMING

COUNTY ADMINISTRATOR
NANCY R. WILSON

COUNTY ENGINEER
BOB PIRANDO

DISTRICT 1
WILLIAM H. STRICKLEND, III

DISTRICT 2
JAMES MAZE

DISTRICT 3
RICHARD KILGORE

DISTRICT 4
TIM BOLLINGER

September 14, 2010

Ronald L. Jones, Chief Examiner
State of Alabama
Department of Examiners of Public Accounts
P O Box 302251
Montgomery, AL 36104-3833

Dear Sir:

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2009

As required by the Office of Management and Budget (OMB) Circular No. A-133, ***Audits of States, Local Governments, and Non-Profit Organizations,*** Section .315 (c), the **Marshall County Commission** has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2009.

Finding Ref No.	Status of Prior Audit Finding
2008-1	Procedures were put into place following the 2008 audit to ensure that costs which are not in compliance with OMB Circular A-87, Section 225.25 will not be charged to a federal program. The Commission was not aware of finding 2008-1 at the time these charges occurred in fiscal year 2009. As of April 1, 2009, the Marshall County Commission no longer administers the RSVP program.

Sincerely,

Douglas D. Fleming
Chairman

Auditee Response/Corrective Action Plan

MARSHALL COUNTY COMMISSION

CHAIRMAN
JAMES HUTCHESON

COUNTY ADMINISTRATOR
NANCY R. WILSON

COUNTY ENGINEER
BOB PIRANDO

DISTRICT 1
WILLIAM H. STRICKLEND, III

DISTRICT 2
JAMES MAZE

DISTRICT 3
RICHARD KILGORE

DISTRICT 4
TAMEY HALE

December 16, 2010

Ronald L. Jones, Chief Examiner
State of Alabama
Department of Examiners of Public Accounts
P O Box 302251
Montgomery, AL 36104-3833

Dear Sir:

Corrective Action Plan
For the Year Ended September 30, 2009

As required by the Office of Management and Budget (OMB) Circular No. A-133, ***Audits of States, Local Governments, and Non-Profit Organizations,*** Section .315 (c), the **Marshall County Commission** has prepared and hereby submits the following Corrective Action Plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2009.

Finding Ref No.	Corrective Action Plan Details
2008-1	**Finding #2008-1:** OMB Circular A-87, Section 225.15, requires for a cost to be allowed it must be necessary and reasonable for proper and efficient performance and administration of federal awards. Meals were paid for with federal funds for advisory council meetings and other purposes for the Retired and Senior Volunteer Program. These costs do not appear to meet the required criteria. Adequate procedures were not in place to prevent these costs from being billed to the program. **Response:** Procedures were put into place following the 2008 audit to ensure that costs which are not in compliance with OMB Circular A-87, Section 225.25 will not be charged to a federal program. The Commission was not aware of finding 2008-1 at the time these charges occurred in fiscal year 2009. As of April 1, 2009, the Marshall County Commission no longer administers the RSVP program.

Sincerely,

James Hutcheson
Chairman

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