



**ANNUAL FINANCIAL REPORT  
MADISON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2007**



**ANNUAL FINANCIAL REPORT**  
**MADISON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2007**

***DEPARTMENT OF AUDIT***  
***JOHN G. MORGAN***  
***Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT***  
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***State Auditors***

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

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# MADISON COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Madison County, Tennessee  
For the Year Ended June 30, 2007

***Scope***

We have audited the basic financial statements of Madison County as of and for the year ended June 30, 2007.

***Results***

Our report on Madison County's financial statements is unqualified.

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

***Findings***

The following are summaries of the audit findings:

**OFFICE OF FINANCE DIRECTOR**

- ◆ The office had accounting deficiencies.
- ◆ Cash on deposit with the trustee was not reconciled monthly in the General, General Purpose School, School Federal Projects, and Central Cafeteria funds.
- ◆ The office had payroll reporting deficiencies for the funds of the School Department.
- ◆ The School Federal Projects Fund had a deficit in unreserved fund balance and a cash overdraft as of June 30, 2007.
- ◆ Expenditures and encumbrances exceeded appropriations approved by the County Commission at the major appropriation category level of control (the legal level of control) for the General, Local Purpose Tax, General Capital Projects, and General Purpose School funds.
- ◆ Audit adjustments approved by management for the year ended June 30, 2006, had not been posted to the accounting records of the Education Capital Projects Fund as of June 30, 2007.
- ◆ A signature stamp was used to sign purchase orders.
- ◆ Duties were not segregated adequately among employees.
- ◆ Controls over access to negotiable documents were inadequate.

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## INTRODUCTORY SECTION

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# Madison County Officials

## June 30, 2007

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### **Officials**

Jerry Gist, County Mayor  
Fred Bowyer, Highway Engineer  
Dr. Nancy Zambito, Director of Schools  
Wilma Allen, Trustee  
Frances Hunley, Assessor of Property  
Freddie Pruitt, County Clerk  
Judy Barnhill, Circuit and General Sessions Courts Clerk  
Bart Swift, Juvenile Court Clerk  
Pam Carter, Clerk and Master  
Linda Waldon, Register  
David Woolfork, Sheriff  
Mike Nichols, Finance Director

### **Board of County Commissioners**

Charles Byrd, Chairman	William Martin
Jimmy Arnold	Luther Mercer
Fred Birmingham	Maria Mitchell
Katie Brantley	Dale Morton
Claudell Brown, Jr.	John Newman
Gary Deaton	James Pearson
Aaron Ellison	Joe Roland
Bill Hall	Lacy Rose
Jim Ed Hart	Douglas Roth
Arthur Johnson, Jr.	Billy Spain
Barbara Johnson	Bill Walls
Mark Johnstone	Arthur Wilson
Terry Kuykendall	

### **Board of Education**

Dr. Joe Mays, Chairman  
Grady Akins  
Robert Avery, Jr.  
Karen Bell  
Carol Carter-Estes  
Dr. Vicky Foote  
Dr. Linda Pride  
Anne Henning-Rowan  
Ben Rudd

### **Finance Committee**

John Newman, Chairman  
Fred Bowyer  
Gary Deaton  
Jerry Gist  
Dale Morton  
James Pearson  
Dr. Nancy Zambito

## Madison County Officials (Cont.)

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### **Budget Committee**

Larry Lowrance, Chairman  
Phil Bryant  
Jerry Gist  
Luther Mercer

Maria Mitchell  
Mike Nichols  
Joe Roland

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## FINANCIAL SECTION

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

December 19, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Madison County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Madison County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Madison County Emergency Communications District, which represent 2.74 percent and 1.01 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Madison County Emergency Communications District is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the

governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2007, on our consideration of Madison County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management of Madison County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison and pension information on pages 65 through 73 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. 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 Madison County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/yu

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## **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Madison County, Tennessee  
Statement of Net Assets  
June 30, 2007

	Primary Government Governmental Activities	Component Units	
		Madison County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 86,617	\$ 0	\$ 2,272,913
Equity in Pooled Cash and Investments	16,666,714	4,089,778	68,165
Accounts Receivable	365,651	0	0
Due from Other Governments	2,261,348	8,977,269	0
Property Taxes Receivable	27,595,556	13,711,086	0
Allowance for Uncollectible Property Taxes	(1,280,416)	(654,341)	0
Notes Receivable - Long-term	199,983	0	0
Deferred Charges - Debt Issuance Costs	528,277	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	8,309,548	2,091,562	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	18,727,892	71,140,046	0
Infrastructure	36,874,788	0	0
Other Capital Assets	3,855,829	4,175,141	573,090
Total Assets	<u>\$ 114,191,787</u>	<u>\$ 103,530,541</u>	<u>\$ 2,914,168</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 828,317	\$ 263,871	\$ 33,868
Accrued Leave	0	0	10,468
Payroll Deductions Payable	7,252	1,770,620	0
Cash Overdraft	0	159,609	0
Contracts Payable	607,259	0	0
Accrued Interest Payable	742,129	0	0
Deferred Revenue - Current Property Taxes	25,477,300	12,614,975	0
Noncurrent Liabilities:			
Due Within One Year	6,524,004	13,354	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	67,989,644	263,543	0
Total Liabilities	<u>\$ 102,175,905</u>	<u>\$ 15,085,972</u>	<u>\$ 44,336</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 53,036,244	\$ 0	\$ 0
Invested in Capital Assets	0	77,406,749	573,090
Restricted for:			
Capital Projects	1,043,756	687,231	0
Debt Service	4,844,654	0	0
Juvenile Service	442,877	0	0
Solid Waste/Sanitation	465,035	0	0
Local Purpose Tax	1,338,965	0	0
Highway/Public Works	3,602,749	0	0
Central Cafeteria	0	2,130,297	0
Basic Education Program	0	754,643	0
Other Purposes	388,550	156,265	0
Unrestricted	<u>(53,146,948)</u>	<u>7,309,384</u>	<u>2,296,742</u>
Total Net Assets	<u>\$ 12,015,882</u>	<u>\$ 88,444,569</u>	<u>\$ 2,869,832</u>

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

Exhibit B

Madison County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Madison County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 2,106,002	\$ 1,210,965	\$ 12,285	\$ 0	\$ (882,752)	\$ 0	\$ 0
Finance	3,189,009	2,899,080	27,910	0	(262,019)	0	0
Administration of Justice	3,062,981	2,627,903	207,210	0	(227,868)	0	0
Public Safety	20,005,378	4,527,861	52,489	353,697	(15,071,331)	0	0
Public Health and Welfare	6,107,215	1,491,364	3,104,452	0	(1,511,399)	0	0
Social, Cultural, and Recreational Services	2,601,499	321,423	9,899	0	(2,270,177)	0	0
Agriculture and Natural Resources	303,633	103,164	0	0	(200,469)	0	0
Other Operations	1,346,606	86,016	0	0	(1,260,590)	0	0
Highways/Public Works	4,016,337	208,711	2,471,954	951,645	(384,027)	0	0
Interest on Long-term Debt	3,383,201	0	511,222	0	(2,871,979)	0	0
Other Debt Service	643,881	0	0	0	(643,881)	0	0
<b>Total Primary Government</b>	<b>\$ 46,765,742</b>	<b>\$ 13,476,487</b>	<b>\$ 6,397,421</b>	<b>\$ 1,305,342</b>	<b>\$ (25,586,492)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:							
Madison County School Department	\$ 111,479,915	\$ 2,158,608	\$ 17,832,777	\$ 36,531	\$ 0	\$ (91,451,999)	\$ 0
Emergency Communications District	595,293	831,533	0	0	0	0	236,240
<b>Total Component Units</b>	<b>\$ 112,075,208</b>	<b>\$ 2,990,141</b>	<b>\$ 17,832,777</b>	<b>\$ 36,531</b>	<b>\$ 0</b>	<b>\$ (91,451,999)</b>	<b>\$ 236,240</b>

(Continued)

Exhibit B

Madison County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Madison County and School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 17,668,145	\$ 13,753,368	\$ 0
Property Taxes Levied for Debt Service					8,141,432	0	0
Local Option Sales Taxes					1,110,545	33,468,281	0
Other Local Taxes					2,973,508	15,468	0
Grants and Contributions Not Restricted to Specific Programs					4,089,298	43,236,085	200,000
Unrestricted Investment Earnings					607,243	559,957	99,261
Miscellaneous					163,306	22,976	5,279
<b>Total General Revenues</b>					<b>\$ 34,753,477</b>	<b>\$ 91,056,135</b>	<b>\$ 304,540</b>
Change in Net Assets					\$ 9,166,985	\$ (395,864)	\$ 540,780
Net Assets, July 1, 2006					(21,918,319)	88,840,433	2,336,977
Prior Period Adjustment					24,767,216	0	(7,925)
<b>Net Assets, June 30, 2007</b>					<b>\$ 12,015,882</b>	<b>\$ 88,444,569</b>	<b>\$ 2,869,832</b>

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

Exhibit C-1

Madison County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2007

	Major Funds			Nonmajor	Total
	General	Highway /	General	Other	
		Public	Debt	Govern-	
	Works	Service	mental	Funds	
			Funds		
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 86,617	\$ 86,617
Equity in Pooled Cash and Investments	5,492,244	3,533,550	3,433,134	3,239,078	15,698,006
Accounts Receivable	146,656	29,001	139,206	50,788	365,651
Due from Other Governments	1,248,707	918,364	0	94,277	2,261,348
Due from Other Funds	87,068	0	0	0	87,068
Property Taxes Receivable	13,622,609	1,745,894	8,583,199	3,643,854	27,595,556
Allowance for Uncollectible Property Taxes	(633,402)	(82,709)	(402,028)	(162,277)	(1,280,416)
Notes Receivable - Long-term	199,983	0	0	0	199,983
Total Assets	<u>\$ 20,163,865</u>	<u>\$ 6,144,100</u>	<u>\$ 11,753,511</u>	<u>\$ 6,952,337</u>	<u>\$ 45,013,813</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 512,228	\$ 104,245	\$ 0	\$ 101,141	\$ 717,614
Payroll Deductions Payable	1,518	5,494	0	240	7,252
Contracts Payable	0	607,259	0	0	607,259
Due to Other Funds	0	0	0	87,068	87,068
Deferred Revenue - Current Property Taxes	12,573,749	1,607,791	7,915,278	3,380,482	25,477,300
Deferred Revenue - Delinquent Property Taxes	361,699	48,226	231,487	88,014	729,426
Other Deferred Revenues	449,603	691,871	0	0	1,141,474
Total Liabilities	<u>\$ 13,898,797</u>	<u>\$ 3,064,886</u>	<u>\$ 8,146,765</u>	<u>\$ 3,656,945</u>	<u>\$ 28,767,393</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>					
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 286,262	\$ 2,220	\$ 0	\$ 83,316	\$ 371,798
Reserved for Litter Enforcement Awards	3,400	0	0	0	3,400
Reserved for Drug Court	21,710	0	0	0	21,710
Reserved for Computer System - Register	124,750	0	0	0	124,750
Reserved for Automation Purposes - Circuit Court	131,613	0	0	0	131,613
Reserved for Automation Purposes - Chancery Court	10,115	0	0	0	10,115
Reserved for Automation Purposes - Sheriff	4,189	0	0	0	4,189
Reserved for Long-Term Notes Receivable	199,983	0	0	0	199,983
Unreserved, Reported In:					
General Fund	5,483,046	0	0	0	5,483,046
Special Revenue Funds	0	3,076,994	0	2,253,510	5,330,504
Debt Service Funds	0	0	3,606,746	0	3,606,746
Capital Projects Funds	0	0	0	958,566	958,566
Total Fund Balances	<u>\$ 6,265,068</u>	<u>\$ 3,079,214</u>	<u>\$ 3,606,746</u>	<u>\$ 3,295,392</u>	<u>\$ 16,246,420</u>
Total Liabilities and Fund Balances	<u>\$ 20,163,865</u>	<u>\$ 6,144,100</u>	<u>\$ 11,753,511</u>	<u>\$ 6,952,337</u>	<u>\$ 45,013,813</u>

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

Exhibit C-2

Madison County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 16,246,420	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 8,309,548		
Add: building and improvements net of accumulated depreciation	18,727,892		
Add: infrastructure net of accumulated depreciation	36,874,788		
Add: other capital assets net of accumulated depreciation	<u>3,855,829</u>	67,768,057	
(2) Internal service funds are used by management to charge the costs of employee health benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			858,005
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$ (23,609,868)		
Less: bonds payable	(47,500,000)		
Add: deferred charges - debt issuance costs	1,748,550		
Add: deferred amount on refunding	528,277		
Less: accrued interest on bonds and notes	(742,129)		
Less: compensated absences payable	(1,499,046)		
Less: deferred amount on unamortized debt premium	<u>(3,653,284)</u>	(74,727,500)	
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,870,900</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 12,015,882</u></u>

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

Exhibit C-3

Madison County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 17,146,316	\$ 1,839,969	\$ 8,502,465	\$ 3,167,031	\$ 30,655,781
Licenses and Permits	286,516	0	0	0	286,516
Fines, Forfeitures, and Penalties	464,598	0	0	44,860	509,458
Charges for Current Services	1,262,069	0	0	0	1,262,069
Other Local Revenues	852,260	24,549	57,459	59,619	993,887
Fees Received from County Officials	4,963,937	0	0	0	4,963,937
State of Tennessee	4,965,097	2,950,231	688,650	348,902	8,952,880
Federal Government	710,318	0	0	49,885	760,203
Other Governments and Citizens Groups	1,922,711	0	0	951,696	2,874,407
<b>Total Revenues</b>	<b>\$ 32,573,822</b>	<b>\$ 4,814,749</b>	<b>\$ 9,248,574</b>	<b>\$ 4,621,993</b>	<b>\$ 51,259,138</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,619,388	\$ 0	\$ 0	\$ 163,252	\$ 1,782,640
Finance	2,065,954	0	0	60,273	2,126,227
Administration of Justice	2,008,768	0	0	82,722	2,091,490
Public Safety	12,019,301	0	0	1,773,483	13,792,784
Public Health and Welfare	4,782,247	0	0	629,672	5,411,919
Social, Cultural, and Recreational Services	1,800,272	0	0	49,077	1,849,349
Agriculture and Natural Resources	279,134	0	0	0	279,134
Other Operations	6,987,014	0	0	174,729	7,161,743
Highways	0	4,288,625	0	8,007	4,296,632
Debt Service:					
Principal on Debt	13,548	0	5,822,523	137,612	5,973,683
Interest on Debt	3,540	0	3,446,475	3,668	3,453,683
Other Debt Service	0	0	164,274	0	164,274
<b>Total Expenditures</b>	<b>\$ 31,579,166</b>	<b>\$ 4,288,625</b>	<b>\$ 9,433,272</b>	<b>\$ 3,082,495</b>	<b>\$ 48,383,558</b>

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 994,656	\$ 526,124	\$ (184,698)	\$ 1,539,498	\$ 2,875,580
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 17,453	\$ 0	\$ 0	\$ 6,942	\$ 24,395
Transfers In	29,203	0	0	0	29,203
Transfers Out	0	(29,203)	0	0	(29,203)
Total Other Financing Sources (Uses)	\$ 46,656	\$ (29,203)	\$ 0	\$ 6,942	\$ 24,395
Net Change in Fund Balances	\$ 1,041,312	\$ 496,921	\$ (184,698)	\$ 1,546,440	\$ 2,899,975
Fund Balance, July 1, 2006	5,223,756	2,582,293	3,791,444	1,748,952	13,346,445
Fund Balance, June 30, 2007	\$ 6,265,068	\$ 3,079,214	\$ 3,606,746	\$ 3,295,392	\$ 16,246,420

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

Exhibit C-4

Madison County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 2,899,975
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,157,050	
Less: current year depreciation expense	<u>(3,474,134)</u>	(317,084)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 1,870,900	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(1,750,250)</u>	120,650
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: change in deferred debt issuance costs	\$ (73,869)	
Less: change in deferred amount on refunding	(405,738)	
Add: change in premium on debt issuances	511,222	
Add: principal payments on bonds	750,000	
Add: principal payments on notes	<u>5,223,683</u>	6,005,298
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest on bonds	\$ 12,170	
Change in accrued interest on notes	58,312	
Change in compensated absences	<u>(348,334)</u>	(277,852)
(5) Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities in the statement of activities.		<u>735,998</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 9,166,985</u></u>

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

Exhibit D-1

Madison County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2007

Governmental  
 Activities -  
 Internal  
 Service  
 Fund  


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 Employee  
 Insurance  


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ASSETS

Equity in Pooled Cash and Investments	\$ 968,708
Total Assets	<u>\$ 968,708</u>

LIABILITIES

Accounts Payable	\$ 110,703
Total Liabilities	<u>\$ 110,703</u>

NET ASSETS

Unrestricted	\$ 858,005
Total Net Assets	<u><u>\$ 858,005</u></u>

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

Exhibit D-2

Madison County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2007

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 5,783,045
Total Operating Revenues	<u>\$ 5,783,045</u>
<u>Operating Expenses</u>	
Excess Risk Insurance	\$ 240,394
Medical Claims	4,656,285
Other Charges	176,647
Total Operating Expenses	<u>\$ 5,073,326</u>
Operating Income (Loss)	<u>\$ 709,719</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 26,279
Total Nonoperating Revenues	<u>\$ 26,279</u>
Change in Net Assets	\$ 735,998
Net Assets, July 1, 2006	<u>122,007</u>
Net Assets, June 30, 2007	<u><u>\$ 858,005</u></u>

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

Exhibit D-3

Madison County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2007

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance</u>
<u>Cash Flows From Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 5,783,045
Payments for Excess Risk Insurance	(240,394)
Payments for Medical Claims	(4,684,248)
Payments for Administrative Costs	(176,647)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 681,756</u>
<u>Cash Flows From Investing Activities</u>	
Interest Income Received	\$ 26,279
Net Cash Provided By (Used In) Investing Activities	<u>\$ 26,279</u>
Increase (Decrease) in Cash	\$ 708,035
Cash, July 1, 2006	<u>260,673</u>
Cash, June 30, 2007	<u><u>\$ 968,708</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>To Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 709,719
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<u>(27,963)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 681,756</u></u>

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

Exhibit E

Madison County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 98,006
Cash	4,144,590
Accounts Receivable	85,471
Due from Other Governments	<u>3,419,469</u>
Total Assets	<u>\$ 7,747,536</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 3,517,450
Due to Litigants, Heirs, and Others	4,144,590
Other Current Liabilities	<u>85,496</u>
Total Liabilities	<u>\$ 7,747,536</u>

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

**MADISON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Madison County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Madison County:

**A. Reporting Entity**

Madison County is a public municipal corporation governed by an elected 25-member board. As required by GAAP, these financial statements present Madison County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

**Blended Component Units** – There are no legally separate component units of Madison County that meet the criteria for being reported as part of the primary government by the blending method.

**Discretely Presented Component Units** – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Madison County School Department operates the public school system in the county, and the voters of Madison County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Madison County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Madison County, and the Madison County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Madison County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Madison County School Department are included in this report as listed in the table of contents. Complete financial statements of the Madison County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Madison County Emergency Communications District  
546 East College Street, Room 219  
Jackson, Tennessee 38301

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Madison County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Madison County School Department component unit only reports governmental activities in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Madison County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Madison County reports only one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Madison County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Madison County reports the following major governmental funds:

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

**Highway/Public Works Fund** – This fund accounts for transactions of the county’s Highway Department.

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

Additionally, Madison County reports the following fund types:

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

**Internal Service Fund** – The Employee Insurance Fund is used to account for the self-insured employee health insurance program.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Madison County, assessments for the watershed district, and hotel/motel taxes for the Jackson-Madison County Community Economic Development Commission. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

**Special Revenue Funds** – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

**Capital Projects Fund** – The Education Capital Projects Fund accounts for transactions involving building construction and renovations of the School Department.

**Fiduciary Fund** – The Pension Trust Fund is used to account for a former City of Jackson Teacher Retirement Plan, which was assumed by the Madison County Board of Education, as a result of the consolidation of the city and county school systems.

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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund (internal service fund) used to account for employees' health insurance coverage. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the county's internal service fund are insurance premiums. Operating expenses for the internal service fund include administrative expenses and medical benefits.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

For purposes of the statement of cash flows, cash consists entirely of Equity in Pooled Cash and Investments with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Madison County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund and the discretely presented Madison County School Department's General Purpose School Fund. Madison County and the Madison County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

**2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.48 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

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

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

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$15,000 or more (infrastructure \$50,000) and an estimated useful life of more than one year. Capital assets are defined by the discretely presented Madison County School Department as assets with an initial, individual cost of more than \$15,000 (buildings \$100,000) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital

assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-40
Other Capital Assets	5-30
Infrastructure:	
Roads	5-30
Bridges	30

**4. Compensated Absences**

Madison County and the discretely presented Madison County School Department permit employees to accumulate a limited amount of earned but unused vacation benefits that will be paid to employees upon separation from service. All vacation leave is accrued when incurred in the government-wide statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave has no guaranteed payment attached except for employees of the Highway Department and therefore is not required to be accrued or recorded. Sick leave has been accrued for Highway Department employees.

**5. 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. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of

the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

## **6. Net Assets and Fund Equity**

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2007, Madison County had \$56,781,551 in outstanding debt for capital purposes for the discretely presented Madison County School Department. This debt is a liability of Madison County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Madison County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2007:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Health Department - AIDS Program	\$ 31,994
Health Department - Local Current Services	1,363,398
Health Department - WIC Program	512,903
Health Department - Hotel, Pools, and Food Services	207,364
Health Department - STD Program	253,326

**7. Prior-period Adjustments**

Net capital assets were restated \$24,767,216 from the prior year. The prior-period adjustment resulted from the recognition of infrastructure assets acquired between July 1, 1980, and June 30, 2002.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

**Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

**Discretely Presented Madison County School Department**

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

### **Primary Government**

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

### **Discretely Presented Madison County School Department**

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net changes in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

## **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the District Attorney General Fund (special revenue fund) and the Constitutional Officers - Fees Fund (special revenue fund) which are not budgeted, and the Highway Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

**B. Fund Deficit**

The School Federal Projects Fund had a deficit of \$674,126 in unreserved fund balance at June 30, 2007. This deficit occurred because School Department personnel had not requested reimbursements for grant funds on a timely basis.

**C. Cash Overdraft**

The School Federal Projects Fund had a cash overdraft of \$159,609 at June 30, 2007. This cash overdraft resulted from the issuance of warrants in excess of cash on deposit with the trustee. This cash overdraft was liquidated subsequent to June 30, 2007.

**D. Expenditures and Encumbrances Exceeded Appropriations**

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

<u>Fund</u>	<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
General	County Commission	\$ 116
General	Register of Deeds	7,061
General	County Buildings	13,939
General	District Attorney General	1,596
General	Libraries	22
General	Contributions to Other Agencies	3,599
Local Purpose Tax	Miscellaneous	10,758
General Capital Projects	County Commission	120
General Capital Projects	Accounting and Budgeting	71
General Capital Projects	Libraries	250
General Capital Projects	Miscellaneous	18,333
General Purpose School	Other	16,344
General Purpose School	Other Programs	2,000
General Purpose School	Fiscal Services	736

Such overexpenditures are a violation of state statute. These overexpenditures were funded by available fund balances.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Madison County and the Madison County School Department participate in an internal cash and investment pool through the Office of Trustee. The

county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

### **Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2007, Madison County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Madison County and the discretely presented Madison County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 18,364,313</u>
Total		<u><u>\$ 18,364,313</u></u>

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Madison County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Madison County has no investment policy that would further limit its investment choices. As of June 30, 2007, Madison County's investment in the State Treasurer's Investment Pool was unrated.

**B. Note Receivable**

The note receivable in the General Fund represents a long-term loan made to the Pinson Utility District (\$199,983) and is offset by a reservation of fund balance.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2007, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-06	Prior Period Adjustment	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:					
Land	\$ 4,904,634	\$ 3,404,914	\$ 0	\$ 0	\$ 8,309,548

**Governmental Activities (Cont.):**

	Balance 7-1-06	Prior Period Adjustment	Increases	Decreases	Balance 6-30-07
Construction in Progress	\$ 340,667	\$ 0	\$ 0	\$ 340,667	\$ 0
Total Capital Assets Not Depreciated	\$ 5,245,301	\$ 3,404,914	\$ 0	\$ 340,667	\$ 8,309,548
Capital Assets Depreciated:					
Buildings and Improvements	\$ 25,580,002	\$ 0	\$ 77,226	\$ 0	\$ 25,657,228
Roads and Bridges	23,945,726	30,346,628	2,817,420	0	57,109,774
Other Capital Assets	12,032,996	0	603,071	57,550	12,578,517
Total Capital Assets Depreciated	\$ 61,558,724	\$ 30,346,628	\$ 3,497,717	\$ 57,550	\$ 95,460,619
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 6,296,749	\$ 0	\$ 632,587	\$ 0	\$ 6,929,336
Roads and Bridges	9,351,847	8,984,326	1,898,813	0	20,234,986
Other Capital Assets	7,837,504	0	942,734	57,550	8,837,788
Total Accumulated Depreciation	\$ 23,486,100	\$ 8,984,326	\$ 3,474,134	\$ 57,550	\$ 36,002,110
Total Capital Assets Depreciated, Net	\$ 38,072,624	\$ 21,362,302	\$ 23,583	\$ 0	\$ 59,458,509
Governmental Activities Capital Assets, Net	\$ 43,317,925	\$ 24,767,216	\$ 23,583	\$ 340,667	\$ 67,768,057

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

**Governmental Activities:**

General Government	\$ 22,216
Finance	16,454
Administration of Justice	167,620
Public Safety	891,706
Public Health and Welfare	236,878

Governmental Activities (Cont.):

Social, Cultural, and Recreational Services	\$ 103,740
Agriculture and Natural Resources	8,161
Other Operations	22,926
General Administration	890
Highways/Public Works	<u>2,003,543</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 3,474,134</u>

**Discretely Presented Madison County School Department**

**Governmental Activities:**

	Balance 7-1-06	Increases	Balance 6-30-07
	<hr/>		
Capital Assets Not Depreciated:			
Land	\$ 2,091,562	\$ 0	\$ 2,091,562
Total Capital Assets Not Depreciated	<u>\$ 2,091,562</u>	<u>\$ 0</u>	<u>\$ 2,091,562</u>
 Capital Assets Depreciated:			
Buildings and Improvements	\$ 106,220,432	\$ 0	\$ 106,220,432
Other Capital Assets	<u>9,610,149</u>	<u>824,717</u>	<u>10,434,866</u>
Total Capital Assets Depreciated	<u>\$ 115,830,581</u>	<u>\$ 824,717</u>	<u>\$ 116,655,298</u>
 Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 32,660,921	\$ 2,419,465	\$ 35,080,386
Other Capital Assets	<u>5,696,223</u>	<u>563,502</u>	<u>6,259,725</u>
Total Accumulated Depreciation	<u>\$ 38,357,144</u>	<u>\$ 2,982,967</u>	<u>\$ 41,340,111</u>
 Total Capital Assets Depreciated, Net	<u>\$ 77,473,437</u>	<u>\$ (2,158,250)</u>	<u>\$ 75,315,187</u>
 Governmental Activities Capital Assets, Net	<u>\$ 79,564,999</u>	<u>\$ (2,158,250)</u>	<u>\$ 77,406,749</u>

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

Governmental Activities:

Instruction	\$ 2,193,616
Support Services	594,422
Operation of Non-Instructional Services	<u>194,929</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,982,967</u></u>

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2007, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 87,068
Discretely Presented		
School Department:		
General Purpose School	Nonmajor governmental	402,459

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007, consisted of the following amount:

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u> <u>General</u> <u>Fund</u>
Highway/Public Works Fund	<u>\$ 29,203</u>
Total	<u><u>\$ 29,203</u></u>

**Discretely Presented Madison County School Department**

	Transfers In
Transfers Out	General Purpose School Fund
Nonmajor governmental funds	\$ 7,553
Total	\$ 7,553

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. In addition, outlay notes have been issued to refund other capital outlay notes.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 14 years for bonds and up to 21 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund, with the exception of a wastewater facilities loan with an outstanding balance of \$99,868 which will be retired from the General Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	2 to 5 %	\$ 35,900,000	\$ 11,900,000
General Obligation Bonds - Refunding	3.85 to 5	42,015,000	35,600,000
Capital Outlay Notes	3.3	250,000	99,868
Capital Outlay Notes - Refunding	2 to 5	32,275,000	23,510,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 890,000	\$ 2,123,664	\$ 4,709,004	\$ 1,076,379
2009	1,250,000	2,101,684	4,444,472	899,066
2010	1,200,000	2,054,854	4,534,964	721,374
2011	1,900,000	2,016,774	4,280,468	494,870
2012	2,650,000	1,957,694	4,015,984	281,104
2013-2017	29,600,000	6,775,194	1,624,976	80,660
2018-2019	10,010,000	621,916	0	0
Total	\$ 47,500,000	\$ 17,651,780	\$ 23,609,868	\$ 3,553,453

There is \$3,606,746 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$517, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled \$774, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2006	\$ 48,250,000	\$ 28,833,551
Deductions	<u>(750,000)</u>	<u>(5,223,683)</u>
Balance, June 30, 2007	<u>\$ 47,500,000</u>	<u>\$ 23,609,868</u>
Balance Due Within One Year	<u>\$ 890,000</u>	<u>\$ 4,709,004</u>

	<u>Compensated Absences</u>
Balance, July 1, 2006	\$ 1,150,712
Additions	1,270,447
Deductions	<u>(922,113)</u>
Balance, June 30, 2007	<u>\$ 1,499,046</u>
Balance Due Within One Year	<u>\$ 925,000</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 72,608,914
Add: Unamortized Premium on Debt	3,653,284
Less: Balance Due Within One Year	(6,524,004)
Less: Deferred Amount on Refunding	<u>(1,748,550)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 67,989,644</u>

**Discretely Presented Madison County School Department**

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Madison County School Department for the year ended June 30, 2007, was as follows:

	<u>Compensated Absences</u>
Balance, July 1, 2006	\$ 267,085
Additions	64,839
Deductions	<u>(55,027)</u>
Balance, June 30, 2007	<u>\$ 276,897</u>
Balance Due Within One Year	<u>\$ 13,354</u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School and School Federal Projects Funds.

**F. Short-term Debt**

**Primary Government**

Madison County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund (\$750,000) and Juvenile Services Fund (\$100,000). These notes were necessary because funds were not available for general operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Tax Anticipation Notes	\$ 0	\$ 850,000	\$ (850,000)	\$ 0

**Discretely Presented Madison County School Department**

Madison County issued tax anticipation notes and revenue anticipation notes in advance of property tax collections and other revenue sources and deposited the proceeds in the discretely presented General Purpose School Fund (\$11,200,000) and School Federal Projects Fund (\$1,000,000). These notes were necessary because funds were not available for general operating expenses coming due before current tax collections and other revenue sources. Short-term debt activity for the year ended June 30, 2007, was as follows:

		Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Tax/Revenue					
Anticipation Notes	\$	0	\$ 12,200,000	\$ (12,200,000)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

The county has chosen to establish the Employee Insurance Fund for risks associated with the employees' health insurance plan. The Employee Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$75,000 per specific loss and 125 percent of expected claims. The county obtained an excess risk insurance policy to cover claims beyond any amounts exceeding these limits. The premiums for the excess risk insurance and administration fees are paid directly to the administrator of the county's employee insurance plan by the various funds and departments participating in the plan.

All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on the demographics of the group, the cost of medical care, the prior claim experience, and expected liability during the 2006-2007 year. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

		Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2005-06	\$	202,034	\$ 6,187,654	\$ (6,251,022)	138,666
2006-07		138,666	4,656,285	(4,684,248)	110,703

The county continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty, and workers' compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Discretely Presented Madison County School Department**

The Madison County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

The Madison County School Department continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty, workers' compensation, and employee health insurance (non-certified employees). Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Subsequent Events**

Subsequent to June 30, 2007, Madison County issued tax anticipation notes to provide funds to meet anticipated expenditures of funds as detailed below:

Date Issued	Amount of Note	Fund	Holder of Note
9-17-07	\$ 1,000,000	General Purpose School	Local Purpose Tax
11-15-07	400,000	General Purpose School	Local Purpose Tax
11-15-07	900,000	General Purpose School	General Capital Projects
11-15-07	800,000	General Purpose School	General Debt Service

Effective August 20, 2007, Madison County approved increasing the competitive bid limit from \$5,000 to \$10,000 for the Office of County Mayor.

**C. Contingent Liabilities**

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

**D. Changes in Administration**

On July 17, 2006, Roy Weaver left the Office of Director of Schools and was succeeded by Dr. Nancy Zambito.

On August 31, 2006, Lacy Bond left the Office of Juvenile Court Clerk and was succeeded by Bart Swift.

On June 30, 2007, Jerry Gist left the Office of County Mayor and was succeeded by Jimmy Harris.

**E. Joint Ventures**

Madison County and the City of Jackson jointly operate the Jackson-Madison County Airport Authority, Jackson-Madison County Community Economic Development Commission, Jackson-Madison County General Hospital, and Jackson-Madison County Library. The boards of the Airport Authority, General Hospital, Community Economic Development Commission, and Jackson-Madison County Library each comprise five members who are alternately appointed each year by Madison County and the City of Jackson.

Madison County has control over budget and financing of the above joint ventures only to the extent of representation by its appointed board or commission members. Madison County is responsible for funding 50 percent of any deficits from operations of the General Hospital. Madison County contributed \$211,620 to the Airport Authority for its operations during the year ended June 30, 2007. One-half of this contribution was refunded to Madison County by the City of Jackson per an agreement between Madison County and the City of Jackson. Madison County provides annual support to the library for its operations. Funding for the Community Economic Development Commission is provided through a hotel/motel tax levied jointly by the City of Jackson and Madison County. Twenty percent of the monies collected from this tax is allocated to the Community Economic Development Commission pursuant to the provisions of a private act. Madison County does not have an equity interest in any of the above-mentioned joint ventures. Complete financial statements for the above-noted joint ventures can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Jackson-Madison County Airport Authority  
308 Grady Montgomery Drive  
Jackson, TN 38301

Jackson-Madison County Community  
Economic Development Commission  
314 East Main Street  
Jackson, TN 38301

Jackson-Madison County General Hospital  
708 West Forest Avenue  
Jackson, TN 38301-3956

Jackson-Madison County Library  
433 East LaFayette  
Jackson, TN 38301

**F. Retirement Commitments**

**Employees**

**Plan Description**

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

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

**Funding Policy**

Madison County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was

14.09 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Madison County is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ended June 30, 2007, Madison County’s annual pension cost of \$4,169,490 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Madison County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 13 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$4,169,490	100%	\$0
6-30-06	3,810,941	100	0
6-30-05	3,644,696	100	0

**School Teachers**

**Plan Description**

Madison County contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member’s high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are

at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Madison County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for Madison County is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were \$3,355,962, \$2,941,827, and \$2,951,158, respectively, equal to the required contributions for each year.

### **City of Jackson Teacher Retirement Plan Assumed by Madison County Board of Education**

The Madison County School System administers a defined benefit pension plan for certain school teachers of the former City of Jackson School System. The assets of the City of Jackson Teachers Retirement Plan (CJTRP) may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

#### **1. Summary of Significant Accounting Policies**

##### **Basis of Accounting**

Financial statements of the CJTRP are prepared using the accrual basis of accounting. Plan member contributions are recognized in the

period in which the contributions are due. Employer contributions to the plan are recognized when due, and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

**Method Used To Value Investments**

Plan assets are maintained in a cash and investment pool through the Office of Trustee and are reported at cost, which approximates fair value.

**2. Plan Descriptions and Contribution Information**

Membership in the plan consisted of the following at June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	45
Active Plan Members	<u>1</u>
Total	<u><u>46</u></u>

The plan is closed to new entrants.

**Plan Description**

CJTRP is a single-employer defined benefit pension that covers certain former City of Jackson teachers. CJTRP provides retirement benefits to plan members and their beneficiaries. Employees are eligible for retirement benefits upon reaching the age of 60 with 30 years of employment service. Pension benefits paid to plan members are calculated by using an amount equal to 50 percent of the average of the three highest years' salary. Cost-of-living adjustments are determined by the same percentage increase that the salaries of unretired teachers employed by the Madison County School System receive, with such increases to be effective on July 1 of each year.

**Contributions**

Plan members are required to contribute three percent of their annual covered salary. The Tennessee Consolidated Retirement System (TCRS) contributes retirement benefits to the plan for the retired teachers, as required by Section 8-35-301, et seq., Tennessee Code Annotated. Contributions by TCRS are equal to the amount of state annuity, which would have been payable to CJTRP members had they been members of the TCRS. The Madison County School System is required to contribute a sufficient sum to pay the benefits provided for under the plan. Per Chapter 357, Private Acts of 1943, as amended, contribution requirements of the plan members and the Madison County School System are established and may be amended by the state legislature and the governing bodies of the City of Jackson and Madison County.

## Annual Pension Cost

For the year ended June 30, 2007, the Madison County School System's annual pension cost of \$438,698 to the CJTRP was equal to the system's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on investment of present and future assets of six percent a year compounded annually, (b) projected 2.5 percent cost of living increase for pension.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$ 438,698	100 %	\$ 0
6-30-06	449,402	100	0
6-30-05	462,008	100	0

## G. Other Post-employment Benefits

In addition to the retirement commitments described above, Madison County and the discretely presented Madison County School Department provide post-retirement health care benefits, in accordance with contract provisions, to all employees who retire from the county with 25 years of service or who have attained age 60 with at least ten years of service. Currently, 19 county and 160 school retirees meet those eligibility requirements. The county and the School Department reimburse 80 percent of the amount of validated claims for medical, dental, and hospitalization costs incurred by pre-Medicare retirees and their dependents. Expenditures for post-retirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not reported to the county. During the year, expenditures totaling \$62,482 were recognized for the primary government and estimated expenditures of \$1,197,486 were recognized for the discretely presented School Department for post-employment health care.

## H. Office of Central Accounting and Budgeting

### Office of Director of Finance

Madison County operates under the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act provides for the creation of a Finance Department operated under the supervision of a finance director.

**I. Purchasing Law**

Purchasing procedures for all departments of Madison County are governed by provisions of the County Financial Management System of 1981, Section 5-21-101, et seq., Tennessee Code Annotated. These statutes provide for the director of finance to serve as the county purchasing agent. The Madison County Finance Committee, with the assistance of the director of finance, established a purchasing system for the county which requires the issuance of purchase orders. This act provides for all purchases exceeding \$5,000 (\$10,000 effective August 20, 2007) for the Office of County Mayor, \$10,000 for the Office of Highway Engineer, and \$5,000 (\$10,000 effective December 18, 2006) for the discretely presented School Department to be competitively bid.

**VI. OTHER NOTES – DISCRETELY PRESENTED MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Organization and Reporting Entity**

The Madison County Emergency Communications District (the district) was created under Tennessee Code Annotated, Section 7-86-109 et. seq., Emergency Communications District Law by a voters referendum in Madison County, Tennessee, on May 5, 1987.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in the county.

The district is considered a component unit of the county because the district Board of Directors is appointed by the Madison County Commission. The County Commission has the authority to decrease, but not increase, the rates charged by the district, and the County Commission must approve any debt issued by the district.

**B. Summary of Significant Accounting Policies**

The accounting policies of the district conform to generally accepted accounting principles applicable to governments as defined in the statements of the Governmental Accounting Standards Board (GASB). The district also elected to apply generally accepted accounting principles as defined by Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989. After that date, the district has elected to apply only GASB pronouncements. The following is a summary of the more significant accounting policies.

1. **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The district is considered an enterprise fund, which uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a cost of services or capital maintenance measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with this activity are included on their statement of position. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

2. **Cash**

Cash and Cash Equivalents – All demand deposits and other deposits with original maturities of three months or less are included in the caption cash and cash equivalents.

3. **Accounts Receivable**

Accounts receivable represents amounts due from BellSouth, less applicable commissions, Emergency Medical Services, and state wireless charges.

4. **Capital Assets**

Capital assets are recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets.

Depreciation has been provided over the estimated useful lives of the capital assets by the straight-line method.

5. **Compensated Absences**

The district allows two weeks of vacation to each employee per year with accrual limited to 30 days for one to five years of service, 18 days for six to ten years of service with accrual limited to 36 days, and three weeks for 11 or more years with accrual limited to 39 days. Employees receive full reimbursement for unused vacation upon leaving the employment of the district.

The district allows employees to accrue one day per month sick leave with unlimited accrual. Employees are not reimbursed for any portion of unused sick leave upon leaving the employment of the district. Therefore, no liability is reflected in the financial statements.

**C. Cash**

The district has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures for financial reporting of deposit and investment risks.

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the district to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2007, \$212,945 of the district's bank balance was covered by federal depository insurance, and the remaining bank balance of \$2,062,437 was covered by the Tennessee Bank Collateral Pool.

**D. Capital Assets**

Capital assets activity for the year was as follows:

Description	Balance 7-1-06	Additions	Retirements	Balance 6-30-07
Capital assets being depreciated:				
Furniture and fixtures	\$ 125,269	\$ 5,102	\$ 2,900	\$ 127,471
Office equipment	46,485	5,328	1,464	50,349
Communications equipment	1,414,999	22,500	0	1,437,499
Vehicles	41,867	14,829	20,367	36,329
Total capital assets being depreciated	\$ 1,628,620	\$ 47,759	\$ 24,731	\$ 1,651,648

Description (Cont.)	Balance			Balance 6-30-07
	7-1-06	Additions	Retirements	
Less accumulated depreciation for:				
Furniture and fixtures	\$ 18,392	\$ 12,615	\$ 2,344	\$ 28,663
Office equipment	35,486	6,939	1,464	40,961
Communications equipment	864,008	132,581	0	996,589
Vehicles	26,837	5,875	20,367	12,345
Total capital assets being depreciated	\$ 944,723	\$ 158,010	\$ 24,175	\$ 1,078,558
Total capital assets, net	\$ 683,897	\$ (110,251)	\$ 556	\$ 573,090

Depreciation is recognized over the estimated useful lives of the property and equipment of five to ten years using the straight-line method.

#### **E. Funding Sources**

Funding for the district's operations is provided by monthly fees from service users in the county and wireless cellular phone subscribers. BellSouth and alternate local exchange carriers collect service fees from the county users and remit the funds to the district. The Tennessee Emergency Communications Board collects monthly service fees from wireless cellular phone subscribers and remits a set percentage to the district.

#### **F. Retirement Plan**

##### **Plan Description**

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

the Tennessee General Assembly. Political subdivisions such as the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrsIPS/>.

### **Funding Policy**

The district has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 13.16 percent of annual covered payroll. The contribution requirements of plan members are set by state statute. Contribution requirements for the district are established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2007, the district's annual pension cost of \$15,658 to TCRS was equal to the district's required and actual contributions.

The required contribution was determined as part of the July 1, 1999, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a five-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 18 years.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$ 15,658	100 %	\$ 0
6-30-06	15,669	100	0
6-30-05	15,186	100	0

#### G. Commitments

The district is obligated to BellSouth for the monthly operating and maintenance services pertaining to the operation of the emergency communications system. The maintenance portion of this contract is \$10,722 per month for a 72-month period. The operating portion under this contract is based on the actual number of lines used and is adjusted annually. The current operating charge is \$7,505 monthly. The projection of the obligations under this contract is as follows:

Year Ending	Maintenance	Operating*
2008	\$ 128,664	\$ 90,060
2009	128,664	90,060
2010	128,664	90,060
2011	128,664	90,060
2012	<u>107,220</u>	<u>75,050</u>
Total	<u>\$ 621,876</u>	<u>\$ 435,290</u>

\* - Based on telephone line charges as of June 30, 2007.

The district leases office space from the Madison County Sheriff's Department. Monthly payments on the lease are \$500. The lease is renewable annually.

#### H. Risk Management

The district is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the district to purchase commercial insurance for the risks of general liability, vehicle liability, employee dishonesty, workers' compensation, and physical damage to its capital assets. Settled claims have not exceeded this commercial coverage in any of the past three years.

**I. Prior-period Adjustment**

A prior-period adjustment was booked to account for a material balance in accrued vacation for the previous year.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 17,146,316	\$ 0	\$ 0	\$ 17,146,316	\$ 16,712,354	\$ 16,851,853	\$ 294,463
Licenses and Permits	286,516	0	0	286,516	394,400	407,661	(121,145)
Fines, Forfeitures, and Penalties	464,598	0	0	464,598	492,715	493,865	(29,267)
Charges for Current Services	1,262,069	0	0	1,262,069	1,326,729	1,373,965	(111,896)
Other Local Revenues	852,260	0	0	852,260	613,263	793,221	59,039
Fees Received from County Officials	4,963,937	0	0	4,963,937	4,414,576	4,414,576	549,361
State of Tennessee	4,965,097	0	0	4,965,097	4,974,543	5,395,705	(430,608)
Federal Government	710,318	0	0	710,318	892,125	1,061,916	(351,598)
Other Governments and Citizens Groups	1,922,711	0	0	1,922,711	1,135,783	1,906,890	15,821
Total Revenues	\$ 32,573,822	\$ 0	\$ 0	\$ 32,573,822	\$ 30,956,488	\$ 32,699,652	\$ (125,830)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 113,236	\$ 0	\$ 0	\$ 113,236	\$ 124,625	\$ 113,120	\$ (116)
County Mayor/Executive	199,561	(36)	1,149	200,674	195,821	207,326	6,652
Personnel Office	124,382	0	0	124,382	121,292	130,842	6,460
County Attorney	30,707	0	0	30,707	30,726	30,726	19
Election Commission	280,669	(250)	392	280,811	306,076	310,486	29,675
Register of Deeds	271,553	(1,063)	0	270,490	263,429	263,429	(7,061)
County Buildings	158,556	(11,777)	57,609	204,388	190,449	190,449	(13,939)
Other Facilities	425,505	(810)	0	424,695	422,900	438,967	14,272
Preservation of Records	15,219	(25)	286	15,480	21,426	18,926	3,446
<u>Finance</u>							
Accounting and Budgeting	684,264	(1,592)	0	682,672	693,287	693,287	10,615
Property Assessor's Office	576,281	(95)	98,652	674,838	714,684	694,516	19,678
Reappraisal Program	122,252	(660)	2,369	123,961	129,439	149,857	25,896
County Trustee's Office	250,904	0	0	250,904	260,495	260,495	9,591

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 432,253	\$ (622)	\$ 0	\$ 431,631	\$ 454,431	\$ 454,431	\$ 22,800
<u>Administration of Justice</u>							
Circuit Court	633,024	(3,623)	375	629,776	641,072	641,072	11,296
General Sessions Court	237,130	(390)	0	236,740	240,917	243,767	7,027
Drug Court	3,479	0	0	3,479	3,620	7,620	4,141
Chancery Court	379,250	(221)	804	379,833	383,580	383,975	4,142
Juvenile Court	271,367	(1,726)	342	269,983	287,659	290,509	20,526
District Attorney General	54,768	0	0	54,768	53,172	53,172	(1,596)
Office of Public Defender	45,046	0	0	45,046	47,280	47,280	2,234
Probate Court	42,689	(209)	207	42,687	44,307	44,307	1,620
Other Administration of Justice	342,015	0	0	342,015	225,000	375,000	32,985
<u>Public Safety</u>							
Sheriff's Department	3,504,156	(33,466)	26,754	3,497,444	3,426,490	3,663,762	166,318
Special Patrols	349,015	0	0	349,015	339,789	352,662	3,647
Jail	4,408,239	(15,008)	14,166	4,407,397	4,491,937	4,503,462	96,065
Workhouse	1,307,163	(4,410)	2,110	1,304,863	1,390,924	1,355,624	50,761
Correctional Incentive Program Improvements	389,954	(967)	10,394	399,381	422,987	465,137	65,756
Juvenile Services	255,082	0	1,658	256,740	309,812	309,812	53,072
Work Release Program	624,979	(1,904)	25,583	648,658	550,960	672,965	24,307
Fire Prevention and Control	491,062	(735)	300	490,627	518,435	518,435	27,808
Civil Defense	233,738	(1,049)	2,748	235,437	311,384	239,826	4,389
Other Emergency Management	180,425	(60,848)	7,700	127,277	278,788	520,403	393,126
Inspection and Regulation	121,084	(435)	50	120,699	131,941	131,941	11,242
County Coroner/Medical Examiner	98,579	0	0	98,579	87,300	105,745	7,166
Public Safety Grant Programs	42,383	0	650	43,033	0	50,000	6,967
Other Public Safety	13,442	0	0	13,442	13,809	13,809	367

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 1,516,912	\$ (8,100)	\$ 19,515	\$ 1,528,327	\$ 1,653,600	\$ 1,635,155	\$ 106,828
Rabies and Animal Control	182,285	(1,559)	2,560	183,286	195,092	202,034	18,748
Maternal and Child Health Services	2,910,816	(23,642)	9,889	2,897,063	3,100,000	3,202,127	305,064
Alcohol and Drug Programs	31,880	0	0	31,880	31,880	31,880	0
Crippled Children Services	4,021	0	0	4,021	4,021	4,021	0
Other Local Health Services	46,955	0	0	46,955	46,955	46,955	0
General Welfare Assistance	14,550	0	0	14,550	14,550	14,550	0
Sanitation Management	29,051	(85)	0	28,966	32,400	32,400	3,434
Sanitation Education/Information	45,777	0	0	45,777	48,698	50,698	4,921
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	35,000	0	0	35,000	35,000	35,000	0
Libraries	975,216	0	0	975,216	975,194	975,194	(22)
Parks and Fair Boards	730,936	(22,716)	0	708,220	768,962	769,908	61,688
Other Social, Cultural, and Recreational	59,120	0	0	59,120	87,840	87,840	28,720
<u>Agriculture &amp; Natural Resources</u>							
Agriculture Extension Service	167,156	0	0	167,156	175,500	175,500	8,344
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	74,978	0	0	74,978	75,279	75,279	301
Flood Control	35,000	0	0	35,000	35,000	35,000	0
<u>Other Operations</u>							
Industrial Development	75,652	0	0	75,652	75,652	75,652	0
Airport	291,474	0	0	291,474	295,120	295,120	3,646
Contributions to Other Agencies	198,496	0	0	198,496	194,897	194,897	(3,599)
Employee Benefits	4,165,165	0	0	4,165,165	4,300,432	4,306,337	141,172
Miscellaneous	2,256,227	(32,156)	0	2,224,071	2,333,565	2,369,751	145,680

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Principal on Debt</u>							
General Government	\$ 13,548	\$ 0	\$ 0	\$ 13,548	\$ 13,548	\$ 13,548	\$ 0
<u>Interest on Debt</u>							
General Government	3,540	0	0	3,540	3,540	3,540	0
Total Expenditures	<u>\$ 31,579,166</u>	<u>\$ (230,179)</u>	<u>\$ 286,262</u>	<u>\$ 31,635,249</u>	<u>\$ 32,628,968</u>	<u>\$ 33,581,528</u>	<u>\$ 1,946,279</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 994,656	\$ 230,179	\$ (286,262)	\$ 938,573	\$ (1,672,480)	\$ (881,876)	\$ 1,820,449
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 17,453	\$ 0	\$ 0	\$ 17,453	\$ 0	\$ 23,995	\$ (6,542)
Transfers In	29,203	0	0	29,203	384,309	29,203	0
Total Other Financing Sources (Uses)	<u>\$ 46,656</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,656</u>	<u>\$ 384,309</u>	<u>\$ 53,198</u>	<u>\$ (6,542)</u>
Net Change in Fund Balance	\$ 1,041,312	\$ 230,179	\$ (286,262)	\$ 985,229	\$ (1,288,171)	\$ (828,678)	\$ 1,813,907
Fund Balance, July 1, 2006	<u>5,223,756</u>	<u>(230,179)</u>	<u>0</u>	<u>4,993,577</u>	<u>3,174,183</u>	<u>3,174,183</u>	<u>1,819,394</u>
Fund Balance, June 30, 2007	<u>\$ 6,265,068</u>	<u>\$ 0</u>	<u>\$ (286,262)</u>	<u>\$ 5,978,806</u>	<u>\$ 1,886,012</u>	<u>\$ 2,345,505</u>	<u>\$ 3,633,301</u>

Exhibit F-2

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,839,969	\$ 0	\$ 0	\$ 1,839,969	\$ 1,819,000	\$ 1,819,000	\$ 20,969
Other Local Revenues	24,549	0	0	24,549	26,000	26,000	(1,451)
State of Tennessee	2,950,231	0	0	2,950,231	3,271,931	3,271,931	(321,700)
Total Revenues	\$ 4,814,749	\$ 0	\$ 0	\$ 4,814,749	\$ 5,116,931	\$ 5,116,931	\$ (302,182)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 223,751	\$ (80)	\$ 600	\$ 224,271	\$ 225,198	\$ 236,046	\$ 11,775
Highway and Bridge Maintenance	1,704,699	(3,900)	830	1,701,629	2,258,068	2,247,220	545,591
Operation and Maintenance of Equipment	365,229	(5,031)	380	360,578	477,076	477,076	116,498
Other Charges	126,133	0	410	126,543	204,050	204,050	77,507
Employee Benefits	524,489	0	0	524,489	730,900	730,900	206,411
Capital Outlay	1,344,324	(421,141)	0	923,183	1,774,597	1,774,597	851,414
Total Expenditures	\$ 4,288,625	\$ (430,152)	\$ 2,220	\$ 3,860,693	\$ 5,669,889	\$ 5,669,889	\$ 1,809,196
Excess (Deficiency) of Revenues Over Expenditures	\$ 526,124	\$ 430,152	\$ (2,220)	\$ 954,056	\$ (552,958)	\$ (552,958)	\$ 1,507,014
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (29,203)	\$ 0	\$ 0	\$ (29,203)	\$ (29,203)	\$ (429,203)	\$ 400,000
Total Other Financing Sources (Uses)	\$ (29,203)	\$ 0	\$ 0	\$ (29,203)	\$ (29,203)	\$ (429,203)	\$ 400,000
Net Change in Fund Balance	\$ 496,921	\$ 430,152	\$ (2,220)	\$ 924,853	\$ (582,161)	\$ (982,161)	\$ 1,907,014
Fund Balance, July 1, 2006	2,582,293	(430,152)	0	2,152,141	1,175,378	1,175,378	976,763
Fund Balance, June 30, 2007	\$ 3,079,214	\$ 0	\$ (2,220)	\$ 3,076,994	\$ 593,217	\$ 193,217	\$ 2,883,777

Exhibit F-3

Madison County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2007

**Required Supplementary Information**

Schedule of Funding Progress for Madison County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 59,597	\$ 65,772	\$ 6,175	90.61 %	\$ 28,472	21.69 %
6-30-03	51,108	57,816	6,708	88.40	25,724	26.08
6-30-01	44,242	51,320	7,078	86.21	23,745	29.81

Exhibit F-4

Madison County, Tennessee  
Schedule of Funding Progress - Pension Plan  
Discretely Presented Madison County School Department  
June 30, 2007

**Required Supplementary Information**

Schedule of Funding Progress for Former City of Jackson Teacher Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 966,494	\$ 6,027,413	\$ 5,060,919	16.04%	\$ 49,522	10219.54%

Exhibit F-5

Madison County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2007

**Required Supplementary Information**

Schedule of Funding Progress for Madison County Emergency Communications District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 157,000	\$ 195,000	\$ 39,000	80.24 %	\$ 112,000	34.49 %
6-30-03	132,000	173,000	41,000	76.30	114,000	35.96
6-30-01	95,000	135,000	40,000	70.37	102,000	39.22

An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

**MADISON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2007**

**A. BUDGETARY INFORMATION**

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

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

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

**B. EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS**

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) in the General Fund.

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Commission	\$ 116
Register of Deeds	7,061
County Buildings	13,939
District Attorney General	1,596
Libraries	22
Contributions to Other Agencies	3,599

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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Juvenile Services Fund – The Juvenile Services Fund is used to account for transactions specifically related to the supervision, care, and detention of those children who are defined by the general laws of the State of Tennessee as delinquent, unruly, dependent, neglected, or abused.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for solid waste activities specifically related to the county’s convenience centers.

Local Purpose Tax Fund – The Local Purpose Tax Fund is used to account for local tax collections to be used at the discretion of the County Commission.

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

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held in trust for the benefit of the Office of District Attorney General.

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

# Capital Projects Funds

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues provided for industrial park projects.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for highway construction projects in the county.

Exhibit G-1

Madison County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	Special Revenue Funds						Total
	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	District Attorney General	Constitutional Officers - Fees	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,617	\$ 86,617
Equity in Pooled Cash and Investments	345,743	433,283	1,271,438	11,956	80,817	0	2,143,237
Accounts Receivable	17,401	3,625	23,211	0	0	451	44,688
Due from Other Governments	69,489	24,788	0	0	0	0	94,277
Property Taxes Receivable	946,082	392,610	1,430,533	0	0	0	2,769,225
Allowance for Uncollectible Property Taxes	(47,113)	(14,658)	(67,004)	0	0	0	(128,775)
Total Assets	<u>\$ 1,331,602</u>	<u>\$ 839,648</u>	<u>\$ 2,658,178</u>	<u>\$ 11,956</u>	<u>\$ 80,817</u>	<u>\$ 87,068</u>	<u>\$ 5,009,269</u>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 22,801	\$ 3,536	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,337
Payroll Deductions Payable	191	49	0	0	0	0	240
Due to Other Funds	0	0	0	0	0	87,068	87,068
Deferred Revenue - Current Property Taxes	865,733	371,028	1,319,213	0	0	0	2,555,974
Deferred Revenue - Delinquent Property Taxes	28,935	6,028	38,582	0	0	0	73,545
Total Liabilities	<u>\$ 917,660</u>	<u>\$ 380,641</u>	<u>\$ 1,357,795</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 87,068</u>	<u>\$ 2,743,164</u>
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 4,308	\$ 8,287	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,595
Unreserved	409,634	450,720	1,300,383	11,956	80,817	0	2,253,510
Total Fund Balances	<u>\$ 413,942</u>	<u>\$ 459,007</u>	<u>\$ 1,300,383</u>	<u>\$ 11,956</u>	<u>\$ 80,817</u>	<u>\$ 0</u>	<u>\$ 2,266,105</u>
Total Liabilities and Fund Balances	<u>\$ 1,331,602</u>	<u>\$ 839,648</u>	<u>\$ 2,658,178</u>	<u>\$ 11,956</u>	<u>\$ 80,817</u>	<u>\$ 87,068</u>	<u>\$ 5,009,269</u>

(Continued)

Exhibit G-1

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,617
Equity in Pooled Cash and Investments	490,182	71,970	533,689	1,095,841	3,239,078
Accounts Receivable	6,100	0	0	6,100	50,788
Due from Other Governments	0	0	0	0	94,277
Property Taxes Receivable	874,629	0	0	874,629	3,643,854
Allowance for Uncollectible Property Taxes	(33,502)	0	0	(33,502)	(162,277)
Total Assets	<u>\$ 1,337,409</u>	<u>\$ 71,970</u>	<u>\$ 533,689</u>	<u>\$ 1,943,068</u>	<u>\$ 6,952,337</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 74,804	\$ 0	\$ 0	\$ 74,804	\$ 101,141
Payroll Deductions Payable	0	0	0	0	240
Due to Other Funds	0	0	0	0	87,068
Deferred Revenue - Current Property Taxes	824,508	0	0	824,508	3,380,482
Deferred Revenue - Delinquent Property Taxes	14,469	0	0	14,469	88,014
Total Liabilities	<u>\$ 913,781</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 913,781</u>	<u>\$ 3,656,945</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 70,721	\$ 0	\$ 0	\$ 70,721	\$ 83,316
Unreserved	352,907	71,970	533,689	958,566	3,212,076
Total Fund Balances	<u>\$ 423,628</u>	<u>\$ 71,970</u>	<u>\$ 533,689</u>	<u>\$ 1,029,287</u>	<u>\$ 3,295,392</u>
Total Liabilities and Fund Balances	<u>\$ 1,337,409</u>	<u>\$ 71,970</u>	<u>\$ 533,689</u>	<u>\$ 1,943,068</u>	<u>\$ 6,952,337</u>

Exhibit G-2

Madison County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue Funds					Total
	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	District Attorney General	
<b>Revenues</b>						
Local Taxes	\$ 1,043,694	\$ 279,536	\$ 1,326,141	\$ 0	\$ 0	\$ 2,649,371
Fines, Forfeitures, and Penalties	0	0	0	13,049	31,811	44,860
Other Local Revenues	942	15,652	0	0	2,351	18,945
State of Tennessee	189,500	148,433	0	1,070	0	339,003
Federal Government	49,885	0	0	0	0	49,885
Other Governments and Citizens Groups	250,889	0	0	0	0	250,889
<b>Total Revenues</b>	<b>\$ 1,534,910</b>	<b>\$ 443,621</b>	<b>\$ 1,326,141</b>	<b>\$ 14,119</b>	<b>\$ 34,162</b>	<b>\$ 3,352,953</b>
<b>Expenditures</b>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	0	0	0	0	0	0
Administration of Justice	0	0	0	0	44,019	44,019
Public Safety	1,304,468	0	0	4,187	0	1,308,655
Public Health and Welfare	0	557,897	0	0	0	557,897
Social, Cultural, and Recreational Services	0	0	0	0	0	0
Other Operations	0	0	25,758	0	0	25,758
Highways	0	0	0	0	0	0
Debt Service:						
Principal on Debt	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 1,304,468</b>	<b>\$ 557,897</b>	<b>\$ 25,758</b>	<b>\$ 4,187</b>	<b>\$ 44,019</b>	<b>\$ 1,936,329</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 230,442	\$ (114,276)	\$ 1,300,383	\$ 9,932	\$ (9,857)	\$ 1,416,624
<b>Other Financing Sources (Uses)</b>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
Net Change in Fund Balances	\$ 230,442	\$ (114,276)	\$ 1,300,383	\$ 9,932	\$ (9,857)	\$ 1,416,624
Fund Balance, July 1, 2006	183,500	573,283	0	2,024	90,674	849,481
<b>Fund Balance, June 30, 2007</b>	<b>\$ 413,942</b>	<b>\$ 459,007</b>	<b>\$ 1,300,383</b>	<b>\$ 11,956</b>	<b>\$ 80,817</b>	<b>\$ 2,266,105</b>

(Continued)

Exhibit G-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 517,660	\$ 0	\$ 0	\$ 517,660	\$ 3,167,031
Fines, Forfeitures, and Penalties	0	0	0	0	44,860
Other Local Revenues	6,859	33,815	0	40,674	59,619
State of Tennessee	9,899	0	0	9,899	348,902
Federal Government	0	0	0	0	49,885
Other Governments and Citizens Groups	700,807	0	0	700,807	951,696
Total Revenues	\$ 1,235,225	\$ 33,815	\$ 0	\$ 1,269,040	\$ 4,621,993
<u>Expenditures</u>					
Current:					
General Government	\$ 163,252	\$ 0	\$ 0	\$ 163,252	\$ 163,252
Finance	60,273	0	0	60,273	60,273
Administration of Justice	38,703	0	0	38,703	82,722
Public Safety	464,828	0	0	464,828	1,773,483
Public Health and Welfare	71,775	0	0	71,775	629,672
Social, Cultural, and Recreational Services	49,077	0	0	49,077	49,077
Other Operations	147,642	1,329	0	148,971	174,729
Highways	0	0	8,007	8,007	8,007
Debt Service:					
Principal on Debt	137,612	0	0	137,612	137,612
Interest on Debt	3,668	0	0	3,668	3,668
Total Expenditures	\$ 1,136,830	\$ 1,329	\$ 8,007	\$ 1,146,166	\$ 3,082,495
Excess (Deficiency) of Revenues Over Expenditures	\$ 98,395	\$ 32,486	\$ (8,007)	\$ 122,874	\$ 1,539,498
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 6,942	\$ 0	\$ 0	\$ 6,942	\$ 6,942
Total Other Financing Sources (Uses)	\$ 6,942	\$ 0	\$ 0	\$ 6,942	\$ 6,942
Net Change in Fund Balances	\$ 105,337	\$ 32,486	\$ (8,007)	\$ 129,816	\$ 1,546,440
Fund Balance, July 1, 2006	318,291	39,484	541,696	899,471	1,748,952
Fund Balance, June 30, 2007	\$ 423,628	\$ 71,970	\$ 533,689	\$ 1,029,287	\$ 3,295,392

Exhibit G-3

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Juvenile Services Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,043,694	\$ 0	\$ 0	\$ 1,043,694	\$ 1,044,100	\$ 1,044,100	\$ (406)
Other Local Revenues	942	0	0	942	1,000	1,000	(58)
State of Tennessee	189,500	0	0	189,500	9,000	189,500	0
Federal Government	49,885	0	0	49,885	231,787	51,287	(1,402)
Other Governments and Citizens Groups	250,889	0	0	250,889	100,000	100,000	150,889
Total Revenues	\$ 1,534,910	\$ 0	\$ 0	\$ 1,534,910	\$ 1,385,887	\$ 1,385,887	\$ 149,023
<u>Expenditures</u>							
<u>Public Safety</u>							
Juvenile Services	\$ 1,304,468	\$ (796)	\$ 4,308	\$ 1,307,980	\$ 1,451,568	\$ 1,465,568	\$ 157,588
Total Expenditures	\$ 1,304,468	\$ (796)	\$ 4,308	\$ 1,307,980	\$ 1,451,568	\$ 1,465,568	\$ 157,588
Excess (Deficiency) of Revenues Over Expenditures	\$ 230,442	\$ 796	\$ (4,308)	\$ 226,930	\$ (65,681)	\$ (79,681)	\$ 306,611
Net Change in Fund Balance	\$ 230,442	\$ 796	\$ (4,308)	\$ 226,930	\$ (65,681)	\$ (79,681)	\$ 306,611
Fund Balance, July 1, 2006	183,500	(796)	0	182,704	79,681	79,681	103,023
Fund Balance, June 30, 2007	\$ 413,942	\$ 0	\$ (4,308)	\$ 409,634	\$ 14,000	\$ 0	\$ 409,634

Exhibit G-4

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 279,536	\$ 0	\$ 0	\$ 279,536	\$ 201,533	\$ 201,533	\$ 78,003
Other Local Revenues	15,652	0	0	15,652	0	0	15,652
State of Tennessee	148,433	0	0	148,433	175,000	175,000	(26,567)
Total Revenues	<u>\$ 443,621</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 443,621</u>	<u>\$ 376,533</u>	<u>\$ 376,533</u>	<u>\$ 67,088</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Convenience Centers	\$ 406,145	\$ (2,722)	\$ 8,287	\$ 411,710	\$ 482,900	\$ 482,900	\$ 71,190
Landfill Operation and Maintenance	151,752	0	0	151,752	212,000	212,000	60,248
Total Expenditures	<u>\$ 557,897</u>	<u>\$ (2,722)</u>	<u>\$ 8,287</u>	<u>\$ 563,462</u>	<u>\$ 694,900</u>	<u>\$ 694,900</u>	<u>\$ 131,438</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (114,276)</u>	<u>\$ 2,722</u>	<u>\$ (8,287)</u>	<u>\$ (119,841)</u>	<u>\$ (318,367)</u>	<u>\$ (318,367)</u>	<u>\$ 198,526</u>
Net Change in Fund Balance	\$ (114,276)	\$ 2,722	\$ (8,287)	\$ (119,841)	\$ (318,367)	\$ (318,367)	\$ 198,526
Fund Balance, July 1, 2006	<u>573,283</u>	<u>(2,722)</u>	<u>0</u>	<u>570,561</u>	<u>474,506</u>	<u>474,506</u>	<u>96,055</u>
Fund Balance, June 30, 2007	<u>\$ 459,007</u>	<u>\$ 0</u>	<u>\$ (8,287)</u>	<u>\$ 450,720</u>	<u>\$ 156,139</u>	<u>\$ 156,139</u>	<u>\$ 294,581</u>

Exhibit G-5

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Local Purpose Tax Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,326,141	\$ 1,266,300	\$ 1,266,300	\$ 59,841
Total Revenues	\$ 1,326,141	\$ 1,266,300	\$ 1,266,300	\$ 59,841
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 25,758	\$ 15,000	\$ 15,000	\$ (10,758)
Total Expenditures	\$ 25,758	\$ 15,000	\$ 15,000	\$ (10,758)
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,300,383	\$ 1,251,300	\$ 1,251,300	\$ 49,083
Net Change in Fund Balance	\$ 1,300,383	\$ 1,251,300	\$ 1,251,300	\$ 49,083
Fund Balance, July 1, 2006	0	0	0	0
Fund Balance, June 30, 2007	\$ 1,300,383	\$ 1,251,300	\$ 1,251,300	\$ 49,083

Exhibit G-6

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 13,049	\$ 4,000	\$ 6,056	\$ 6,993
State of Tennessee	1,070	0	0	1,070
Total Revenues	<u>\$ 14,119</u>	<u>\$ 4,000</u>	<u>\$ 6,056</u>	<u>\$ 8,063</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 4,187	\$ 85	\$ 6,258	\$ 2,071
Total Expenditures	<u>\$ 4,187</u>	<u>\$ 85</u>	<u>\$ 6,258</u>	<u>\$ 2,071</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,932</u>	<u>\$ 3,915</u>	<u>\$ (202)</u>	<u>\$ 10,134</u>
Net Change in Fund Balance	\$ 9,932	\$ 3,915	\$ (202)	\$ 10,134
Fund Balance, July 1, 2006	2,024	2,520	2,520	(496)
Fund Balance, June 30, 2007	<u>\$ 11,956</u>	<u>\$ 6,435</u>	<u>\$ 2,318</u>	<u>\$ 9,638</u>

Exhibit G-7

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 517,660	\$ 0	\$ 0	\$ 517,660	\$ 486,850	\$ 486,850	\$ 30,810
Other Local Revenues	6,859	0	0	6,859	0	3,393	3,466
State of Tennessee	9,899	0	0	9,899	0	0	9,899
Other Governments and Citizens Groups	700,807	0	0	700,807	0	700,807	0
<b>Total Revenues</b>	<b>\$ 1,235,225</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,235,225</b>	<b>\$ 486,850</b>	<b>\$ 1,191,050</b>	<b>\$ 44,175</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 870	\$ 0	\$ 0	\$ 870	\$ 0	\$ 750	\$ (120)
Election Commission	45,267	0	0	45,267	0	46,000	733
County Buildings	117,115	(2,800)	34,874	149,189	55,000	168,257	19,068
<u>Finance</u>							
Accounting and Budgeting	9,516	0	16,899	26,415	0	26,344	(71)
Property Assessor's Office	34,282	0	9,900	44,182	26,520	59,913	15,731
County Trustee's Office	4,945	0	0	4,945	5,000	5,000	55
County Clerk's Office	11,530	0	0	11,530	12,000	12,000	470
<u>Administration of Justice</u>							
Circuit Court	20,725	0	0	20,725	0	21,000	275
Chancery Court	1,952	0	8,048	10,000	0	10,000	0
Juvenile Court	16,026	0	0	16,026	0	16,026	0
<u>Public Safety</u>							
Sheriff's Department	193,601	0	0	193,601	189,000	194,850	1,249
Juvenile Services	20,975	0	0	20,975	15,000	23,350	2,375
Fire Prevention and Control	231,906	0	0	231,906	174,939	231,939	33
Civil Defense	0	0	0	0	0	38,000	38,000
Inspection and Regulation	18,346	0	0	18,346	10,000	18,400	54

(Continued)

Exhibit G-7

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Rabies and Animal Control	\$ 0	\$ (50)	\$ 0	\$ (50)	\$ 0	\$ 0	50
Convenience Centers	71,775	0	1,000	72,775	58,000	78,000	5,225
<u>Social, Cultural, and Recreational Services</u>							
Libraries	22,750	0	0	22,750	0	22,500	(250)
Parks and Fair Boards	26,327	(3,603)	0	22,724	34,900	46,100	23,376
<u>Other Operations</u>							
Airport	39,500	0	0	39,500	39,500	39,500	0
Miscellaneous	108,142	0	0	108,142	2,809	89,809	(18,333)
<u>Principal on Debt</u>							
General Government	137,612	0	0	137,612	0	137,640	28
<u>Interest on Debt</u>							
General Government	3,668	0	0	3,668	0	3,668	0
Total Expenditures	\$ 1,136,830	\$ (6,453)	\$ 70,721	\$ 1,201,098	\$ 622,668	\$ 1,289,046	\$ 87,948
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 98,395	\$ 6,453	\$ (70,721)	\$ 34,127	\$ (135,818)	\$ (97,996)	\$ 132,123
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 6,942	\$ 0	\$ 0	\$ 6,942	\$ 0	\$ 0	\$ 6,942
Total Other Financing Sources (Uses)	\$ 6,942	\$ 0	\$ 0	\$ 6,942	\$ 0	\$ 0	\$ 6,942
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 105,337	\$ 6,453	\$ (70,721)	\$ 41,069	\$ (135,818)	\$ (97,996)	\$ 139,065
	318,291	(6,453)	0	311,838	294,187	294,187	17,651
Fund Balance, June 30, 2007							
	\$ 423,628	\$ 0	\$ (70,721)	\$ 352,907	\$ 158,369	\$ 196,191	\$ 156,716

Exhibit G-8

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Community Development/Industrial Park Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 33,815	\$ 0	\$ 33,129	\$ 686
Total Revenues	\$ 33,815	\$ 0	\$ 33,129	\$ 686
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 1,329	\$ 1,800	\$ 1,800	\$ 471
Total Expenditures	\$ 1,329	\$ 1,800	\$ 1,800	\$ 471
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,486	\$ (1,800)	\$ 31,329	\$ 1,157
Net Change in Fund Balance	\$ 32,486	\$ (1,800)	\$ 31,329	\$ 1,157
Fund Balance, July 1, 2006	39,484	39,484	39,484	0
Fund Balance, June 30, 2007	\$ 71,970	\$ 37,684	\$ 70,813	\$ 1,157

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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Exhibit H

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,502,465	\$ 8,467,800	\$ 8,467,800	\$ 34,665
Other Local Revenues	57,459	0	0	57,459
State of Tennessee	688,650	0	0	688,650
Total Revenues	<u>\$ 9,248,574</u>	<u>\$ 8,467,800</u>	<u>\$ 8,467,800</u>	<u>\$ 780,774</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 5,822,523	\$ 9,458,408	\$ 5,822,523	\$ 0
<u>Interest on Debt</u>				
General Government	3,446,475	0	3,446,475	0
<u>Other Debt Service</u>				
General Government	164,274	0	189,410	25,136
Total Expenditures	<u>\$ 9,433,272</u>	<u>\$ 9,458,408</u>	<u>\$ 9,458,408</u>	<u>\$ 25,136</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (184,698)</u>	<u>\$ (990,608)</u>	<u>\$ (990,608)</u>	<u>\$ 805,910</u>
Net Change in Fund Balance	\$ (184,698)	\$ (990,608)	\$ (990,608)	\$ 805,910
Fund Balance, July 1, 2006	<u>3,791,444</u>	<u>3,789,998</u>	<u>3,789,998</u>	<u>1,446</u>
Fund Balance, June 30, 2007	<u>\$ 3,606,746</u>	<u>\$ 2,799,390</u>	<u>\$ 2,799,390</u>	<u>\$ 807,356</u>

# Fiduciary Funds

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Agency Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside the incorporated City of Jackson and to account for the City of Jackson’s portion (37.5 percent) of the hotel/motel tax. These revenues are received by the county from the State of Tennessee and from the hotels and motels located in Madison County and are forwarded to the various cities on a monthly basis.

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for property taxes collected by the county trustee for the City of Three-Way and the second half of the sales tax revenues collected inside the incorporated City of Three-Way.

Watershed District Fund – The Watershed District Fund is used to account for acreage assessments collected by the county trustee and held in trust for the watershed district.

Joint Venture Fund – The Joint Venture Fund is used to account for a portion (20 percent) of the hotel/motel tax which is collected for the Jackson – Madison County Community Economic Development Commission. These revenues are received by the county from the hotels and motels located in the county and are forwarded to the commission monthly.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, juvenile court clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Other Agency Fund – The Other Agency Fund is used to account for the second half of the sales tax revenues collected inside the incorporated cities of Medon and Humboldt. These revenues are received by the county from the State of Tennessee and forwarded to these cities on a monthly basis.

Exhibit I-1

Madison County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	Agency Funds						
	Cities - Sales Tax	Cities - Property Tax	Watershed District	Joint Venture	Constitu- tional Officers - Agency	Other Agency	Total
<u>ASSETS</u>							
Equity in Pooled Cash and Investments	\$ 42,713	\$ 3,985	\$ 22,833	\$ 28,475	\$ 0	\$ 0	\$ 98,006
Cash	0	0	0	0	4,144,590	0	4,144,590
Accounts Receivable	51,283	0	0	34,188	0	0	85,471
Due from Other Governments	3,412,389	4,252	0	0	0	2,828	3,419,469
Total Assets	<u>\$ 3,506,385</u>	<u>\$ 8,237</u>	<u>\$ 22,833</u>	<u>\$ 62,663</u>	<u>\$ 4,144,590</u>	<u>\$ 2,828</u>	<u>\$ 7,747,536</u>
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 3,506,385	\$ 8,237	\$ 0	\$ 0	\$ 0	\$ 2,828	\$ 3,517,450
Due to Litigants, Heirs, and Others	0	0	0	0	4,144,590	0	4,144,590
Other Current Liabilities	0	0	22,833	62,663	0	0	85,496
Total Liabilities	<u>\$ 3,506,385</u>	<u>\$ 8,237</u>	<u>\$ 22,833</u>	<u>\$ 62,663</u>	<u>\$ 4,144,590</u>	<u>\$ 2,828</u>	<u>\$ 7,747,536</u>

Exhibit I-2

Madison County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 41,516	\$ 17,940,931	\$ 17,939,734	\$ 42,713
Accounts Receivable	41,500	51,283	41,500	51,283
Due from Other Governments	3,271,923	3,412,389	3,271,923	3,412,389
Total Assets	\$ 3,354,939	\$ 21,404,603	\$ 21,253,157	\$ 3,506,385
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,354,939	\$ 21,404,603	\$ 21,253,157	\$ 3,506,385
Total Liabilities	\$ 3,354,939	\$ 21,404,603	\$ 21,253,157	\$ 3,506,385
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,575	\$ 240,379	\$ 238,969	\$ 3,985
Due from Other Governments	3,892	4,252	3,892	4,252
Total Assets	\$ 6,467	\$ 244,631	\$ 242,861	\$ 8,237
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,467	\$ 244,631	\$ 242,861	\$ 8,237
Total Liabilities	\$ 6,467	\$ 244,631	\$ 242,861	\$ 8,237
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 22,833	\$ 0	\$ 0	\$ 22,833
Total Assets	\$ 22,833	\$ 0	\$ 0	\$ 22,833
<u>Liabilities</u>				
Other Current Liabilities	\$ 22,833	\$ 0	\$ 0	\$ 22,833
Total Liabilities	\$ 22,833	\$ 0	\$ 0	\$ 22,833
<u>Joint Venture Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 27,678	\$ 266,955	\$ 266,158	\$ 28,475
Accounts Receivable	27,000	34,188	27,000	34,188
Total Assets	\$ 54,678	\$ 301,143	\$ 293,158	\$ 62,663
<u>Liabilities</u>				
Other Current Liabilities	\$ 54,678	\$ 301,143	\$ 293,158	\$ 62,663
Total Liabilities	\$ 54,678	\$ 301,143	\$ 293,158	\$ 62,663

(Continued)

Exhibit I-2

Madison County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,168,387	\$ 24,267,618	\$ 24,291,415	\$ 4,144,590
Total Assets	\$ 4,168,387	\$ 24,267,618	\$ 24,291,415	\$ 4,144,590
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,168,387	\$ 24,267,618	\$ 24,291,415	\$ 4,144,590
Total Liabilities	\$ 4,168,387	\$ 24,267,618	\$ 24,291,415	\$ 4,144,590
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 13,233	\$ 13,233	\$ 0
Due from Other Governments	2,044	2,828	2,044	2,828
Total Assets	\$ 2,044	\$ 16,061	\$ 15,277	\$ 2,828
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,044	\$ 16,061	\$ 15,277	\$ 2,828
Total Liabilities	\$ 2,044	\$ 16,061	\$ 15,277	\$ 2,828
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 94,602	\$ 18,461,498	\$ 18,458,094	\$ 98,006
Cash	4,168,387	24,267,618	24,291,415	4,144,590
Due from Other Governments	3,277,859	3,419,469	3,277,859	3,419,469
Total Assets	\$ 7,540,848	\$ 46,148,585	\$ 46,027,368	\$ 7,662,065
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,363,450	\$ 21,665,295	\$ 21,511,295	\$ 3,517,450
Due to Litigants, Heirs, and Others	4,168,387	24,267,618	24,291,415	4,144,590
Other Current Liabilities	77,511	301,143	293,158	85,496
Total Liabilities	\$ 7,609,348	\$ 46,234,056	\$ 46,095,868	\$ 7,747,536

# Madison County School Department

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This section presents combining and individual fund financial statements for the Madison County School Department, a discretely presented component unit. The Madison County School Department uses a General Fund, two Special Revenue Funds, a Capital Projects Fund, and a Fiduciary Fund.

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General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects – The School Federal Projects Fund is used to account for restricted federal revenues which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

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

Pension Trust Fund – The Pension Trust Fund is used to account for the former City of Jackson Teacher Retirement Plan, which was assumed by the Madison County Board of Education as a result of the consolidation of the City of Jackson School System and the Madison County School System.

Exhibit J-1

Madison County, Tennessee  
Statement of Activities  
Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	\$ 72,902,631	\$ 389,563	\$ 10,885,501	\$ 36,531	\$ (61,591,036)
Support Services	29,974,075	1,504	1,136,936	0	(28,835,635)
Operation of Non-Instructional Services	8,562,877	1,767,541	5,810,340	0	(984,996)
Interest on Long-term Debt	40,332	0	0	0	(40,332)
<b>Total Governmental Activities</b>	<b>\$ 111,479,915</b>	<b>\$ 2,158,608</b>	<b>\$ 17,832,777</b>	<b>\$ 36,531</b>	<b>\$ (91,451,999)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 13,753,368
Local Option Sales Taxes					33,468,281
Other Local Taxes					15,468
Grants and Contributions Not Restricted to Specific Programs					43,236,085
Unrestricted Investment Earnings					559,957
Miscellaneous					22,976
<b>Total General Revenues</b>					<b>\$ 91,056,135</b>
Change in Net Assets					\$ (395,864)
Net Assets, July 1, 2006					88,840,433
Net Assets, June 30, 2007					<b>\$ 88,444,569</b>

Exhibit J-2

Madison County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Madison County School Department  
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,071,817	\$ 3,017,961	\$ 4,089,778
Due from Other Governments	8,377,269	600,000	8,977,269
Due from Other Funds	402,459	0	402,459
Property Taxes Receivable	12,215,463	1,495,623	13,711,086
Allowance for Uncollectible Property Taxes	(593,618)	(60,723)	(654,341)
Total Assets	<u>\$ 21,473,390</u>	<u>\$ 5,052,861</u>	<u>\$ 26,526,251</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 245,012	\$ 18,859	\$ 263,871
Payroll Deductions Payable	1,558,865	211,755	1,770,620
Cash Overdraft	0	159,609	159,609
Due to Other Funds	0	402,459	402,459
Deferred Revenue - Current Property Taxes	11,213,311	1,401,664	12,614,975
Deferred Revenue - Delinquent Property Taxes	355,671	28,935	384,606
Other Deferred Revenues	3,104,664	0	3,104,664
Total Liabilities	<u>\$ 16,477,523</u>	<u>\$ 2,223,281</u>	<u>\$ 18,700,804</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 293,086	\$ 23,869	\$ 316,955
Reserved for Career Ladder Program	115,278	0	115,278
Reserved for Basic Education Program	754,643	0	1,334,510
Reserved for Title I Grants to Local Education Agencies	0	588,739	588,739
Other Federal Reserves	0	114,617	114,617
Unreserved, Reported In:			
General Fund	3,832,860	0	3,252,993
Special Revenue Funds	0	1,453,526	1,453,526
Capital Projects Funds	0	648,829	648,829
Total Fund Balances	<u>\$ 4,995,867</u>	<u>\$ 2,829,580</u>	<u>\$ 7,825,447</u>
Total Liabilities and Fund Balances	<u>\$ 21,473,390</u>	<u>\$ 5,052,861</u>	<u>\$ 26,526,251</u>

Exhibit J-3

Madison County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Madison County School Department  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	7,825,447
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,091,562	
Add: building and improvements net of accumulated depreciation		71,140,046	
Add: other capital assets net of accumulated depreciation		<u>4,175,141</u>	77,406,749
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			3,489,270
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable			<u>(276,897)</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>88,444,569</u></u>

Exhibit J-4

Madison County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 46,740,169	\$ 977,234	\$ 47,717,403
Licenses and Permits	8,847	0	8,847
Charges for Current Services	389,563	1,767,541	2,157,104
Other Local Revenues	598,144	152,569	750,713
State of Tennessee	42,248,566	82,267	42,330,833
Federal Government	6,076,927	11,746,226	17,823,153
Other Governments and Citizens Groups	0	125,000	125,000
Total Revenues	<u>\$ 96,062,216</u>	<u>\$ 14,850,837</u>	<u>\$ 110,913,053</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 62,353,973	\$ 7,466,023	\$ 69,819,996
Support Services	28,891,420	1,313,052	30,204,472
Operation of Non-Instructional Services	1,697,601	6,362,174	8,059,775
Debt Service:			
Interest on Debt	40,332	0	40,332
Capital Projects	0	901,667	901,667
Total Expenditures	<u>\$ 92,983,326</u>	<u>\$ 16,042,916</u>	<u>\$ 109,026,242</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,078,890</u>	<u>\$ (1,192,079)</u>	<u>\$ 1,886,811</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 4,319	\$ 0	\$ 4,319
Transfers In	7,553	0	7,553
Transfers Out	0	(7,553)	(7,553)
Total Other Financing Sources (Uses)	<u>\$ 11,872</u>	<u>\$ (7,553)</u>	<u>\$ 4,319</u>
Net Change in Fund Balances	\$ 3,090,762	\$ (1,199,632)	\$ 1,891,130
Fund Balance, July 1, 2006	1,905,105	4,029,212	5,934,317
Fund Balance, June 30, 2007	<u>\$ 4,995,867</u>	<u>\$ 2,829,580</u>	<u>\$ 7,825,447</u>

Exhibit J-5

Madison County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 1,891,130
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 824,717	
Less: current year depreciation expense	<u>(2,982,967)</u>	(2,158,250)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 3,489,270	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(3,608,202)</u>	(118,932)
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		<u>(9,812)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (395,864)</u>

Exhibit J-6

Madison County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Madison County School Department  
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 0	\$ 2,353,924	\$ 2,353,924	\$ 664,037	\$ 3,017,961
Due from Other Governments	600,000	0	600,000	0	600,000
Property Taxes Receivable	0	0	0	1,495,623	1,495,623
Allowance for Uncollectible Property Taxes	0	0	0	(60,723)	(60,723)
Total Assets	<u>\$ 600,000</u>	<u>\$ 2,353,924</u>	<u>\$ 2,953,924</u>	<u>\$ 2,098,937</u>	<u>\$ 5,052,861</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 8,817	\$ 0	\$ 8,817	\$ 10,042	\$ 18,859
Payroll Deductions Payable	152,147	59,608	211,755	0	211,755
Cash Overdraft	159,609	0	159,609	0	159,609
Due to Other Funds	238,440	164,019	402,459	0	402,459
Deferred Revenue - Current Property Taxes	0	0	0	1,401,664	1,401,664
Deferred Revenue - Delinquent Property Taxes	0	0	0	28,935	28,935
Total Liabilities	<u>\$ 559,013</u>	<u>\$ 223,627</u>	<u>\$ 782,640</u>	<u>\$ 1,440,641</u>	<u>\$ 2,223,281</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 11,757	\$ 2,645	\$ 14,402	\$ 9,467	\$ 23,869
Reserved for Title I Grants to Local Education Agencies	588,739	0	588,739	0	588,739
Other Federal Reserves	114,617	0	114,617	0	114,617
Unreserved (Deficit)	(674,126)	2,127,652	2,127,652	648,829	2,102,355
Total Fund Balances	<u>\$ 40,987</u>	<u>\$ 2,130,297</u>	<u>\$ 2,171,284</u>	<u>\$ 658,296</u>	<u>\$ 2,829,580</u>
Total Liabilities and Fund Balances	<u>\$ 600,000</u>	<u>\$ 2,353,924</u>	<u>\$ 2,953,924</u>	<u>\$ 2,098,937</u>	<u>\$ 5,052,861</u>

Exhibit J-7

Madison County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 977,234	\$ 977,234
Charges for Current Services	0	1,767,541	1,767,541	0	1,767,541
Other Local Revenues	0	116,038	116,038	36,531	152,569
State of Tennessee	0	82,267	82,267	0	82,267
Federal Government	7,417,642	4,328,584	11,746,226	0	11,746,226
Other Governments and Citizens Groups	0	0	0	125,000	125,000
<b>Total Revenues</b>	<b>\$ 7,417,642</b>	<b>\$ 6,294,430</b>	<b>\$ 13,712,072</b>	<b>\$ 1,138,765</b>	<b>\$ 14,850,837</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 7,466,023	\$ 0	\$ 7,466,023	\$ 0	\$ 7,466,023
Support Services	1,313,052	0	1,313,052	0	1,313,052
Operation of Non-Instructional Services	0	6,362,174	6,362,174	0	6,362,174
Capital Projects	0	0	0	901,667	901,667
<b>Total Expenditures</b>	<b>\$ 8,779,075</b>	<b>\$ 6,362,174</b>	<b>\$ 15,141,249</b>	<b>\$ 901,667</b>	<b>\$ 16,042,916</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (1,361,433)	\$ (67,744)	\$ (1,429,177)	\$ 237,098	\$ (1,192,079)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (7,553)	\$ 0	\$ (7,553)	\$ 0	\$ (7,553)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (7,553)</b>	<b>\$ 0</b>	<b>\$ (7,553)</b>	<b>\$ 0</b>	<b>\$ (7,553)</b>
Net Change in Fund Balances	\$ (1,368,986)	\$ (67,744)	\$ (1,436,730)	\$ 237,098	\$ (1,199,632)
Fund Balance, July 1, 2006	1,409,973	2,198,041	3,608,014	421,198	4,029,212
<b>Fund Balance, June 30, 2007</b>	<b>\$ 40,987</b>	<b>\$ 2,130,297</b>	<b>\$ 2,171,284</b>	<b>\$ 658,296</b>	<b>\$ 2,829,580</b>

Exhibit J-8

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Madison County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 46,740,169	\$ 0	\$ 0	\$ 46,740,169	\$ 46,949,427	\$ 46,949,427	\$ (209,258)
Licenses and Permits	8,847	0	0	8,847	10,000	10,000	(1,153)
Charges for Current Services	389,563	0	0	389,563	378,555	378,555	11,008
Other Local Revenues	598,144	0	0	598,144	438,162	438,162	159,982
State of Tennessee	42,248,566	0	0	42,248,566	43,638,090	44,561,712	(2,313,146)
Federal Government	6,076,927	0	0	6,076,927	3,142,513	3,257,947	2,818,980
Other Governments and Citizens Groups	0	0	0	0	0	7,522	(7,522)
<b>Total Revenues</b>	<b>\$ 96,062,216</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 96,062,216</b>	<b>\$ 94,556,747</b>	<b>\$ 95,603,325</b>	<b>\$ 458,891</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 49,789,374	\$ (284,341)	\$ 288,310	\$ 49,793,343	\$ 51,164,560	\$ 50,828,607	\$ 1,035,264
Special Education Program	9,014,628	(33,401)	0	8,981,227	9,447,096	9,588,354	607,127
Vocational Education Program	3,533,627	(136,280)	555	3,397,902	3,405,178	3,434,120	36,218
Other	16,344	0	0	16,344	0	0	(16,344)
<u>Support Services</u>							
Attendance	185,969	0	312	186,281	245,120	245,120	58,839
Health Services	35,609	0	0	35,609	67,663	52,663	17,054
Other Student Support	2,694,805	(238)	1,254	2,695,821	2,925,666	2,872,102	176,281
Regular Instruction Program	2,917,037	(1,829)	0	2,915,208	3,522,916	3,435,557	520,349
Special Education Program	504,956	(80)	0	504,876	567,752	586,202	81,326
Vocational Education Program	129,275	0	0	129,275	139,181	139,181	9,906
Other Programs	2,000	0	0	2,000	0	0	(2,000)
Board of Education	1,664,901	(36)	39	1,664,904	1,789,477	1,813,638	148,734
Director of Schools	612,840	0	0	612,840	610,343	655,172	42,332
Office of the Principal	5,826,090	0	0	5,826,090	6,220,549	6,263,821	437,731

(Continued)

Exhibit J-8

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Madison County School Department  
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 355,842	\$ 0	\$ 0	\$ 355,842	\$ 355,106	\$ 355,106	\$ (736)
Operation of Plant	6,599,634	(1,663)	0	6,597,971	6,722,654	6,741,654	143,683
Maintenance of Plant	3,153,824	(24,510)	2,556	3,131,870	3,343,524	3,359,024	227,154
Transportation	4,208,638	(12,636)	0	4,196,002	4,422,949	4,512,949	316,947
<u>Operation of Non-Instructional Services</u>							
Food Service	1,137	0	0	1,137	1,138	1,138	1
Community Services	665,454	(342)	60	665,172	740,485	803,485	138,313
Early Childhood Education	1,031,010	0	0	1,031,010	0	1,058,392	27,382
<u>Interest on Debt</u>							
Education	40,332	0	0	40,332	0	60,000	19,668
Total Expenditures	\$ 92,983,326	\$ (495,356)	\$ 293,086	\$ 92,781,056	\$ 95,691,357	\$ 96,806,285	\$ 4,025,229
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 3,078,890	\$ 495,356	\$ (293,086)	\$ 3,281,160	\$ (1,134,610)	\$ (1,202,960)	\$ 4,484,120
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,319	\$ 0	\$ 0	\$ 4,319	\$ 0	\$ 0	\$ 4,319
Transfers In	7,553	0	0	7,553	0	0	7,553
Transfers Out	0	0	0	0	(68,098)	0	0
Total Other Financing Sources (Uses)	\$ 11,872	\$ 0	\$ 0	\$ 11,872	\$ (68,098)	\$ 0	\$ 11,872
Net Change in Fund Balance	\$ 3,090,762	\$ 495,356	\$ (293,086)	\$ 3,293,032	\$ (1,202,708)	\$ (1,202,960)	\$ 4,495,992
Fund Balance, July 1, 2006	1,905,105	(495,356)	0	1,409,749	2,814,013	2,814,013	(1,404,264)
Fund Balance, June 30, 2007	\$ 4,995,867	\$ 0	\$ (293,086)	\$ 4,702,781	\$ 1,611,305	\$ 1,611,053	\$ 3,091,728

Exhibit J-9

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Madison County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,417,642	\$ 0	\$ 0	\$ 7,417,642	\$ 9,408,401	\$ 9,431,901	\$ (2,014,259)
Total Revenues	\$ 7,417,642	\$ 0	\$ 0	\$ 7,417,642	\$ 9,408,401	\$ 9,431,901	\$ (2,014,259)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,219,660	\$ (12,299)	\$ 11,004	\$ 3,218,365	\$ 4,012,778	\$ 4,091,967	\$ 873,602
Special Education Program	3,936,032	(299,270)	0	3,636,762	4,113,711	4,098,613	461,851
Vocational Education Program	310,331	(19,834)	0	290,497	243,005	313,074	22,577
<u>Support Services</u>							
Other Student Support	123,939	0	0	123,939	171,884	187,727	63,788
Regular Instruction Program	997,305	(16,826)	753	981,232	1,580,920	1,501,513	520,281
Special Education Program	148,818	0	0	148,818	255,461	255,461	106,643
Vocational Education Program	14,375	0	0	14,375	15,680	15,680	1,305
Fiscal Services	0	0	0	0	62,468	62,468	62,468
Transportation	28,615	0	0	28,615	91,604	91,075	62,460
Total Expenditures	\$ 8,779,075	\$ (348,229)	\$ 11,757	\$ 8,442,603	\$ 10,547,511	\$ 10,617,578	\$ 2,174,975
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,361,433)	\$ 348,229	\$ (11,757)	\$ (1,024,961)	\$ (1,139,110)	\$ (1,185,677)	\$ 160,716
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (7,553)	\$ 0	\$ 0	\$ (7,553)	\$ (25,271)	\$ (25,271)	\$ 17,718
Total Other Financing Sources (Uses)	\$ (7,553)	\$ 0	\$ 0	\$ (7,553)	\$ (25,271)	\$ (25,271)	\$ 17,718
Net Change in Fund Balance Fund Balance, July 1, 2006	\$ (1,368,986)	\$ 348,229	\$ (11,757)	\$ (1,032,514)	\$ (1,164,381)	\$ (1,210,948)	\$ 178,434
Fund Balance, July 1, 2006	1,409,973	(348,229)	0	1,061,744	2,644,182	2,644,182	(1,582,438)
Fund Balance, June 30, 2007	\$ 40,987	\$ 0	\$ (11,757)	\$ 29,230	\$ 1,479,801	\$ 1,433,234	\$ (1,404,004)

Exhibit J-10

Madison County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Madison County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,767,541	\$ 0	\$ 0	\$ 1,767,541	\$ 1,876,000	\$ 1,876,000	\$ (108,459)
Other Local Revenues	116,038	0	0	116,038	63,000	63,000	53,038
State of Tennessee	82,267	0	0	82,267	88,000	88,000	(5,733)
Federal Government	4,328,584	0	0	4,328,584	4,508,520	4,508,520	(179,936)
<b>Total Revenues</b>	<b>\$ 6,294,430</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,294,430</b>	<b>\$ 6,535,520</b>	<b>\$ 6,535,520</b>	<b>\$ (241,090)</b>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 6,362,174	\$ (41,953)	\$ 2,645	\$ 6,322,866	\$ 6,535,520	\$ 6,535,520	\$ 212,654
<b>Total Expenditures</b>	<b>\$ 6,362,174</b>	<b>\$ (41,953)</b>	<b>\$ 2,645</b>	<b>\$ 6,322,866</b>	<b>\$ 6,535,520</b>	<b>\$ 6,535,520</b>	<b>\$ 212,654</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (67,744)	\$ 41,953	\$ (2,645)	\$ (28,436)	\$ 0	\$ 0	\$ (28,436)
Net Change in Fund Balance	\$ (67,744)	\$ 41,953	\$ (2,645)	\$ (28,436)	\$ 0	\$ 0	\$ (28,436)
Fund Balance, July 1, 2006	2,198,041	(41,953)	0	2,156,088	0	0	2,156,088
<b>Fund Balance, June 30, 2007</b>	<b>\$ 2,130,297</b>	<b>\$ 0</b>	<b>\$ (2,645)</b>	<b>\$ 2,127,652</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,127,652</b>

Exhibit J-11

Madison County, Tennessee  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
Discretely Presented Madison County School Department  
June 30, 2007

	<u>Other Trust Pension Trust</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 966,494
Total Assets	<u>\$ 966,494</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Retirees	<u>\$ 966,494</u>
Total Net Assets	<u><u>\$ 966,494</u></u>

Exhibit J-12

Madison County, Tennessee  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

	<u>Other Trust Pension Trust</u>
<u>ADDITIONS</u>	
<u>Contributions</u>	
Tennessee Consolidated Retirement System	\$ 399,686
Employer	438,698
Plan Members	<u>1,482</u>
Total Contributions	<u>\$ 839,866</u>
<u>Investment Income</u>	
Interest Earned	\$ 49,212
Total Investment Income	<u>\$ 49,212</u>
Total Additions	<u>\$ 889,078</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 844,868
Trustee's Commission	488
Total Deductions	<u>\$ 845,356</u>
Change in Net Assets	\$ 43,722
Net Assets, July 1, 2006	<u>922,772</u>
Net Assets, June 30, 2007	<u><u>\$ 966,494</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Madison County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Paid and/or Matured During Period	Outstanding 6-30-07
<u>NOTES PAYABLE</u>							
<u>Payable through General Fund</u>							
Wastewater Facilities Revolving Funds Loan	\$ 250,000	3.3%	11-20-1992	6-30-13	\$ 113,416	\$ 13,548	\$ 99,868
Total Payable through General Fund					\$ 113,416	\$ 13,548	\$ 99,868
<u>Payable through General Debt Service Fund</u>							
Refunding Note, Series 1999	8,510,000	4 to 5	12-1-1998	5-1-08	\$ 5,900,000	\$ 4,695,000	\$ 1,205,000
Refunding Note Series 2003	2,450,000	2 to 2.65	4-21-03	4-1-08	1,340,000	350,000	990,000
Refunding Notes, Series 2004	21,315,000	4 to 5	3-15-04	4-1-13	21,315,000	0	21,315,000
Airport Industrial Park Property Promissary Note	27,523	7	7-15-05	11-29-06	27,523	27,523	0
Total Payable through General Debt Service Fund					\$ 28,582,523	\$ 5,072,523	\$ 23,510,000
<u>Payable through General Capital Projects Fund</u>							
Airport Industrial Park Property Promissary Note	137,612	7	7-15-05	11-29-06	\$ 137,612	\$ 137,612	\$ 0
Total Payable through General Capital Projects Fund					\$ 137,612	\$ 137,612	\$ 0
Total Notes Payable					\$ 28,833,551	\$ 5,223,683	\$ 23,609,868
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Refunding Bonds - Series 1999	6,955,000	4 to 5	12-1-1998	9-1-07	\$ 1,240,000	\$ 600,000	\$ 640,000
School and Public Improvement Bonds Series 2002	25,900,000	3 to 5	6-25-02	4-1-15	2,000,000	0	2,000,000
School and Public Improvement Bonds Series 2003	10,000,000	2 to 4	5-29-03	6-30-14	9,950,000	50,000	9,900,000
Refunding Bonds - Series 2004	1,925,000	5	3-15-04	4-1-16	1,925,000	0	1,925,000
School and Public Improvement Refunding Bonds Series 2004	23,620,000	3.85 to 5	12-1-04	4-1-18	23,620,000	0	23,620,000
Refunding Bonds - Series 2004B	2,125,000	5	12-1-04	4-1-14	2,125,000	0	2,125,000
Refunding Bonds - Series 2006	2,355,000	4.8	3-15-06	4-1-19	2,355,000	0	2,355,000
Refunding Bonds - Series 2006A	5,035,000	4.04	5-31-06	6-1-19	5,035,000	100,000	4,935,000
Total Bonds Payable					\$ 48,250,000	\$ 750,000	\$ 47,500,000

Exhibit K-2

Madison County, Tennessee  
Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 890,000	\$ 2,123,664	\$ 3,013,664
2009	1,250,000	2,101,684	3,351,684
2010	1,200,000	2,054,854	3,254,854
2011	1,900,000	2,016,774	3,916,774
2012	2,650,000	1,957,694	4,607,694
2013	4,400,000	1,827,114	6,227,114
2014	5,960,000	1,640,914	7,600,914
2015	6,140,000	1,365,358	7,505,358
2016	6,390,000	1,127,942	7,517,942
2017	6,710,000	813,866	7,523,866
2018	7,040,000	484,030	7,524,030
2019	2,970,000	137,886	3,107,886
Total	<u>\$ 47,500,000</u>	<u>\$ 17,651,780</u>	<u>\$ 65,151,780</u>

Exhibit K-3

Madison County, Tennessee  
Schedule of Notes Receivable  
June 30, 2007

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-07
<u>General Fund</u>						
Wastewater Facility Construction	Jackson Energy Authority	\$ 250,000	4-1-1994	4-1-34	3.3 %	<u>\$ 199,983</u>
Total Notes Receivable						<u><u>\$ 199,983</u></u>

Exhibit K-4

Madison County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
Highway/Public Works	General	To provide funds for finance department operations	<u>\$ 29,203</u>
<u>Discretely Presented Madison County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 7,553</u>

Exhibit K-5

Madison County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 91,132	\$ 50,000	Fidelity and Deposit Company of Maryland
Highway Engineer	Section 8-24-102, <u>TCA</u>	103,746	100,000	Western Surety Company
Director of Schools: Roy Weaver (7-1-06 through 7-17-06)	State Board of Education and Madison Co. Board of Education	93,892 (1)	150,000	Local Government Property and Casualty Fund
Nancy Zambito (7-18-06 through 6-30-07)	State Board of Education and Madison Co. Board of Education	129,757	50,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	68,325 (2)	3,450,000	Fidelity and Deposit Company of Maryland
Assessor of Property	Section 8-24-102, <u>TCA</u>	68,325 (2)	10,000	Hartford Fire Insurance Company
Director of Finance	County Commission	79,050	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	68,325 (2)	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	68,325 (2)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	68,325 (2)	50,000	RLI Insurance Company
Juvenile Court Clerk: Lacy Bond (7-1-06 through 8-31-06)	Chapter 212, Private Acts of 1990	11,137	50,000	Hartford Fire Insurance Company
Bart Swift (9-1-06 through 6-30-07)	Chapter 212, Private Acts of 1990	55,688	50,000	Fidelity and Deposit Company of Maryland
Register	Section 8-24-102, <u>TCA</u>	68,325 (2)	50,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	88,041 (3), (4)	50,000	"
Employees Blanket Bond: Office: County Mayor: All Employees			150,000	Local Government Property and Casualty Fund
Highway Engineer: All Employees			150,000	"
Director of Schools: All Employees			150,000	"

(1) Includes contract buyout payments of \$62,005 and accrued leave of \$27,584.

(2) Includes certified public administrator supplement of \$1,500 provided by Section 5-1-310, TCA.

(3) Includes law enforcement training supplement of \$600 and a clothing allowance of \$650.

(4) Includes compensation of \$13,283 for supervision of the county workhouse (penal farm).

Exhibit K-6

Madison County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 11,955,913	\$ 956,473	\$ 199,194	\$ 1,275,629	\$ 0
Trustee's Collections - Prior Year	416,229	22,742	33,787	5,000	0
Circuit/Clerk & Master Collections - Prior Years	457,951	26,441	35,046	0	0
Interest and Penalty	72,484	5,768	4,779	2,485	0
Payments in-Lieu-of Taxes - Local Utilities	200,000	17,097	3,562	22,796	0
Payments in-Lieu-of Taxes - Other	116,119	9,289	1,942	12,385	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,110,545	0	0	0	0
Hotel/Motel Tax	434,546	0	0	0	0
Litigation Tax - General	337,438	0	0	0	0
Litigation Tax - Special Purpose	246,025	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	1,414,630	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	73,553	5,884	1,226	7,846	0
Wholesale Beer Tax	305,870	0	0	0	0
Interstate Telecommunications Tax	5,013	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 17,146,316</b>	<b>\$ 1,043,694</b>	<b>\$ 279,536</b>	<b>\$ 1,326,141</b>	<b>\$ 0</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 12,462	\$ 0	\$ 0	\$ 0	\$ 0
Animal Vaccination	1,152	0	0	0	0
Cable TV Franchise	99,218	0	0	0	0
<u>Permits</u>					
Building Permits	173,264	0	0	0	0
Other Permits	420	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 286,516</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 52,251	\$ 0	\$ 0	\$ 0	0
Officers Costs	47,996	0	0	0	0
Drug Control Fines	2,653	0	0	0	0
Drug Court Fees	2,756	0	0	0	0
Jail Fees	23,514	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	3,174	0	0	0	0
Data Entry Fee - Circuit Court	1,914	0	0	0	0
Courtroom Security Fee	217	0	0	0	0
<u>Criminal Court</u>					
Drug Court Fees	2,923	0	0	0	0
<u>General Sessions Court</u>					
Fines	48,628	0	0	0	0
Officers Costs	150,421	0	0	0	0
Game and Fish Fines	344	0	0	0	0
Drug Control Fines	15,008	0	0	0	10,493
Drug Court Fees	6,677	0	0	0	0
Jail Fees	52,439	0	0	0	0
Interpreter Fees	546	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	7,580	0	0	0	0
Data Entry Fee - General Sessions Court	25,608	0	0	0	0
Courtroom Security Fee	1,536	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	8,356	0	0	0	0
Data Entry Fee - Chancery Court	7,108	0	0	0	0
Courtroom Security Fee	72	0	0	0	0
<u>Other Courts - In-county</u>					
Fines for Littering	1,100	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	\$ 6	\$ 0	\$ 0	\$ 0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	1,771	0	0	0	750
Other Fines, Forfeitures, and Penalties	0	0	0	0	1,806
Total Fines, Forfeitures, and Penalties	<u>\$ 464,598</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>13,049</u>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 7,751	\$ 0	\$ 0	\$ 0	0
Health Department Collections	425,000	0	0	0	0
Other General Service Charges	22,256	0	0	0	0
<u>Fees</u>					
Engineer Review Fees	10,598	0	0	0	0
Recreation Fees	75,390	0	0	0	0
Copy Fees	1,133	0	0	0	0
Telephone Commissions	103,119	0	0	0	0
Vending Machine Collections	104,546	0	0	0	0
Data Processing Fee - Register	45,536	0	0	0	0
Data Processing Fee - Sheriff	16,455	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,095	0	0	0	0
<u>Education Charges</u>					
Community Service Fees - Adults	445,390	0	0	0	0
TBI Criminal Background Fees	1,800	0	0	0	0
Total Charges for Current Services	<u>\$ 1,262,069</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 523,505	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	186,402	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Sale of Gasoline	2,916	0	0	0	0
Sale of Recycled Materials	1,137	0	13,392	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Miscellaneous Refunds	\$ 95,585	\$ 942	\$ 2,260	\$ 0	\$ 0
<u>Nonrecurring Items</u>					
Sale of Equipment	7,525	0	0	0	0
Sale of Property	32,690	0	0	0	0
Contributions & Gifts	1,000	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	1,500	0	0	0	0
Total Other Local Revenues	<u>\$ 852,260</u>	<u>\$ 942</u>	<u>\$ 15,652</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 887,240	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	403,748	0	0	0	0
General Sessions Court Clerk	760,406	0	0	0	0
Clerk and Master	516,567	0	0	0	0
Juvenile Court Clerk	176,720	0	0	0	0
Register	663,135	0	0	0	0
Sheriff	35,169	0	0	0	0
Trustee	1,520,952	0	0	0	0
Total Fees Received from County Officials	<u>\$ 4,963,937</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 246,235	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	27,910	0	0	0	0
Solid Waste Grants	0	0	148,433	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	33,000	0	0	0	0
Drug Control Grants	40,911	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	2,906,917	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants</u>					
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	0
Litter Program	32,630	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	190,795	0	0	0	0
Beer Tax	18,753	0	0	0	0
Alcoholic Beverage Tax	103,755	0	0	0	0
Mixed Drink Tax	11,277	0	0	0	0
Board of Jurors	5,163	0	0	0	0
Prisoner Transportation	18,588	0	0	0	0
Contracted Prisoner Boarding	624,715	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	12,285	0	0	0	0
Other State Grants	122,329	180,500	0	0	0
Other State Revenues	569,834	9,000	0	0	1,070
Total State of Tennessee	\$ 4,965,097	\$ 189,500	\$ 148,433	\$ 0	\$ 1,070
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 353,697	\$ 0	\$ 0	\$ 0	0
Law Enforcement Grants	35,931	0	0	0	0
Other Federal through State	308,490	49,885	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	12,200	0	0	0	0
Total Federal Government	\$ 710,318	\$ 49,885	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 74,158	\$ 250,889	\$ 0	\$ 0	0
Contributions	841,722	0	0	0	0
Contracted Services	1,000,359	0	0	0	0
<u>Other</u>					
Other	6,472	0	0	0	0
Total Other Governments and Citizens Groups	\$ 1,922,711	\$ 250,889	\$ 0	\$ 0	0
Total	\$ 32,573,822	\$ 1,534,910	\$ 443,621	\$ 1,326,141	\$ 14,119

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 1,600,791	\$ 7,683,782	\$ 476,587	\$ 0	\$ 24,148,369
Trustee's Collections - Prior Year	0	54,905	164,813	12,464	0	709,940
Circuit/Clerk & Master Collections - Prior Years	0	63,263	195,541	12,682	0	790,924
Interest and Penalty	0	10,264	35,973	2,342	0	134,095
Payments in-Lieu-of Taxes - Local Utilities	0	28,495	136,774	6,000	0	414,724
Payments in-Lieu-of Taxes - Other	0	15,483	74,293	4,643	0	234,154
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	1,110,545
Hotel/Motel Tax	0	0	0	0	0	434,546
Litigation Tax - General	0	0	0	0	0	337,438
Litigation Tax - Special Purpose	0	0	0	0	0	246,025
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	164,216	0	0	164,216
Business Tax	0	0	0	0	0	1,414,630
Mineral Severance Tax	0	56,961	0	0	0	56,961
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	9,807	47,073	2,942	0	148,331
Wholesale Beer Tax	0	0	0	0	0	305,870
Interstate Telecommunications Tax	0	0	0	0	0	5,013
Total Local Taxes	\$ 0	\$ 1,839,969	\$ 8,502,465	\$ 517,660	\$ 0	\$ 30,655,781
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,462
Animal Vaccination	0	0	0	0	0	1,152
Cable TV Franchise	0	0	0	0	0	99,218
<u>Permits</u>						
Building Permits	0	0	0	0	0	173,264
Other Permits	0	0	0	0	0	420
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 286,516

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	52,251
Officers Costs	0	0	0	0	0	47,996
Drug Control Fines	0	0	0	0	0	2,653
Drug Court Fees	0	0	0	0	0	2,756
Jail Fees	0	0	0	0	0	23,514
District Attorney General Fees	17,121	0	0	0	0	17,121
DUI Treatment Fines	0	0	0	0	0	3,174
Data Entry Fee - Circuit Court	0	0	0	0	0	1,914
Courtroom Security Fee	0	0	0	0	0	217
<u>Criminal Court</u>						
Drug Court Fees	0	0	0	0	0	2,923
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	48,628
Officers Costs	0	0	0	0	0	150,421
Game and Fish Fines	0	0	0	0	0	344
Drug Control Fines	0	0	0	0	0	25,501
Drug Court Fees	0	0	0	0	0	6,677
Jail Fees	0	0	0	0	0	52,439
Interpreter Fees	0	0	0	0	0	546
District Attorney General Fees	10,766	0	0	0	0	10,766
DUI Treatment Fines	0	0	0	0	0	7,580
Data Entry Fee - General Sessions Court	0	0	0	0	0	25,608
Courtroom Security Fee	0	0	0	0	0	1,536
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	8,356
Data Entry Fee - Chancery Court	0	0	0	0	0	7,108
Courtroom Security Fee	0	0	0	0	0	72
<u>Other Courts - In-county</u>						
Fines for Littering	0	0	0	0	0	1,100
<u>Courts in Other District Counties</u>						
District Attorney General Fees	3,924	0	0	0	0	3,924

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>			<u>Total</u>
	<u>District Attorney General</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>Community Development/ Industrial Park</u>		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		6
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0		2,521
Other Fines, Forfeitures, and Penalties	0	0	0	0	0		1,806
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 31,811</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>509,458</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		7,751
Health Department Collections	0	0	0	0	0		425,000
Other General Service Charges	0	0	0	0	0		22,256
<u>Fees</u>							
Engineer Review Fees	0	0	0	0	0		10,598
Recreation Fees	0	0	0	0	0		75,390
Copy Fees	0	0	0	0	0		1,133
Telephone Commissions	0	0	0	0	0		103,119
Vending Machine Collections	0	0	0	0	0		104,546
Data Processing Fee - Register	0	0	0	0	0		45,536
Data Processing Fee - Sheriff	0	0	0	0	0		16,455
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0		3,095
<u>Education Charges</u>							
Community Service Fees - Adults	0	0	0	0	0		445,390
TBI Criminal Background Fees	0	0	0	0	0		1,800
<b>Total Charges for Current Services</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>1,262,069</b>
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	57,459	\$ 0	\$ 0		580,964
Lease/Rentals	0	0	0	0	33,815		220,217
Sale of Materials and Supplies	0	11,955	0	0	0		11,955
Sale of Gasoline	0	0	0	0	0		2,916
Sale of Recycled Materials	0	0	0	0	0		14,529

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>			
	<u>District Attorney General</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>Community Development/ Industrial Park</u>		<u>Total</u>
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Miscellaneous Refunds	\$ 2,351	\$ 12,594	\$ 0	\$ 6,859	\$ 0		120,591
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0		7,525
Sale of Property	0	0	0	0	0		32,690
Contributions & Gifts	0	0	0	0	0		1,000
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0		1,500
Total Other Local Revenues	\$ 2,351	\$ 24,549	\$ 57,459	\$ 6,859	\$ 33,815		\$ 993,887
<u>Fees Received from County Officials</u>							
<u>Fees-In-Lieu of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		887,240
Circuit Court Clerk	0	0	0	0	0		403,748
General Sessions Court Clerk	0	0	0	0	0		760,406
Clerk and Master	0	0	0	0	0		516,567
Juvenile Court Clerk	0	0	0	0	0		176,720
Register	0	0	0	0	0		663,135
Sheriff	0	0	0	0	0		35,169
Trustee	0	0	0	0	0		1,520,952
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		4,963,937
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		246,235
State Reappraisal Grant	0	0	0	0	0		27,910
Solid Waste Grants	0	0	0	0	0		148,433
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0		33,000
Drug Control Grants	0	0	0	0	0		40,911
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0		2,906,917

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	\$ 0	\$ 503,961	\$ 0	\$ 0	\$ 0	\$ 503,961
Litter Program	0	0	0	0	0	32,630
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	190,795
Beer Tax	0	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	0	103,755
Mixed Drink Tax	0	0	0	0	0	11,277
Board of Jurors	0	0	0	0	0	5,163
Prisoner Transportation	0	0	0	0	0	18,588
Contracted Prisoner Boarding	0	0	0	0	0	624,715
Gasoline and Motor Fuel Tax	0	2,372,394	0	0	0	2,372,394
Petroleum Special Tax	0	73,876	0	0	0	73,876
Registrar's Salary Supplement	0	0	0	0	0	12,285
Other State Grants	0	0	0	9,899	0	312,728
Other State Revenues	0	0	688,650	0	0	1,268,554
Total State of Tennessee	\$ 0	\$ 2,950,231	\$ 688,650	\$ 9,899	\$ 0	\$ 8,952,880
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 353,697
Law Enforcement Grants	0	0	0	0	0	35,931
Other Federal through State	0	0	0	0	0	358,375
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	12,200
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 760,203
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 325,047
Contributions	0	0	0	700,807	0	1,542,529
Contracted Services	0	0	0	0	0	1,000,359
<u>Other</u>						
Other	0	0	0	0	0	6,472
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 700,807	\$ 0	\$ 2,874,407
Total	\$ 34,162	\$ 4,814,749	\$ 9,248,574	\$ 1,235,225	\$ 33,815	\$ 51,259,138

Exhibit K-7

Madison County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 11,805,820	\$ 0	\$ 0	\$ 960,508	\$ 12,766,328
Trustee's Collections - Prior Year	449,804	0	0	0	449,804
Circuit/Clerk & Master Collections - Prior Years	520,484	0	0	0	520,484
Interest and Penalty	83,519	0	0	1,561	85,080
Payments in-Lieu-of Taxes - T.V.A.	1,539	0	0	0	1,539
Payments in-Lieu-of Taxes - Other	339,998	0	0	9,281	349,279
<u>County Local Option Taxes</u>					
Local Option Sales Tax	33,451,210	0	0	0	33,451,210
<u>Statutory Local Taxes</u>					
Bank Excise Tax	72,327	0	0	5,884	78,211
Interstate Telecommunications Tax	15,468	0	0	0	15,468
Total Local Taxes	\$ 46,740,169	\$ 0	\$ 0	\$ 977,234	\$ 47,717,403
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 7,344	\$ 0	\$ 0	\$ 0	\$ 7,344
<u>Permits</u>					
Other Permits	1,503	0	0	0	1,503
Total Licenses and Permits	\$ 8,847	\$ 0	\$ 0	\$ 0	\$ 8,847
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 10,535	\$ 0	\$ 0	\$ 0	\$ 10,535
Tuition - Other	379,028	0	0	0	379,028
Lunch Payments - Children	0	0	1,060,037	0	1,060,037
Lunch Payments - Adults	0	0	199,809	0	199,809
Income from Breakfast	0	0	92,340	0	92,340
A la carte Sales	0	0	415,355	0	415,355
Total Charges for Current Services	\$ 389,563	\$ 0	\$ 1,767,541	\$ 0	\$ 2,157,104
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 559,957	\$ 0	\$ 116,038	\$ 36,531	\$ 712,526
Lease/Rentals	1	0	0	0	1
Miscellaneous Refunds	22,718	0	0	0	22,718
<u>Nonrecurring Items</u>					
Sale of Equipment	258	0	0	0	258
Contributions & Gifts	15,210	0	0	0	15,210
Total Other Local Revenues	\$ 598,144	\$ 0	\$ 116,038	\$ 36,531	\$ 750,713
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 38,391,601	\$ 0	\$ 0	\$ 0	\$ 38,391,601
Early Childhood Education	867,271	0	0	0	867,271
School Food Service	0	0	82,267	0	82,267
Other State Education Funds	108,169	0	0	0	108,169
Career Ladder Program	1,031,929	0	0	0	1,031,929
Career Ladder - Extended Contract	287,348	0	0	0	287,348
Other Vocational	46,931	0	0	0	46,931
<u>Other State Revenues</u>					
Mixed Drink Tax	10,316	0	0	0	10,316
State Revenue Sharing - T.V.A.	822,996	0	0	0	822,996
Other State Grants	84,815	0	0	0	84,815
Other State Revenues	597,190	0	0	0	597,190
Total State of Tennessee	\$ 42,248,566	\$ 0	\$ 82,267	\$ 0	\$ 42,330,833

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,131,997	\$ 0	\$ 3,131,997
Breakfast	0	0	1,193,982	0	1,193,982
USDA - Other	0	0	2,605	0	2,605
Vocational Education - Basic Grants to States	0	304,985	0	0	304,985
Title I Grants to Local Education Agencies	0	3,517,883	0	0	3,517,883
Innovative Education Program Strategies	0	41,706	0	0	41,706
Special Education - Grants to States	24,206	2,751,667	0	0	2,775,873
Safe and Drug-Free Schools - State Grants	55,434	0	0	0	55,434
Other Federal through State	1,136,076	801,401	0	0	1,937,477
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	132,016	0	0	0	132,016
Other Direct Federal Revenue	4,729,195	0	0	0	4,729,195
Total Federal Government	\$ 6,076,927	\$ 7,417,642	\$ 4,328,584	\$ 0	\$ 17,823,153
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 125,000	\$ 125,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 125,000	\$ 125,000
Total	\$ 96,062,216	\$ 7,417,642	\$ 6,294,430	\$ 1,138,765	\$ 110,913,053

## Exhibit K-8

Madison County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

General FundGeneral GovernmentCounty Commission

Secretary to Board	\$	13,542	
Board and Committee Members Fees		94,200	
Travel		2,787	
Office Supplies		2,707	
Total County Commission			\$ 113,236

County Mayor/Executive

County Official/Administrative Officer	\$	91,132	
Educational Incentive - Other County Employees		2,250	
Other Salaries & Wages		90,551	
Communication		2,745	
Data Processing Services		1,460	
Maintenance & Repair Services - Vehicles		318	
Travel		2,511	
Other Contracted Services		1,000	
Gasoline		2,180	
Office Supplies		3,214	
Other Supplies and Materials		2,200	
Total County Mayor/Executive			199,561

Personnel Office

Educational Incentive - Other County Employees	\$	5,250	
Other Salaries & Wages		116,508	
Communication		34	
Data Processing Services		718	
Office Supplies		1,872	
Total Personnel Office			124,382

County Attorney

County Official/Administrative Officer	\$	29,426	
Legal Services		1,281	
Total County Attorney			30,707

Election Commission

County Official/Administrative Officer	\$	66,825	
Deputy(ies)		70,771	
Election Commission		5,780	
Election Workers		127,884	
Communication		229	
Maintenance & Repair Services - Equipment		3,442	

(Continued)

## Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Travel	\$	1,000	
Gasoline		89	
Office Supplies		4,649	
Total Election Commission			\$ 280,669

Register of Deeds

County Official/Administrative Officer	\$	66,825	
Deputy(ies)		137,928	
Educational Incentive - Official/Admin Officer		1,500	
Communication		78	
Travel		1,457	
Data Processing Supplies		55,789	
Office Supplies		7,976	
Total Register of Deeds			271,553

County Buildings

Custodial Personnel	\$	71,768	
Communication		466	
Maintenance & Repair Services - Buildings		27,838	
Maintenance & Repair Services - Vehicles		1,159	
Other Contracted Services		120	
Custodial Supplies		16,265	
Gasoline		1,590	
Building Improvements		9,266	
Heating and Air Conditioning Equipment		26,128	
Other Capital Outlay		3,956	
Total County Buildings			158,556

Other Facilities

Custodial Personnel	\$	31,580	
Communication		41,457	
Maintenance & Repair Services - Buildings		95,251	
Pest Control		2,640	
Custodial Supplies		1,603	
Utilities		252,974	
Total Other Facilities			425,505

Preservation of Records

Assistant(s)	\$	12,306	
Custodial Personnel		242	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Communication	\$	575	
Travel		319	
Data Processing Supplies		403	
Office Supplies		1,374	
Total Preservation of Records			\$ 15,219

Finance

Accounting and Budgeting

Supervisor/Director	\$	79,050	
Educational Incentive - Other County Employees		6,900	
Other Salaries & Wages		509,347	
Board and Committee Members Fees		2,360	
Audit Services		21,167	
Communication		9,375	
Data Processing Services		19,930	
Travel		1,767	
Office Supplies		28,037	
Utilities		4,087	
Building Improvements		2,244	
Total Accounting and Budgeting			684,264

Property Assessor's Office

County Official/Administrative Officer	\$	66,825	
Deputy(ies)		359,558	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		3,000	
In-Service Training		1,884	
Audit Services		27,033	
Communication		1,257	
Consultants		458	
Data Processing Services		56,162	
Rentals		41,486	
Travel		5,950	
Office Supplies		10,224	
Building Improvements		944	
Total Property Assessor's Office			576,281

Reappraisal Program

Other Salaries & Wages	\$	81,362	
Data Processing Services		8,722	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Maintenance & Repair Services - Vehicles	\$	417	
Rentals		20,416	
Travel		1,523	
Gasoline		4,339	
Office Supplies		5,473	
Total Reappraisal Program			\$ 122,252

County Trustee's Office

County Official/Administrative Officer	\$	66,825	
Deputy(ies)		165,707	
Educational Incentive - Official/Admin Officer		1,500	
Communication		89	
Travel		1,831	
Office Supplies		14,952	
Total County Trustee's Office			250,904

County Clerk's Office

County Official/Administrative Officer	\$	66,825	
Deputy(ies)		338,567	
Part-time Personnel		2,828	
Educational Incentive - Official/Admin Officer		1,500	
Communication		586	
Travel		489	
Office Supplies		21,458	
Total County Clerk's Office			432,253

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	66,825	
Deputy(ies)		468,298	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		4,500	
Jury and Witness Fees		48,135	
Communication		370	
Data Processing Services		9,586	
Operating Lease Payments		8,184	
Travel		2,252	
Data Processing Supplies		1,378	
Duplicating Supplies		1,492	
Office Supplies		20,504	
Total Circuit Court			633,024

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$ 130,339	
Other Salaries & Wages	98,748	
Communication	95	
Travel	1,301	
Office Supplies	6,647	
Total General Sessions Court		\$ 237,130

Drug Court

Other Charges	\$ 3,479	
Total Drug Court		3,479

Chancery Court

County Official/Administrative Officer	\$ 66,825	
Deputy(ies)	258,664	
Educational Incentive - Official/Admin Officer	1,500	
Educational Incentive - Other County Employees	1,875	
Communication	995	
Maintenance & Repair Services - Office Equipment	6,635	
Rentals	7,932	
Travel	2,469	
Data Processing Supplies	844	
Office Supplies	31,511	
Total Chancery Court		379,250

Juvenile Court

Judge(s)	\$ 130,339
Other Salaries & Wages	83,130
Communication	1,482
Data Processing Services	1,882
Dues and Memberships	1,031
Janitorial Services	47
Maintenance & Repair Services - Buildings	6,175
Maintenance & Repair Services - Equipment	1,056
Rentals	2,503
Travel	1,308
Custodial Supplies	1,192
Office Supplies	2,752
Periodicals	377
Utilities	28,265
Other Supplies and Materials	989

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Building Improvements	\$	4,764	
Communication Equipment		330	
Data Processing Equipment		1,735	
Furniture and Fixtures		170	
Heating and Air Conditioning Equipment		1,840	
Total Juvenile Court			\$ 271,367

District Attorney General

Assistant(s)	\$	54,768	
Total District Attorney General			54,768

Office of Public Defender

Salary Supplements	\$	44,074	
Travel		972	
Total Office of Public Defender			45,046

Probate Court

Deputy(ies)	\$	32,819	
Communication		33	
Maintenance & Repair Services - Office Equipment		3,209	
Travel		217	
Office Supplies		6,411	
Total Probate Court			42,689

Other Administration of Justice

Contracts with Government Agencies	\$	82,670	
Other Contracted Services		259,345	
Total Other Administration of Justice			342,015

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	73,508	
Deputy(ies)		2,700,164	
Educational Incentive - Other County Employees		4,125	
Other Salaries & Wages		6,375	
Jury and Witness Fees		6,078	
In-Service Training		38,661	
Communication		81,185	
Contracts with Private Agencies		21,856	
Data Processing Services		14,649	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance & Repair Services - Buildings	\$	3,891	
Maintenance & Repair Services - Vehicles		111,923	
Pest Control		240	
Rentals		4,000	
Travel		25,916	
Veterinary Services		1,246	
Other Contracted Services		185	
Gasoline		189,618	
Law Enforcement Supplies		10,232	
Office Supplies		32,596	
Uniforms		33,189	
Utilities		44,256	
Law Enforcement Equipment		100,263	
Total Sheriff's Department			\$ 3,504,156

Special Patrols

Deputy(ies)	\$	292,749	
Other Salaries & Wages		52,582	
Uniforms		3,684	
Total Special Patrols			349,015

Jail

Deputy(ies)	\$	3,541,348	
Maintenance Personnel		87,932	
In-Service Training		51,600	
Communication		3,199	
Maintenance & Repair Services - Buildings		150	
Maintenance & Repair Services - Equipment		3,808	
Medical and Dental Services		30,000	
Custodial Supplies		34,717	
Drugs and Medical Supplies		204,243	
Food Preparation Supplies		11,401	
Food Supplies		291,874	
Law Enforcement Supplies		61,991	
Office Supplies		21,938	
Prisoners Clothing		9,507	
Uniforms		34,435	
Other Supplies and Materials		20,096	
Total Jail			4,408,239

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

County Official/Administrative Officer	\$ 13,283	
Guards	1,040,037	
In-Service Training	15,600	
Communication	8,187	
Maintenance & Repair Services - Buildings	8,817	
Maintenance & Repair Services - Equipment	1,210	
Maintenance & Repair Services - Vehicles	3,229	
Pest Control	840	
Custodial Supplies	7,396	
Drugs and Medical Supplies	17,352	
Food Preparation Supplies	5,044	
Food Supplies	87,095	
Gasoline	4,540	
Law Enforcement Supplies	1,074	
Office Supplies	2,912	
Prisoners Clothing	2,275	
Uniforms	7,734	
Utilities	77,780	
Other Supplies and Materials	<u>2,758</u>	
Total Workhouse		\$ 1,307,163

Correctional Incentive Program Improvements

Probation Officer(s)	\$ 170,968	
Other Fringe Benefits	35,095	
Communication	7,652	
Evaluation and Testing	57,183	
Maintenance & Repair Services - Buildings	166	
Printing, Stationery, and Forms	433	
Rentals	23,679	
Travel	7,648	
Office Supplies	8,429	
Utilities	2,653	
Motor Vehicles	71,031	
Other Equipment	<u>5,017</u>	
Total Correctional Incentive Program Improvements		389,954

Juvenile Services

County Official/Administrative Officer	\$ 66,825
Deputy(ies)	37,968
Accountants/Bookkeepers	42,864

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Clerical Personnel	\$	95,542	
Communication		257	
Data Processing Services		250	
Dues and Memberships		187	
Maintenance & Repair Services - Buildings		461	
Maintenance & Repair Services - Equipment		273	
Printing, Stationery, and Forms		1,001	
Rentals		4,542	
Data Processing Supplies		180	
Office Supplies		2,665	
Building Improvements		382	
Data Processing Equipment		805	
Office Equipment		880	
Total Juvenile Services			\$ 255,082

Work Release Program

Other Salaries & Wages	\$	310,872	
Other Fringe Benefits		67,971	
Communication		11,332	
Maintenance & Repair Services - Buildings		51,570	
Maintenance & Repair Services - Vehicles		32,757	
Printing, Stationery, and Forms		64	
Rentals		72,974	
Travel		8,855	
Office Supplies		11,736	
Utilities		12,221	
Other Equipment		44,627	
Total Work Release Program			624,979

Fire Prevention and Control

Mechanic(s)	\$	81,135	
Other Salaries & Wages		179,600	
Communication		5,599	
Maintenance & Repair Services - Equipment		49,477	
Travel		346	
Equipment and Machinery Parts		97,070	
Gasoline		28,056	
Utilities		47,464	
Gravel and Chert		2,315	
Total Fire Prevention and Control			491,062

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Other Salaries & Wages	\$ 140,462	
Other Fringe Benefits	57,255	
Communication	7,554	
Dues and Memberships	715	
Operating Lease Payments	500	
Maintenance Agreements	1,317	
Maintenance & Repair Services - Vehicles	1,094	
Travel	970	
Gasoline	4,125	
Office Supplies	427	
Utilities	14,145	
Other Supplies and Materials	4,674	
Building Improvements	500	
Total Civil Defense		\$ 233,738

Other Emergency Management

Other Contracted Services	\$ 20,235	
Other Supplies and Materials	147,147	
Other Charges	13,043	
Total Other Emergency Management		180,425

Inspection and Regulation

County Official/Administrative Officer	\$ 45,490	
Other Salaries & Wages	68,533	
In-Service Training	355	
Communication	1,033	
Dues and Memberships	200	
Maintenance & Repair Services - Vehicles	677	
Gasoline	3,525	
Office Supplies	1,229	
Motor Vehicles	42	
Total Inspection and Regulation		121,084

County Coroner/Medical Examiner

Contracts with Government Agencies	\$ 35,620	
Contracts with Public Carriers	5,780	
Pauper Burials	250	
Travel	1,500	
Other Contracted Services	55,100	
Other Charges	329	
Total County Coroner/Medical Examiner		98,579

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Public Safety Grant Programs

Other Salaries & Wages	\$	21,875	
Other Fringe Benefits		4,792	
Postal Charges		300	
Printing, Stationery, and Forms		299	
Travel		821	
Other Contracted Services		5,000	
Office Supplies		4,800	
Other Equipment		4,496	
Total Public Safety Grant Programs			\$ 42,383

Other Public Safety

Other Salaries & Wages	\$	12,185	
Travel		1,257	
Total Other Public Safety			13,442

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	202,368	
Paraprofessionals		18,990	
Other Salaries & Wages		671,554	
Other Fringe Benefits		288,269	
Communication		34,200	
Janitorial Services		41,178	
Maintenance & Repair Services - Buildings		31,777	
Maintenance & Repair Services - Vehicles		5,256	
Postal Charges		35	
Travel		15,634	
Drugs and Medical Supplies		95,713	
Gasoline		8,967	
Office Supplies		34,886	
Utilities		35,044	
Other Supplies and Materials		588	
Liability Insurance		11,383	
Other Charges		21,070	
Total Local Health Center			1,516,912

Rabies and Animal Control

Instructional Computer Personnel	\$	130	
Other Salaries & Wages		98,120	
Other Fringe Benefits		41,758	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Communication	\$ 5,229	
Maintenance & Repair Services - Buildings	2,980	
Maintenance & Repair Services - Vehicles	8,556	
Veterinary Services	1,073	
Animal Food and Supplies	8,405	
Gasoline	8,875	
Uniforms	2,256	
Utilities	4,903	
Total Rabies and Animal Control		\$ 182,285

Maternal and Child Health Services

Other Salaries & Wages	\$ 1,796,117	
Other Fringe Benefits	571,394	
Bank Charges	1,656	
Communication	9,797	
Contracts with Government Agencies	35,436	
Contracts with Other Public Agencies	93,348	
Maintenance Agreements	39,582	
Postal Charges	5,716	
Printing, Stationery, and Forms	1,949	
Travel	29,559	
Remittance of Revenue Collected	42,226	
Drugs and Medical Supplies	58,493	
Lubricants	245	
Office Supplies	201,158	
Utilities	10,775	
Liability Insurance	2,433	
Other Charges	10,932	
Total Maternal and Child Health Services		2,910,816

Alcohol and Drug Programs

Contributions	\$ 31,880	
Total Alcohol and Drug Programs		31,880

Crippled Children Services

Contributions	\$ 4,021	
Total Crippled Children Services		4,021

Other Local Health Services

Contributions	\$ 46,955	
Total Other Local Health Services		46,955

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Contracts with Government Agencies	\$ 14,550	
Total General Welfare Assistance		\$ 14,550

Sanitation Management

Other Salaries & Wages	\$ 20,419	
In-Service Training	1,134	
Communication	71	
Maintenance & Repair Services - Vehicles	1,945	
Other Contracted Services	2,500	
Gasoline	1,246	
Office Supplies	1,240	
Other Charges	496	
Total Sanitation Management		29,051

Sanitation Education/Information

Other Salaries & Wages	\$ 27,513	
Gasoline	6,164	
Other Supplies and Materials	12,100	
Total Sanitation Education/Information		45,777

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 35,000	
Total Senior Citizens Assistance		35,000

Libraries

Other Fringe Benefits	\$ 80,285	
Contributions	894,931	
Total Libraries		975,216

Parks and Fair Boards

Temporary Personnel	\$ 12,349	
Part-time Personnel	4,080	
Other Salaries & Wages	434,393	
Communication	8,422	
Legal Notices, Recording, and Court Costs	40	
Maintenance & Repair Services - Equipment	106,614	
Travel	584	
Gasoline	35,557	
Utilities	115,328	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Other Supplies and Materials	\$ 4,071	
Other Charges	7,635	
Other Capital Outlay	1,863	
Total Parks and Fair Boards		\$ 730,936

Other Social, Cultural, and Recreational

Other Salaries & Wages	\$ 18,350	
Other Supplies and Materials	40,770	
Total Other Social, Cultural, and Recreational		59,120

Agriculture & Natural Resources

Agriculture Extension Service

Other Salaries & Wages	\$ 132,940	
Other Fringe Benefits	21,611	
Communication	5,685	
Contributions	3,410	
Office Supplies	3,510	
Total Agriculture Extension Service		167,156

Forest Service

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

Soil Conservation

Other Salaries & Wages	\$ 74,778	
Travel	200	
Total Soil Conservation		74,978

Flood Control

Contributions	\$ 35,000	
Total Flood Control		35,000

Other Operations

Industrial Development

Contributions	\$ 75,652	
Total Industrial Development		75,652

Airport

Other Fringe Benefits	\$ 55,249	
Contributions	211,620	

(Continued)

## Exhibit K-8

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

General Fund (Cont.)Other Operations (Cont.)Airport (Cont.)

Liability Insurance	\$ 24,605	
Total Airport		\$ 291,474

Contributions to Other Agencies

Contributions	\$ 198,496	
Total Contributions to Other Agencies		198,496

Employee Benefits

Social Security	\$ 772,488	
State Retirement	1,694,186	
Employee and Dependent Insurance	1,428,690	
Life Insurance	25,291	
Unemployment Compensation	62,466	
Local Retirement	691	
Employer Medicare	180,863	
Other Fringe Benefits	490	
Total Employee Benefits		4,165,165

Miscellaneous

Other Salaries & Wages	\$ 143,053	
Board and Committee Members Fees	3,817	
Communication	103,477	
Consultants	1,723	
Contracts with Government Agencies	24,000	
Contracts with Other Public Agencies	42,765	
Dues and Memberships	15,448	
Evaluation and Testing	34	
Legal Services	19,267	
Legal Notices, Recording, and Court Costs	25,462	
Postal Charges	102,988	
Remittance of Revenue Collected	17,700	
Other Contracted Services	2,920	
Gasoline	100	
Utilities	64,022	
Excess Risk Insurance	359,083	
Liability Insurance	424,059	
Premiums on Corporate Surety Bonds	14,122	
Refunds	2,327	
Trustee's Commission	323,353	
Workers' Compensation Insurance	543,886	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Fines, Assessments, and Penalties	\$ 4,548	
Other Charges	13,829	
Heating and Air Conditioning Equipment	4,102	
Office Equipment	142	
Total Miscellaneous		\$ 2,256,227

Principal on Debt

General Government

Principal on Notes	\$ 13,548	
Total General Government		13,548

Interest on Debt

General Government

Interest on Notes	\$ 3,540	
Total General Government		3,540

Total General Fund \$ 31,579,166

Juvenile Services Fund

Public Safety

Juvenile Services

County Official/Administrative Officer	\$ 64,946
Supervisor/Director	159,336
Accountants/Bookkeepers	37,885
Social Workers	229,727
Paraprofessionals	11,635
Guards	235,092
Clerical Personnel	21,196
Other Salaries & Wages	1,425
Social Security	53,423
State Retirement	100,669
Employee and Dependent Insurance	114,233
Life Insurance	1,546
Unemployment Compensation	15,168
Communication	12,489
Data Processing Services	1,735
Janitorial Services	1,948
Maintenance & Repair Services - Buildings	8,898
Maintenance & Repair Services - Equipment	9,940
Maintenance & Repair Services - Vehicles	2,574

(Continued)

Exhibit K-8

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

Juvenile Services Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Medical and Dental Services	\$	3,603	
Printing, Stationery, and Forms		1,537	
Travel		10,965	
Other Contracted Services		21,266	
Custodial Supplies		2,901	
Data Processing Supplies		3,308	
Food Supplies		28,406	
Gasoline		2,779	
Instructional Supplies and Materials		1,080	
Office Supplies		7,732	
Utilities		41,110	
Other Supplies and Materials		5,517	
Excess Risk Insurance		20,323	
Liability Insurance		26,230	
Trustee's Commission		20,476	
Workers' Compensation Insurance		17,901	
Data Processing Equipment		5,020	
Office Equipment		449	
Total Juvenile Services			\$ 1,304,468
Total Juvenile Services Fund			\$ 1,304,468

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	54,312	
Part-time Personnel		208,529	
Other Fringe Benefits		32,723	
Communication		5,721	
Operating Lease Payments		9,912	
Maintenance & Repair Services - Equipment		13,423	
Maintenance & Repair Services - Vehicles		16,794	
Travel		1,073	
Other Contracted Services		332	
Gasoline		19,838	
Uniforms		1,251	
Utilities		10,585	
Other Supplies and Materials		2,225	
Trustee's Commission		4,845	
Other Charges		24,582	
Total Convenience Centers			\$ 406,145

(Continued)

Exhibit K-8

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>			
<u>Public Health and Welfare (Cont.)</u>			
<u>Landfill Operation and Maintenance</u>			
Contracts with Government Agencies	\$	23,256	
Other Contracted Services		128,496	
Total Landfill Operation and Maintenance			\$ 151,752
Total Solid Waste/Sanitation Fund			\$ 557,897
<u>Local Purpose Tax Fund</u>			
<u>Other Operations</u>			
<u>Miscellaneous</u>			
Trustee's Commission	\$	25,758	
Total Miscellaneous			\$ 25,758
Total Local Purpose Tax Fund			25,758
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Other Contracted Services	\$	2,002	
Refunds		1,305	
Trustee's Commission		130	
Other Charges		750	
Total Drug Enforcement			\$ 4,187
Total Drug Control Fund			4,187
<u>District Attorney General Fund</u>			
<u>Administration of Justice</u>			
<u>District Attorney General</u>			
Communication	\$	4,443	
Travel		7,260	
Office Supplies		11,483	
Trustee's Commission		318	
Other Charges		20,515	
Total District Attorney General			\$ 44,019
Total District Attorney General Fund			44,019

(Continued)

Exhibit K-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	103,746	
Clerical Personnel		101,403	
Educational Incentive - Other County Employees		3,000	
Data Processing Services		245	
Dues and Memberships		3,965	
Legal Notices, Recording, and Court Costs		12	
Maintenance & Repair Services - Buildings		6,711	
Maintenance & Repair Services - Office Equipment		697	
Postal Charges		642	
Printing, Stationery, and Forms		429	
Travel		667	
Office Supplies		1,138	
Other Charges		1,096	
Total Administration			\$ 223,751

Highway and Bridge Maintenance

Foremen	\$	317,293	
Equipment Operators		429,166	
Truck Drivers		72,210	
Laborers		65,581	
Maintenance & Repair Services - Equipment		651	
Asphalt - Hot Mix		23,275	
Asphalt - Liquid		283,743	
Concrete		534	
Crushed Stone		133,604	
Riprap		3,959	
Pipe - Metal		15,835	
Road Signs		18,832	
Salt		1,554	
Small Tools		1,574	
Wood Products		17	
Gravel and Chert		229,940	
Chemicals		100,237	
Other Supplies and Materials		3,801	
Other Charges		2,893	
Total Highway and Bridge Maintenance			1,704,699

Operation and Maintenance of Equipment

Mechanic(s)	\$	72,812	
Laundry Service		763	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Maintenance & Repair Services - Equipment	\$	24,578	
Diesel Fuel		72,809	
Equipment Parts - Heavy		2,068	
Equipment and Machinery Parts		100,566	
Garage Supplies		1,931	
Gasoline		58,241	
Lubricants		2,630	
Small Tools		3,667	
Tires and Tubes		13,472	
Other Supplies and Materials		10,171	
Other Capital Outlay		1,521	
Total Operation and Maintenance of Equipment			\$ 365,229

Other Charges

Communication	\$	15,029	
Contracts with Private Agencies		1,310	
Natural Gas		20,303	
Liability Insurance		30,197	
Trustee's Commission		59,294	
Total Other Charges			126,133

Employee Benefits

Social Security	\$	83,971	
State Retirement		162,873	
Employee and Dependent Insurance		224,684	
Workers' Compensation Insurance		52,961	
Total Employee Benefits			524,489

Capital Outlay

Engineering Services	\$	27,213	
Asphalt - Hot Mix		610,773	
Riprap		96,003	
Bridge Construction		589,620	
Highway Equipment		11,719	
Other Capital Outlay		8,996	
Total Capital Outlay			1,344,324

Total Highway/Public Works Fund \$ 4,288,625

(Continued)

Exhibit K-8

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 750,000	
Principal on Notes	5,072,523	
Total General Government	<u>5,822,523</u>	\$ 5,822,523

Interest on Debt

General Government

Interest on Bonds	\$ 2,165,771	
Interest on Notes	1,280,704	
Total General Government	<u>3,446,475</u>	3,446,475

Other Debt Service

General Government

Trustee's Commission	\$ 161,192	
Other Debt Service	3,082	
Total General Government	<u>164,274</u>	<u>164,274</u>

Total General Debt Service Fund \$ 9,433,272

General Capital Projects Fund

General Government

County Commission

Data Processing Equipment	\$ 870	
Total County Commission	<u>870</u>	\$ 870

Election Commission

Voting Machines	\$ 45,267	
Total Election Commission	<u>45,267</u>	45,267

County Buildings

Building Improvements	\$ 40,817	
Other Capital Outlay	76,298	
Total County Buildings	<u>117,115</u>	117,115

Finance

Accounting and Budgeting

Data Processing Equipment	\$ 9,516	
Total Accounting and Budgeting	<u>9,516</u>	9,516

Property Assessor's Office

Data Processing Equipment	\$ 19,997	
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(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Motor Vehicles	\$ 14,285	
Total Property Assessor's Office		\$ 34,282

County Trustee's Office

Data Processing Equipment	\$ 4,945	
Total County Trustee's Office		4,945

County Clerk's Office

Data Processing Equipment	\$ 11,530	
Total County Clerk's Office		11,530

Administration of Justice

Circuit Court

Other Equipment	\$ 20,725	
Total Circuit Court		20,725

Chancery Court

Data Processing Equipment	\$ 1,952	
Total Chancery Court		1,952

Juvenile Court

Other Construction	\$ 16,026	
Total Juvenile Court		16,026

Public Safety

Sheriff's Department

Communication Equipment	\$ 5,850	
Motor Vehicles	187,751	
Total Sheriff's Department		193,601

Juvenile Services

Data Processing Equipment	\$ 8,350	
Motor Vehicles	12,625	
Total Juvenile Services		20,975

Fire Prevention and Control

Equipment and Machinery Parts	\$ 115,024	
Motor Vehicles	116,882	
Total Fire Prevention and Control		231,906

(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation

Motor Vehicles	\$ 18,346	
Total Inspection and Regulation		\$ 18,346

Public Health and Welfare

Convenience Centers

Motor Vehicles	\$ 13,192	
Site Development	43,083	
Solid Waste Equipment	<u>15,500</u>	
Total Convenience Centers		71,775

Social, Cultural, and Recreational Services

Libraries

Heating and Air Conditioning Equipment	\$ 22,750	
Total Libraries		22,750

Parks and Fair Boards

Site Development	\$ 14,900	
Other Capital Outlay	<u>11,427</u>	
Total Parks and Fair Boards		26,327

Other Operations

Airport

Airport Improvement	\$ 39,500	
Total Airport		39,500

Miscellaneous

Trustee's Commission	\$ 10,078	
Communication Equipment	97,470	
Office Equipment	<u>594</u>	
Total Miscellaneous		108,142

Principal on Debt

General Government

Principal on Notes	\$ 137,612	
Total General Government		137,612

Interest on Debt

General Government

Interest on Notes	\$ 3,668	
Total General Government		<u>3,668</u>

Total General Capital Projects Fund		\$ 1,136,830
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(Continued)

Exhibit K-8

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

<u>Community Development/Industrial Park Fund</u>			
<u>Other Operations</u>			
<u>Industrial Development</u>			
Trustee's Commission	\$	338	
Site Development		991	
Total Industrial Development		<u>1,329</u>	\$ 1,329
Total Community Development/Industrial Park Fund			\$ 1,329
<u>Highway Capital Projects Fund</u>			
<u>Highways</u>			
<u>Capital Outlay</u>			
Bridge Construction	\$	8,007	
Total Capital Outlay		<u>8,007</u>	8,007
Total Highway Capital Projects Fund			<u>8,007</u>
Total Governmental Funds - Primary Government			<u>\$ 48,383,558</u>

Exhibit K-9

Madison County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Madison County School Department  
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 34,599,774	
Career Ladder Program	549,560	
Career Ladder Extended Contracts	234,000	
Homebound Teachers	98,049	
Educational Assistants	1,133,462	
Certified Substitute Teachers	651,537	
Social Security	2,718,981	
State Retirement	2,775,670	
Life Insurance	81,898	
Medical Insurance	2,058,909	
Dental Insurance	123,688	
Other Fringe Benefits	642,241	
Printing, Stationery, and Forms	2,369	
Travel	1,867	
Remittance of Revenue Collected	7,522	
Other Contracted Services	684,774	
Gasoline	31	
General Construction Materials	98	
Instructional Supplies and Materials	2,513,028	
Textbooks	678,775	
Other Supplies and Materials	961	
In Service/Staff Development	1,026	
Other Charges	120,144	
Regular Instruction Equipment	107,806	
Special Education Equipment	629	
Other Equipment	2,575	
Total Regular Instruction Program		\$ 49,789,374

Special Education Program

Teachers	\$ 5,780,927
Career Ladder Program	105,859
Career Ladder Extended Contracts	11,000
Homebound Teachers	54,849
Educational Assistants	460,822
Other Salaries & Wages	174,981
Certified Substitute Teachers	100,334
Social Security	475,796
State Retirement	450,865
Life Insurance	14,009

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	373,216	
Dental Insurance		21,301	
Contracts with Private Agencies		382,522	
Travel		52,181	
Other Contracted Services		175,972	
Instructional Supplies and Materials		175,719	
Other Supplies and Materials		111,718	
In Service/Staff Development		4,900	
Special Education Equipment		87,657	
Total Special Education Program			\$ 9,014,628

Vocational Education Program

Teachers	\$	2,059,231	
Career Ladder Program		27,000	
Career Ladder Extended Contracts		22,000	
Other Salaries & Wages		261,674	
Certified Substitute Teachers		29,400	
Social Security		169,677	
State Retirement		144,580	
Life Insurance		4,923	
Medical Insurance		156,656	
Dental Insurance		6,499	
Instructional Supplies and Materials		410,087	
Vocational Instruction Equipment		241,900	
Total Vocational Education Program			3,533,627

Other

Other Charges	\$	16,344	
Total Other			16,344

Support Services

Attendance

Supervisor/Director	\$	54,804	
Career Ladder Program		1,000	
Other Salaries & Wages		90,897	
Social Security		10,663	
State Retirement		13,934	
Life Insurance		240	
Medical Insurance		5,756	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Dental Insurance	\$	553	
Travel		2,746	
Other Supplies and Materials		4,842	
Attendance Equipment		534	
Total Attendance			\$ 185,969

Health Services

Medical Personnel	\$	21,915	
Social Security		2,405	
State Retirement		5,417	
Life Insurance		90	
Medical Insurance		5,505	
Dental Insurance		277	
Total Health Services			35,609

Other Student Support

Career Ladder Program	\$	38,385	
Guidance Personnel		1,721,017	
Psychological Personnel		334,468	
Clerical Personnel		31,987	
Social Security		152,380	
State Retirement		131,740	
Life Insurance		4,444	
Medical Insurance		114,365	
Dental Insurance		6,604	
Evaluation and Testing		47,409	
Travel		13,455	
Other Contracted Services		85,882	
Other Supplies and Materials		10,625	
Other Equipment		2,044	
Total Other Student Support			2,694,805

Regular Instruction Program

Supervisor/Director	\$	440,905
Career Ladder Program		36,620
Librarians		1,173,278
Clerical Personnel		119,654
Other Salaries & Wages		232,194
Certified Substitute Teachers		630

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	144,063	
State Retirement		140,491	
Life Insurance		4,254	
Medical Insurance		131,078	
Dental Insurance		7,270	
Travel		132,306	
Other Contracted Services		1,200	
Instructional Supplies and Materials		2,074	
Library Books/Media		199,989	
Other Supplies and Materials		19,631	
In Service/Staff Development		131,400	
Total Regular Instruction Program			\$ 2,917,037

Special Education Program

Supervisor/Director	\$	87,926	
Career Ladder Program		1,500	
Clerical Personnel		26,322	
Other Salaries & Wages		280,198	
Social Security		28,521	
State Retirement		23,682	
Life Insurance		428	
Medical Insurance		17,626	
Dental Insurance		1,244	
In Service/Staff Development		37,509	
Total Special Education Program			504,956

Vocational Education Program

Supervisor/Director	\$	62,850	
Career Ladder Program		1,000	
Secretary(ies)		26,529	
Social Security		6,447	
State Retirement		7,494	
Life Insurance		219	
Medical Insurance		6,353	
Dental Insurance		277	
Travel		15,428	
Other Supplies and Materials		994	
Other Charges		1,684	
Total Vocational Education Program			129,275

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

Other Contracted Services	\$ 2,000	
Total Other Programs		\$ 2,000

Board of Education

Secretary to Board	\$ 4,200	
Board and Committee Members Fees	31,800	
Social Security	2,587	
State Retirement	592	
Unemployment Compensation	62,929	
Audit Services	33,900	
Dues and Memberships	11,250	
Legal Services	69,995	
Travel	16,421	
Judgments	68,098	
Liability Insurance	4,627	
Premiums on Corporate Surety Bonds	175	
Trustee's Commission	660,348	
Workers' Compensation Insurance	695,716	
Other Charges	2,263	
Total Board of Education		1,664,901

Director of Schools

County Official/Administrative Officer	\$ 196,065	
Assistant(s)	68,665	
Secretary(ies)	175,444	
Social Security	29,836	
State Retirement	35,709	
Life Insurance	988	
Medical Insurance	22,456	
Dental Insurance	1,384	
Communication	58,237	
Dues and Memberships	1,219	
Postal Charges	9,392	
Travel	13,445	
Total Director of Schools		612,840

Office of the Principal

Principals	\$ 1,973,183
Career Ladder Program	63,790

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Extended Contracts	\$	48,500	
Assistant Principals		1,068,879	
Secretary(ies)		1,004,584	
Other Salaries & Wages		465,997	
Social Security		326,244	
State Retirement		391,366	
Life Insurance		10,113	
Medical Insurance		301,473	
Dental Insurance		17,334	
Communication		42,931	
Travel		26,133	
Other Supplies and Materials		85,563	
Total Office of the Principal			\$ 5,826,090

Fiscal Services

Contributions	\$	355,106	
Office Supplies		736	
Total Fiscal Services			355,842

Operation of Plant

Supervisor/Director	\$	60,366	
Custodial Personnel		1,442,835	
Other Salaries & Wages		35,530	
Social Security		108,665	
State Retirement		150,898	
Life Insurance		3,022	
Medical Insurance		108,437	
Dental Insurance		5,693	
Travel		241	
Other Contracted Services		335,863	
Custodial Supplies		169,824	
Electricity		2,372,655	
Natural Gas		940,786	
Water and Sewer		247,352	
Building and Contents Insurance		598,968	
Other Charges		9,721	
Plant Operation Equipment		8,778	
Total Operation of Plant			6,599,634

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	19,815	
Secretary(ies)		65,622	
Other Salaries & Wages		1,633,895	
Social Security		121,636	
State Retirement		234,978	
Life Insurance		3,754	
Medical Insurance		121,524	
Dental Insurance		6,225	
Advertising		523	
Travel		2,630	
Other Supplies and Materials		881,488	
Other Charges		11,711	
Maintenance Equipment		50,023	
Total Maintenance of Plant			\$ 3,153,824

Transportation

Supervisor/Director	\$	88,701	
Mechanic(s)		283,176	
Bus Drivers		1,852,356	
Other Salaries & Wages		107,235	
Social Security		160,153	
State Retirement		283,248	
Life Insurance		4,334	
Medical Insurance		210,880	
Dental Insurance		12,525	
Travel		25,875	
Gasoline		731,786	
Tires and Tubes		85,035	
Vehicle Parts		305,938	
Gravel and Chert		2,880	
Other Charges		50,844	
Transportation Equipment		3,672	
Total Transportation			4,208,638

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		76	
State Retirement		61	
Total Food Service			1,137

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services

Supervisor/Director	\$	108,315	
Teachers		73,132	
Other Salaries & Wages		318,834	
Social Security		35,948	
State Retirement		40,480	
Life Insurance		349	
Medical Insurance		9,656	
Dental Insurance		165	
Communication		3,268	
Consultants		8,433	
Postal Charges		83	
Travel		3,521	
Instructional Supplies and Materials		1,841	
Other Supplies and Materials		53,208	
In Service/Staff Development		272	
Other Charges		2,938	
Other Equipment		5,011	
Total Community Services			\$ 665,454

Early Childhood Education

Supervisor/Director	\$	5,691	
Teachers		611,213	
Educational Assistants		214,681	
Certified Substitute Teachers		3,745	
Social Security		18,002	
State Retirement		19,650	
Communication		398	
Instructional Supplies and Materials		82,932	
In Service/Staff Development		5,460	
Regular Instruction Equipment		69,238	
Total Early Childhood Education			1,031,010

Interest on Debt

Education

Interest on Notes	\$	40,332	
Total Education			<u>40,332</u>

Total General Purpose School Fund \$ 92,983,326

(Continued)

Exhibit K-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,605,592	
Clerical Personnel	95,921	
Educational Assistants	117,096	
Other Salaries & Wages	65,134	
Certified Substitute Teachers	18,655	
Social Security	141,224	
State Retirement	133,295	
Life Insurance	3,571	
Medical Insurance	105,864	
Dental Insurance	5,355	
Maintenance & Repair Services - Equipment	971	
Other Contracted Services	83,154	
Instructional Supplies and Materials	337,875	
Other Charges	32,573	
Regular Instruction Equipment	473,380	
Total Regular Instruction Program		\$ 3,219,660

Special Education Program

Teachers	\$ 524,234	
Educational Assistants	1,625,029	
Other Salaries & Wages	421,420	
Social Security	178,954	
State Retirement	242,040	
Life Insurance	8,376	
Medical Insurance	167,567	
Dental Insurance	11,380	
Contracts with Private Agencies	93,230	
Other Contracted Services	8,233	
Instructional Supplies and Materials	322,676	
Other Charges	4,852	
Special Education Equipment	328,041	
Total Special Education Program		3,936,032

Vocational Education Program

Educational Assistants	\$ 6,041
Social Security	462
State Retirement	851
Life Insurance	20
Travel	59,211

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Instructional Supplies and Materials	\$	94,694	
Vocational Instruction Equipment		149,052	
Total Vocational Education Program			\$ 310,331

Support Services

Other Student Support

Guidance Personnel	\$	51,003	
Other Salaries & Wages		9,411	
Social Security		4,274	
State Retirement		3,745	
Life Insurance		125	
Medical Insurance		6,834	
Dental Insurance		300	
Travel		703	
Other Contracted Services		2,400	
Other Supplies and Materials		15,448	
In Service/Staff Development		22,143	
Other Charges		374	
Other Equipment		7,179	
Total Other Student Support			123,939

Regular Instruction Program

Supervisor/Director	\$	91,648	
Teachers		37,666	
Secretary(ies)		26,427	
Other Salaries & Wages		220,578	
Social Security		24,049	
State Retirement		25,011	
Life Insurance		574	
Medical Insurance		33,282	
Dental Insurance		1,064	
Consultants		8,596	
Travel		36,586	
Other Contracted Services		3,221	
Library Books/Media		1,993	
Other Supplies and Materials		117,085	
In Service/Staff Development		321,527	
Other Charges		42,374	
Other Equipment		5,624	
Total Regular Instruction Program			997,305

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Social Security	\$	138	
State Retirement		110	
Other Contracted Services		113,337	
Other Supplies and Materials		19,466	
In Service/Staff Development		13,667	
Other Charges		2,100	
Total Special Education Program			\$ 148,818

Vocational Education Program

Travel	\$	5,150	
Other Contracted Services		9,225	
Total Vocational Education Program			14,375

Transportation

Bus Drivers	\$	13,472	
Other Salaries & Wages		8,927	
Social Security		1,714	
State Retirement		3,156	
Medical Insurance		1,346	
Total Transportation			28,615

Total School Federal Projects Fund \$ 8,779,075

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	63,508	
Accountants/Bookkeepers		100,306	
Cafeteria Personnel		2,166,225	
Other Salaries & Wages		90,685	
Social Security		172,137	
State Retirement		282,865	
Life Insurance		5,216	
Medical Insurance		177,790	
Dental Insurance		14,025	
Unemployment Compensation		5,503	
Other Fringe Benefits		12,179	
Communication		12,875	
Maintenance & Repair Services - Equipment		21,624	

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Transportation - Other than Students	\$	25,084	
Travel		18,172	
Other Contracted Services		73,912	
Food Supplies		2,568,135	
Uniforms		27,028	
Other Supplies and Materials		332,122	
Trustee's Commission		9,815	
In Service/Staff Development		11,297	
Food Service Equipment		171,671	
Total Food Service			<u>\$ 6,362,174</u>

Total Central Cafeteria Fund \$ 6,362,174

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Regular Instruction Equipment	\$	7,525	
Engineering Services		4,972	
Trustee's Commission		19,693	
Building Improvements		96,673	
Plant Operation Equipment		29,750	
Regular Instruction Equipment		208,482	
Transportation Equipment		534,572	
Total Education Capital Projects			<u>\$ 901,667</u>

Total Education Capital Projects Fund 901,667

Total Governmental Funds - Madison County School Department \$ 109,026,242

Exhibit K-10

Madison County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 218,791	\$ 218,791
Prior Year's Property Tax	0	5,527	5,527
Interest and Penalty	0	995	995
Local Option Sales Tax	20,952,887	19,318	20,972,205
Hotel/Motel Tax	451,716	0	451,716
Total Cash Receipts	<u>\$ 21,404,603</u>	<u>\$ 244,631</u>	<u>\$ 21,649,234</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 21,189,360	\$ 238,523	\$ 21,427,883
Trustee's Commission	214,046	4,698	218,744
Total Cash Disbursements	<u>\$ 21,403,406</u>	<u>\$ 243,221</u>	<u>\$ 21,646,627</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 1,197	\$ 1,410	\$ 2,607
Cash Balance, July 1, 2006	41,516	2,575	44,091
Cash Balance, June 30, 2007	<u>\$ 42,713</u>	<u>\$ 3,985</u>	<u>\$ 46,698</u>

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## **SINGLE AUDIT SECTION**

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-784**

**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**

December 19, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Madison County's basic financial statements and have issued our report thereon dated December 19, 2007. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Madison County Emergency Communications District as described in our report on Madison County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Madison County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing

an opinion on the effectiveness of Madison County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Madison County's internal control over financial reporting.

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

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. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01, 07.03, 07.04, 07.06, 07.07, 07.08, and 07.09.

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 Madison County's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07.04 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07.02 and 07.05.

We also noted certain matters that we reported to management of Madison County in separate communications.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, highway engineer, finance director, County Commission, Board of Education, County Finance Committee, others within Madison County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 19, 2007

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Madison County 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 June 30, 2007. Madison County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Madison County's management. Our responsibility is to express an opinion on Madison County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis,

evidence about Madison County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Madison County's compliance with those requirements.

As described in items 07.02 and 07.11 in the accompanying Schedule of Findings and Questioned Costs, Madison County did not comply with requirements regarding state laws that are applicable to its Child Nutrition Cluster (CFDA Nos. 10.553 and 10.555), Special Education – Grants to State Program (CFDA No. 84.027), and Magnet School Assistance (CFDA No. 84.165). Compliance with such requirements is necessary, in our opinion, for Madison County to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Madison County 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 June 30, 2007.

#### Internal Control Over Compliance

The management of Madison County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Madison County's internal control over compliance with the 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 Madison County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the county's internal control that might be significant deficiencies or material weaknesses 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 an entity's internal control over compliance 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 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 deficiencies in internal control over compliance described in the

accompanying Schedule of Findings and Questioned Costs as items 07.01 and 07.10 to be significant deficiencies.

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 any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County as of and for the year ended June 30, 2007, and have issued our report thereon dated December 19, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Madison County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

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

This report is intended solely for the information and use of management, the county mayor, highway engineer, finance director, County Commission, Board of Education, County Finance Committee, others within the entity, and 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.

Yours very truly,



John G. Morgan  
Comptroller of the Treasury

JGM/yu

Madison County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2007

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 289,930
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,193,982
National School Lunch Program	10.555	N/A	3,131,997
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(2)	303,901
Passed-through State Department of Human Services:			
Child and Adult Food Care Program	10.560	(2)	2,605
Total U.S. Department of Agriculture			<u>\$ 4,922,415</u>
U.S. Department of Justice:			
Passed-through State Department of Children's Services:			
Juvenile Accountability Incentive Block Grants	16.523	GG071276900	\$ 246,235
Passed-through State Office of Criminal Justice Programs:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	7,006
Crime Victim Assistance	16.575	Z000487802	33,731
Local Law Enforcement Block Grant Program	16.592	(2)	35,931
Passed-through City of Jackson:			
Drug Prevention Program	16.728	(2)	9,148
Total U.S. Department of Justice			<u>\$ 332,051</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	\$ 122,329
Total U.S. Department of Transportation			<u>\$ 122,329</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 3,589,928
Special Education - Grants to States	84.027	N/A	3,925,742
Vocational Education - Basic Grants to States	84.048	N/A	316,029
Magnet Schools Assistance	84.165	N/A	4,729,195
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	55,434
State Grants for Innovative Programs	84.298	N/A	201,084
Assistive Technology - State Grants for Protection and Advocacy	84.343	(2)	72,547
Reading First State Grants	84.357	(2)	892,254
Dropout Prevention Programs	84.360	(2)	5,982
Improving Teacher Quality State Grants	84.367	N/A	778,051
Hurricane Education Recovery	84.938	(2)	165,293
Total U.S. Department of Education			<u>\$ 14,731,539</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Controls Research and State and Community Based Programs	93.136	(2)	\$ 13,635
Family Planning Services	93.217	GU070337200	190,914
Immunization Grants	93.268	GG072046700	155,496
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(3)	544,730

(Continued)

Madison County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services (Cont.):			
Passed-through State Department of Health (Cont.):			
HIV Prevention Activities - Health Department Based	93.940	Z0703809900	\$ 258,885
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG071267300	92,167
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Z063112201	131,007
Preventive Health and Health Services Block Grant	93.991	(2)	53,766
Total U.S. Department of Health and Human Services			<u>\$ 1,440,600</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	Z0502518400	\$ 353,697
Total U.S. Department of Homeland Security			<u>\$ 353,697</u>
Total Expenditures of Federal Awards			<u>\$ 21,902,631</u>
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 27,910
State Supplement Juvenile Improvement Funds - State Commission on Children and Youth	N/A	(2)	9,000
Title IV A - State Department of Children's Services	N/A	(2)	180,500
Early Childhood Grant - State Department of Education	N/A	Z0502214000	867,271
GED + 2 Grant - State Department of Education	N/A	(2)	34,072
Family Resource Center - State Department of Education	N/A	(2)	33,300
MethFree TN Grant - State Department of Education	N/A	(2)	8,263
Safe Schools Act - State Department of Education	N/A	(2)	9,180
Small Learning Communities - State Department of Education	N/A	(2)	46,931
Recreational Trail Program - State Department of Environment and Conservation	N/A	(2)	9,899
Drug Court Grant - State Department of Finance and Administration	N/A	Z0502553300	40,911
Help Us Grow Successfully (HUGS) - State Department of Health	N/A	GG071243300	66,002
Environmental Health Programs - State Department of Health	N/A	(2)	80,091
TenderCare Outreach - State Department of Health	N/A	GG071265800	161,693
Adolescent Pregnancy Program - State Department of Health	N/A	GG071237900	54,124
Tuberculosis Control Prevention and Outreach Services - State Department of Health	N/A	GG071272300	88,394
TennCare School Based Dental Prevention Program - State Department of Health	N/A	GG0712800	289,997
Litter Grant - State Department of Transportation	N/A	(2)	32,630
Waste Tire Disposal Grant - State Department of Transportation	N/A	(2)	148,433
Total State Grants			<u>\$ 2,188,601</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) GG072052500: \$498,808; GG071271800: \$45,922.

Madison County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2007

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Madison County, Tennessee, for the year ended June 30, 2006, which have not been corrected.

**OFFICE OF FINANCE DIRECTOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.03	183	General ledger accounts were not reconciled monthly
06.04	184	Cash on deposit with the trustee was not reconciled monthly
06.07	187	Expenditures exceeded appropriations

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**MADISON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2007**

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

1. Our report on the financial statements of Madison County is unqualified.
2. The audit of the financial statements of Madison County disclosed significant deficiencies in internal control. One of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Madison County.
4. The audit disclosed one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit of Madison County disclosed two findings which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Special Education – Grants to State Program (CFDA No. 84.027), and Magnet Schools Assistance (CFDA No. 84.165) were determined to be major programs.
8. A \$657,079 threshold was used to distinguish between Type A and Type B federal programs.
9. Madison County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the finance director are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **OFFICE OF FINANCE DIRECTOR**

#### **FINDING 07.01      **THE OFFICE HAD ACCOUNTING DEFICIENCIES**** (Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)

We noted the following accounting deficiencies:

- A. General ledger payroll liability accounts for the General Purpose School, School Federal Projects, and Central Cafeteria Funds were not reconciled monthly with payroll reports and payments. The failure to regularly reconcile payroll with payroll deduction accounts allows errors to remain undiscovered and uncorrected.
- B. The General Purpose School Fund's general ledger asset account entitled Due from Other Funds reflected a negative balance of \$306,755 at June 30, 2007. We determined that this negative balance was actually employee payroll deductions for health insurance that were improperly posted to this asset account instead of to a payroll deduction account. Management accepted the audit adjustments we provided to properly reflect these balances.
- C. General, Highway/Public Works, and General Purpose School Funds' encumbrances reflected on their general ledgers did not reconcile with actual outstanding purchase orders by \$62,845, \$603,639, and \$330,432, respectively. These differences appear to be related to improperly using the computer encumbrance utility to cancel purchase orders after they have been paid. Management accepted the audit adjustments we provided to properly reflect these balances.
- D. General Purpose School Fund receivables at June 30, 2007, included \$1,446,487 that was also reflected as receivables at June 30, 2006. These receivables were collected during 2006-07 and were posted as current year revenues instead of reductions of the prior year receivables. Additionally, General Purpose School Fund accounts payable at June 30, 2007, reflected \$39,229 more than the actual accounts payable listing. Management accepted the audit adjustments we provided to properly reflect these balances.

## RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and errors should be corrected promptly. General ledger encumbrance accounts should be reconciled with the actual encumbrance listings. Receivables and payables should be reconciled with the actual receivable and payable listings and properly recorded as collected and paid.

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur with the finding. The Finance Department and school officials will work together to ensure that payroll liability accounts, receivables, encumbrances, and accounts payable accounts are accurately posted and supported with detailed documentation.

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### FINDING 07.02      **CASH ON DEPOSIT WITH THE TRUSTEE WAS NOT RECONCILED MONTHLY** (Noncompliance Under Government Auditing Standards and OMB Circular A-133)

Officials attempted to reconcile cash balances of the General, General Purpose School, School Federal Projects, and Central Cafeteria Funds with the trustee's cash balances; however, due to numerous errors these balances did not reconcile. Section 9-2-138, Tennessee Code Annotated, requires officials to reconcile their respective fund accounts with the records of the county trustee monthly. A reconciliation of the School Federal Projects Fund's cash balance had not been performed for June 2007, and the General Purpose School Fund's reconciliation failed to reconcile by approximately \$2.3 million. We requested that the Finance Department reconcile these funds; however, the final reconciliations presented to us revealed that the general ledgers' cash with trustee accounts still failed to reconcile with the county trustee's report by \$11,233 in the General Fund, \$10,775 in the General Purpose School Fund, \$8,191 in the School Federal Projects Fund, and \$2,554 in the Central Cafeteria Fund. Additionally, these reconciling deficiencies caused the financial statements of the School Federal Projects Fund to require an adjustment by management of \$8,191 to the Reserved for Special Education – Grants to States account. Management accepted the audit adjustments we provided to properly reflect these balances.

## RECOMMENDATION

The Finance Department should reconcile the cash balances of the various funds with the trustee's cash balances on a monthly basis as required by state statute, and posting errors should be corrected promptly.

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

Our office had gotten behind in our reconciliations for several reasons; however, we have taken steps to ensure that our reconciliations will be done in a timely manner.

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FINDING 07.03

**THE OFFICE HAD PAYROLL REPORTING DEFICIENCIES**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

We noted the following payroll reporting deficiencies:

- A. All employer contributions for health insurance premiums on employees of the Board of Education were paid from the General Purpose School Fund instead of the actual school fund reporting payroll. As a result, a Due from Other Funds totaling \$382,287 is reflected in the financial statements of the General Purpose School Fund with a corresponding Due to Other Funds in the financial statements of the School Federal Projects (\$238,440) and Central Cafeteria (\$143,847) Funds. When we requested the documentation to support these interfund receivables and payables, we were informed that the amounts were estimates that had been determined by using payroll calculations for the month of February 2007, and projecting the estimates over the entire year, plus adding an estimated amount for retirees. Adequate documentation was not provided for us to substantiate these estimates.
- B. Payroll expenditures of the General Purpose School, School Federal Projects, and Central Cafeteria Funds were posted to the accounting records by general journal entries. This was necessary because two different and independent software applications were used to account for the financial transactions of the School Department; one to process payroll and one to process vendor payments. Payroll transactions represent a majority of school expenditures. Controls were not in place to ensure the accurate recording of the payrolls by general journal entry. Posting payroll manually by general journal entry is more susceptible to error than if the transactions had been posted by an integrated software system.

RECOMMENDATION

Actual expenditures should be posted to the general ledger accounts of the appropriate funds on a current basis to accurately reflect each fund's financial transactions. Internal control procedures should be strengthened to ensure that payroll transactions are accurately posted to the accounting records. Officials should consider the implementation of a software application that would fully integrate payroll and vendor transactions.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

- A. We are now in the process of studying possible solutions to correct this deficiency. Implementation of new payroll software for the School Department will create the possibility of new approaches for timely and accurate verifications, reconciliations, and classifications of expenditures.
- B. We now have one software package for payroll and vendor transactions which will automatically post information to the general ledger.

**FINDING 07.04      DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF  
THE SCHOOL FEDERAL PROJECTS FUND**  
(Internal Control – Material Weakness Under Government Auditing  
Standards)

Our audit revealed the following deficiencies in the School Federal Projects Fund:

- A.     The School Federal Projects Fund had a deficit of \$674,126 in unreserved fund balance at June 30, 2007. This deficit occurred because School Department personnel had not requested reimbursements for grant funds on a timely basis.
  
- B.     The School Federal Projects Fund had a cash overdraft of \$159,610 at June 30, 2007. This cash overdraft resulted from the issuance of warrants in excess of cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2007.

**RECOMMENDATION**

Management should liquidate the fund deficit in the School Federal Projects Fund. Requests for reimbursements of grant funds should be filed on a timely basis. Also, management should not issue warrants that exceed cash on deposit with the county trustee.

**MANAGEMENT’S RESPONSE – FINANCE DIRECTOR**

- A.     A school financial coordinator has been hired to monitor the cash flow of the fund. This coordinator has already communicated with State Department of Education personnel to ensure that requests for reimbursements are processed on a timely basis.
  
- B.     We processed the July 2007 payrolls in June 2007 instead of accruing them, which resulted in the cash overdraft. This overdraft was on paper since we did not release the payrolls until July.

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**FINDING 07.05      EXPENDITURES    AND    ENCUMBRANCES    EXCEEDED  
APPROPRIATIONS**  
(Noncompliance Under Government Auditing Standards)

Expenditures and encumbrances exceeded appropriations approved by the County Commission at the major appropriation category level (the legal level of control) in the funds noted below:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
County Commission	\$ 116
Register of Deeds	7,061
County Buildings	13,939
District Attorney General	1,596
Libraries	22
Contributions to Other Agencies	3,599
Local Purpose Tax:	
Miscellaneous	10,758
General Capital Projects:	
County Commission	120
Accounting and Budgeting	71
Libraries	250
Miscellaneous	18,333
General Purpose School:	
Other	16,344
Other Programs	2,000
Fiscal Services	736

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

#### RECOMMENDATION

Expenditures and encumbrances should be held within appropriations approved by the County Commission.

#### MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

In the past, we have utilized manual over-rides to permit the over-expending of budget items. This practice will no longer be permitted. In the future, we will monitor the budget more closely and seek budget amendments when necessary.

**FINDING 07.06      PRIOR YEAR AUDIT ADJUSTMENTS HAD NOT BEEN POSTED TO THE ACCOUNTING RECORDS OF THE EDUCATION CAPITAL PROJECTS FUND**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

During the year ended June 30, 2006, management had accepted audit adjustments for the Education Capital Projects Fund; however, these adjustments had not been posted to the accounting records as of June 30, 2007.

**RECOMMENDATION**

Management should ensure that approved audit adjustments are posted to the accounting records on a timely basis.

**MANAGEMENT’S RESPONSE – FINANCE DIRECTOR**

We concur. The audit adjustments did not get to the person responsible for processing the adjustments. In the future, we will ensure that the person processing the adjustments gets the approved audit adjustments.

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**FINDING 07.07      A SIGNATURE STAMP WAS USED TO SIGN PURCHASE ORDERS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination disclosed that a signature stamp was used to affix the signature of the finance director to purchase orders. Tennessee Code Annotated does not provide authority for the use of a signature stamp. Also, internal controls over the use of a signature stamp are inherently weak.

**RECOMMENDATION**

Management should discontinue the use of any signature stamps.

**MANAGEMENT’S RESPONSE – FINANCE DIRECTOR**

The finance director will authorize certain individuals to sign purchase orders. At that time, the signature stamps will be destroyed.

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**FINDING 07.08      DUTIES WERE NOT SEGREGATED ADEQUATELY**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among employees in the Office of Finance Director. An employee responsible for reconciling cash on deposit with the trustee and preparing a

list of outstanding warrants was also involved in the disbursement of funds by writing and posting warrants to the accounting system.

RECOMMENDATION

Duties should be adequately segregated in the Finance Office so no single employee has the ability to write and post the warrants to the accounting system, affix a signature to the warrants, and reconcile the warrants with the county trustee through the preparation of the list of outstanding warrants.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We have reassigned several employees to segregate duties adequately.

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FINDING 07.09      **CONTROLS OVER ACCESS TO NEGOTIABLE DOCUMENTS WERE INADEQUATE**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Access to blank warrant stock and the logbook of warrant numbers processed through the department's warrant-signing machine was not sufficiently restricted. All employees of the Finance Department had access to the office's blank warrant stock and the logbook of warrant numbers processed through the department's warrant-signing machine. Controls were further diminished by the access of the warrant-signing machine's signature plates to all Finance Department employees. Subsequent to June 30, 2007, a new warrant-writing system was placed in operation; however, the former warrant stock and signature plates are still accessible to all employees.

RECOMMENDATION

The office should restrict access to blank warrant stock and signature plates to those authorized personnel whose job responsibilities require them to use these documents and affix signatures to the warrants. Any warrant stock that will no longer be used should be properly destroyed.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

As of October 2007, all checks are being printed through a laser printer and signed by the computer using password-protected software. We now have back-up check-signers and we have restricted the departments in which check-signers may sign checks. We will attempt to sell the old signature machines and will destroy the old signature plates and most blank printed checks.

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

Federal/Pass-through Agencies	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Child Nutrition Cluster:	07.10		Circular A-133, Section 500	Significant Deficiency in Internal Control - See Finding 07.01 - The Office Had Accounting Deficiencies (A)	\$ 0
School Breakfast Program		10.553			
School Lunch Program		10.555			
Special Education - Grants to State Program		84.027			
Magnet School Assistance		84.165			
U.S. Department of Education: Passed-through State Department of Education: Child Nutrition Cluster:	07.11		Circular A-133, Section 500 (c)(3)	Noncompliance - See Finding 07.02 - Cash on Deposit with the Trustee Was Not Reconciled Monthly in the School Federal Projects and Central Cafeteria Funds	0
School Breakfast Program		10.553			
School Lunch Program		10.555			
Special Education - Grants to State Program		84.027			
Magnet School Assistance		84.165			

**MADISON COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2007**

There were audit findings relative to federal awards presented in the prior and current years' Schedules of Findings and Questioned Costs.

**Finance Director – Corrective Action Plan for Current Year Findings**

**FINDINGS 07.01 and 07.10**

Contact Person: Mike Nichols

Corrective action planned: The Finance Department and school officials will work together to ensure that payroll liability accounts are reconciled monthly with payroll reports and payments.

Anticipated completion date: 2007-08

**FINDINGS 07.02 and 07.11**

Contact Person: Mike Nichols

Corrective action planned: With the placement of a new school financial coordinator and the implementation of changes in the school payroll software, all reconciliations will now be performed in a timely manner.

Anticipated completion date: 2007-08