

**ANNUAL FINANCIAL REPORT  
MADISON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2008**



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**ANNUAL FINANCIAL REPORT  
MADISON COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2008**

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

***DIVISION OF COUNTY AUDIT  
RICHARD V. NORMENT  
Assistant to the Comptroller***

***JAMES R. ARNETTE  
Director***

***NORMAN R. NORMENT, CGFM  
Audit Manager***

***HORACE B. WISEMAN, CGFM  
Auditor 4***

***B. KEITH RICE, CGFM  
LEE ANN WEST, CPA, CGFM  
ELISHA CROWELL, CFE  
State Auditors***

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

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# ***Audit Highlights***

Annual Financial Report  
Madison County, Tennessee  
For the Year Ended June 30, 2008

## ***Scope***

We have audited the basic financial statements of Madison County as of and for the year ended June 30, 2008.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

### **MADISON COUNTY**

- ◆ Madison County does not have the resources to produce its financial statements and notes to the financial statements.

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### **OFFICE OF FINANCE DIRECTOR**

- ◆ The General, Highway Public/Works, General Purpose School, School Federal Projects, and Central Cafeteria funds required material audit adjustments for proper financial statement presentation.
  - ◆ Expenditures and encumbrances exceeded appropriations in one major category of the General Purpose School Fund. Also, in numerous instances, salaries exceeded line-item appropriations in the General, Solid Waste/Sanitation, General Purpose School, School Federal Projects, and Central Cafeteria funds.
  - ◆ The office did not implement adequate controls to protect its information resources.
-

## **OFFICE OF CLERK AND MASTER**

- ◆ The office did not implement adequate controls to protect its information resources.
  - ◆ The probate office had deficiencies in computer system backup procedures.
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## **OTHER FINDING**

- ◆ The county clerk, circuit court clerk, clerk and master, and register did not review their software audit logs.

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## INTRODUCTORY SECTION

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# Madison County Officials

## June 30, 2008

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### **Officials**

Jimmy Harris, 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 Alvey, Jr.  
Karen Bell  
Carol Carter-Estes  
Dr. Vicky Foote  
Anne Henning-Rowan  
Dr. Linda Pride  
Ben Rudd

### **Financial Management Committee**

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

## Madison County Officials (Cont.)

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### **Budget Committee**

William Sipes, Jr., Chairman  
Jimmy Harris  
Barbara Johnson  
Maria Mitchell

Mike Nichols  
Joe Roland  
Charles Turner

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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**

October 8, 2008

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, 2008, 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 three percent and .08 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, 2008, 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 October 8, 2008, 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.

As described in Note V.B., Madison County has adopted the provisions of Governmental Accounting Standards Board Statement (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

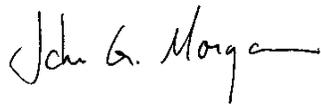
The management of Madison County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and postemployment benefit information on pages 77 through 87 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,

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/sb

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## **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Madison County, Tennessee  
Statement of Net Assets  
June 30, 2008

	Primary Government Governmental Activities	Component Units	
		Madison County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 78,367	\$ 0	\$ 2,746,892
Equity in Pooled Cash and Investments	18,884,206	8,223,061	0
Accounts Receivable	343,195	38,458	84,028
Allowance for Uncollectibles	(28,021)	0	0
Due from Other Governments	2,446,436	7,193,581	0
Property Taxes Receivable	28,438,350	14,081,124	0
Allowance for Uncollectible Property Taxes	(1,308,794)	(648,043)	0
Prepaid Items	20,129	0	0
Notes Receivable - Long-term	195,247	0	0
Deferred Charges - Debt Issuance Costs	456,545	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	8,306,677	2,091,562	0
Construction in Progress	60,023	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	18,326,760	69,092,466	0
Infrastructure	34,994,204	0	0
Other Capital Assets	3,637,040	4,809,690	434,003
Total Assets	<u>\$ 114,850,364</u>	<u>\$ 104,881,899</u>	<u>\$ 3,264,923</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,038,657	\$ 68,005	\$ 35,427
Accrued Leave	0	0	10,984
Payroll Deductions Payable	230,932	4,356,618	0
Accrued Interest Payable	717,653	0	0
Deferred Revenue - Current Property Taxes	26,128,727	12,937,525	0
Noncurrent Liabilities:			
Due Within One Year	6,901,158	17,317	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	61,938,651	543,858	0
Total Liabilities	<u>\$ 96,955,778</u>	<u>\$ 17,923,323</u>	<u>\$ 46,411</u>

(Continued)

Exhibit A

Madison County, Tennessee  
Statement of Net Assets (Cont.)

	Primary Governmental Activities	Component Units	
		Madison County School Department	Emergency Communications District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 52,940,722	\$ 0	\$ 0
Invested in Capital Assets	0	75,993,718	434,003
Restricted for:			
Capital Projects	1,859,875	573,442	0
Debt Service	5,507,643	0	0
Juvenile Service	436,265	0	0
Solid Waste/Sanitation	355,899	0	0
Local Purpose Tax	1,543,961	0	0
Highway/Public Works	3,906,662	0	0
Computer Systems	295,015	0	0
Long-term Note Receivable	195,247	0	0
Other Local Education Reserve	0	718,625	0
Career Ladder	0	41,487	0
Title I Grants to Local Education Agencies	0	577,334	0
Innovative Education Program Strategies	0	318,350	0
Special Education - Grants to States	0	32,345	0
Other Federal Reserves	0	42,201	0
Central Cafeteria	0	1,964,790	0
Other Purposes	141,920	0	0
Unrestricted	(49,288,623)	6,696,284	2,784,509
Total Net Assets	<u>\$ 17,894,586</u>	<u>\$ 86,958,576</u>	<u>\$ 3,218,512</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, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government Total Governmental Activities	Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Madison County School Department	Emergency Communications District	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,977,015	\$ 1,032,047	\$ 20,475	\$ (924,493)	\$ 0	\$ 0	0
Finance	3,101,509	2,644,441	28,411	(428,657)	0	0	0
Administration of Justice	3,164,993	2,625,022	192,297	(347,674)	0	0	0
Public Safety	20,667,598	4,106,728	341,476	(15,954,095)	0	0	0
Public Health and Welfare	6,030,780	1,444,037	2,851,580	(1,735,163)	0	0	0
Social, Cultural, and Recreational Services	2,633,242	225,242	16,175	(2,391,825)	0	0	0
Agriculture and Natural Resources	318,338	58,645	0	(259,693)	0	0	0
Other Operations	2,688,099	66,400	0	(2,621,699)	0	0	0
Highways/Public Works	5,813,100	176,100	2,534,301	(2,933,941)	0	0	0
Interest on Long-term Debt	3,175,555	0	0	(3,175,555)	0	0	0
Other Debt Service	650,480	0	510,889	(139,591)	0	0	0
<b>Total Primary Government</b>	<b>\$ 50,220,709</b>	<b>\$ 12,378,662</b>	<b>\$ 6,495,604</b>	<b>\$ (30,912,386)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
Component Units:							
Madison County School Department	\$ 114,569,046	\$ 2,362,209	\$ 15,273,820	\$ 0	\$ (96,933,017)	\$ 0	0
Emergency Communications District	614,687	845,482	0	0	0	0	230,795
<b>Total Component Units</b>	<b>\$ 115,183,733</b>	<b>\$ 3,207,691</b>	<b>\$ 15,273,820</b>	<b>\$ 0</b>	<b>\$ (96,933,017)</b>	<b>\$ 0</b>	<b>230,795</b>

(Continued)

Exhibit B

Madison County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
				Primary Government Total Governmental Activities	Madison County School Department	Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 18,506,009	\$ 13,758,777	\$ 0
Property Taxes Levied for Debt Service				8,342,411	0	0
Local Option Sales Taxes				942,284	33,544,230	0
Business Taxes				1,485,799	0	0
Litigation Taxes				812,808	0	0
Hotel/Motel Taxes				425,907	0	0
Wholesale Beer Taxes				343,419	0	0
Other Local Taxes				39,998	11,832	0
Grants and Contributions Not Restricted to Specific Programs				4,210,775	49,010,155	10,000
Unrestricted Investment Earnings				1,311,867	0	100,380
Miscellaneous				369,813	66,877	5,060
Gain on Disposal of Property				0	0	2,445
Total General Revenues				\$ 36,791,090	\$ 96,391,871	\$ 117,885
Change in Net Assets				\$ 5,878,704	\$ (541,146)	\$ 348,680
Net Assets, July 1, 2007				12,015,882	88,444,569	2,869,832
Prior-period Adjustment				0	(944,847)	0
Net Assets, June 30, 2008				\$ 17,894,586	\$ 86,958,576	\$ 3,218,512

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, 2008

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 78,367	\$ 78,367
Equity in Pooled Cash and Investments	4,947,992	3,898,909	4,461,806	4,103,574	17,412,281
Accounts Receivable	240,065	505	99,231	3,394	343,195
Allowance for Uncollectibles	(28,021)	0	0	0	(28,021)
Due from Other Governments	1,855,726	428,062	0	162,648	2,446,436
Due from Other Funds	202,698	0	0	0	202,698
Property Taxes Receivable	14,035,108	1,794,653	8,835,215	3,773,374	28,438,350
Allowance for Uncollectible Property Taxes	(645,925)	(82,594)	(406,615)	(173,660)	(1,308,794)
Prepaid Items	17,501	1,610	0	1,018	20,129
Notes Receivable - Long-term	195,247	0	0	0	195,247
<b>Total Assets</b>	<b>\$ 20,820,391</b>	<b>\$ 6,041,145</b>	<b>\$ 12,989,637</b>	<b>\$ 7,948,715</b>	<b>\$ 47,799,888</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 688,494	\$ 145,946	\$ 0	\$ 70,356	\$ 904,796
Payroll Deductions Payable	200,427	18,433	0	12,072	230,932
Due to Other Funds	0	93,784	0	108,914	202,698
Deferred Revenue - Current Property Taxes	12,895,246	1,648,900	8,117,663	3,466,918	26,128,727
Deferred Revenue - Delinquent Property Taxes	440,937	55,959	276,937	119,896	893,729
Other Deferred Revenues	470,031	206,915	0	65,420	742,366
<b>Total Liabilities</b>	<b>\$ 14,695,135</b>	<b>\$ 2,169,937</b>	<b>\$ 8,394,600</b>	<b>\$ 3,843,576</b>	<b>\$ 29,103,248</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 234,158	\$ 158	\$ 0	\$ 124,697	\$ 359,013
Reserved for Drug Court	27,296	0	0	0	27,296
Reserved for Sexual Offender Registration	8,590	0	0	0	8,590
Reserved for Courtroom Security	5,132	0	0	0	5,132
Reserved for Victims Assistance Programs	6,447	0	0	0	6,447
Reserved for Computer System - Register	104,076	0	0	0	104,076
Reserved for Automation Purposes - Circuit Court	151,825	0	0	0	151,825
Reserved for Automation Purposes - Chancery Court	16,346	0	0	0	16,346
Reserved for Automation Purposes - Sheriff	22,768	0	0	0	22,768
Reserved for Long-term Notes Receivable	195,247	0	0	0	195,247
Unreserved, Reported In:					
General Fund	5,353,371	0	0	0	5,353,371
Special Revenue Funds	0	3,871,050	0	2,337,551	6,208,601
Debt Service Funds	0	0	4,595,037	0	4,595,037
Capital Projects Funds	0	0	0	1,642,891	1,642,891
<b>Total Fund Balances</b>	<b>\$ 6,125,256</b>	<b>\$ 3,871,208</b>	<b>\$ 4,595,037</b>	<b>\$ 4,105,139</b>	<b>\$ 18,696,640</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 20,820,391</b>	<b>\$ 6,041,145</b>	<b>\$ 12,989,637</b>	<b>\$ 7,948,715</b>	<b>\$ 47,799,888</b>

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, 2008

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)		\$ 18,696,640
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 8,306,677	
Add: construction in progress	60,023	
Add: infrastructure net of accumulated depreciation	34,994,204	
Add: building and improvements net of accumulated depreciation	18,326,760	
Add: other capital assets net of accumulated depreciation	<u>3,637,040</u>	65,324,704
(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.		1,338,064
(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	\$ (18,900,852)	
Less: bonds payable	(46,610,000)	
Add: deferred amount on refunding	1,353,322	
Add: deferred charges - debt issuance costs	456,545	
Less: compensated absences payable	(1,539,884)	
Less: accrued interest on bonds and notes	(717,653)	
Less: deferred amount on unamortized debt premium	<u>(3,142,395)</u>	(69,100,917)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,636,095</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 17,894,586</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, 2008

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 17,479,385	\$ 1,794,176	\$ 8,700,943	\$ 3,636,405	\$ 31,610,909
Licenses and Permits	414,934	0	0	0	414,934
Fines, Forfeitures, and Penalties	536,890	0	0	49,826	586,716
Charges for Current Services	1,255,071	0	0	0	1,255,071
Other Local Revenues	476,319	111,850	1,252,827	46,585	1,887,581
Fees Received from County Officials	4,827,679	0	0	0	4,827,679
State of Tennessee	5,756,442	2,983,374	0	375,817	9,115,633
Federal Government	505,284	0	0	38,718	544,002
Other Governments and Citizens Groups	1,907,406	0	0	920,900	2,828,306
<b>Total Revenues</b>	<b>\$ 33,159,410</b>	<b>\$ 4,889,400</b>	<b>\$ 9,953,770</b>	<b>\$ 5,068,251</b>	<b>\$ 53,070,831</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,599,807	\$ 0	\$ 0	\$ 271,371	\$ 1,871,178
Finance	2,244,967	0	0	32,979	2,277,946
Administration of Justice	2,094,968	0	0	78,026	2,172,994
Public Safety	13,673,007	0	0	1,810,644	15,483,651
Public Health and Welfare	4,862,617	0	0	679,568	5,542,185
Social, Cultural, and Recreational Services	1,891,224	0	0	187,551	2,078,775
Agriculture and Natural Resources	295,494	0	0	0	295,494
Other Operations	6,879,330	0	0	1,377,087	8,256,417
Highways	0	3,682,716	0	221,278	3,903,994
Debt Service:					
Principal on Debt	14,016	0	5,585,000	0	5,599,016
Interest on Debt	3,072	0	3,196,959	0	3,200,031
Other Debt Service	0	0	183,520	0	183,520
<b>Total Expenditures</b>	<b>\$ 33,558,502</b>	<b>\$ 3,682,716</b>	<b>\$ 8,965,479</b>	<b>\$ 4,658,504</b>	<b>\$ 50,865,201</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (399,092)	\$ 1,206,684	\$ 988,291	\$ 409,747	\$ 2,205,630
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 230,077	\$ 14,513	\$ 0	\$ 0	\$ 244,590
Transfers In	29,203	0	0	400,000	429,203
Transfers Out	0	(429,203)	0	0	(429,203)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 259,280</b>	<b>\$ (414,690)</b>	<b>\$ 0</b>	<b>\$ 400,000</b>	<b>\$ 244,590</b>
Net Change in Fund Balances	\$ (139,812)	\$ 791,994	\$ 988,291	\$ 809,747	\$ 2,450,220
Fund Balance, July 1, 2007	6,265,068	3,079,214	3,606,746	3,295,392	16,246,420
Fund Balance, June 30, 2008	\$ 6,125,256	\$ 3,871,208	\$ 4,595,037	\$ 4,105,139	\$ 18,696,640

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, 2008

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)		\$ 2,450,220
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,151,480	
Less: current year depreciation expense	<u>(3,453,418)</u>	(2,301,938)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: gain on disposal of capital assets	\$ 98,752	
Less: loss on disposal of capital assets	(110,196)	
Less: proceeds from sale of capital assets	<u>(129,971)</u>	(141,415)
(3) 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, 2008	\$ 1,636,095	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(1,870,900)</u>	(234,805)
(4) 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	\$ (71,732)	
Less: change in deferred amount on refunding	(395,228)	
Add: change in premium on debt issuances	510,889	
Add: principal payments on bonds	890,000	
Add: principal payments on notes	<u>4,709,016</u>	5,642,945
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 24,476	
Change in compensated absences	<u>(40,838)</u>	(16,362)
(6) Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities in the statement of activities.		<u>480,059</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 5,878,704</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, 2008

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance <hr/>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 1,471,925
Total Assets	<u>\$ 1,471,925</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 133,861
Total Liabilities	<u>\$ 133,861</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 1,338,064</u>
Total Net Assets	<u><u>\$ 1,338,064</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, 2008

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 4,495,894
Total Operating Revenues	<u>\$ 4,495,894</u>
<u>Operating Expenses</u>	
Excess Risk Insurance	\$ 250,528
Medical Claims	3,642,336
Other Charges	182,011
Total Operating Expenses	<u>\$ 4,074,875</u>
Operating Income (Loss)	<u>\$ 421,019</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 59,040
Total Nonoperating Revenues	<u>\$ 59,040</u>
Change in Net Assets	\$ 480,059
Net Assets, July 1, 2007	<u>858,005</u>
Net Assets, June 30, 2008	<u><u>\$ 1,338,064</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, 2008

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance</u>
<u>Cash Flows From Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 4,495,894
Payments for Excess Risk Insurance	(250,528)
Payments for Medical Claims	(3,619,178)
Payments for Administrative Costs	(182,011)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 444,177</u>
<u>Cash Flows From Investing Activities</u>	
Investment Income	<u>\$ 59,040</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 59,040</u>
Increase (Decrease) in Cash	\$ 503,217
Cash, July 1, 2007	<u>968,708</u>
Cash, June 30, 2008	<u><u>\$ 1,471,925</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>To Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 421,019
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>23,158</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 444,177</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, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 88,430
Cash	3,759,647
Accounts Receivable	61,000
Due from Other Governments	<u>1,905,350</u>
Total Assets	<u>\$ 5,814,427</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,990,320
Due to Litigants, Heirs, and Others	3,759,647
Other Current Liabilities	<u>64,460</u>
Total Liabilities	<u>\$ 5,814,427</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, 2008**

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

Fund financial statements of 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 Debt Service Fund. Madison County and the 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.

All Health Department and property taxes receivable are shown with an allowance for uncollectibles. The Health Department receivables allowance for uncollectibles is based on historical collection data. The

allowance for uncollectible property taxes is equal to 2.45 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. Prepaid Items**

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

**4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the 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

**5. 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.

## 6. Long-term Obligations

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

## 7. 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, 2008, Madison County had \$53,471,365 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, 2008:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Health Department - AIDS Program	\$ 31,994
Health Department - Local Current Services	1,431,277
Health Department - WIC Program	559,712
Health Department - Hotels, Pools, and Food Services	259,618
Health Department - STD Program	256,415

**8. Prior-period Adjustment**

Payroll withholding accounts were restated \$944,847 from the prior year in the General Purpose School Fund. The prior-period adjustment resulted from an understatement of payroll withholding accounts in the prior year.

**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 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,

County Mayor, Personnel, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. Fund Deficit**

The Education Capital Projects Fund had a deficit in unreserved fund balance of \$40,779 at June 30, 2008. This deficit resulted from the unperformed portions of construction contracts of \$563,460 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of other loans.

**C. Expenditures and Encumbrances Exceeded Appropriations**

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Board of Education major appropriation category (the legal level of control) of the General Purpose School Fund by \$36,233. Such overexpenditures are a violation of state statute. These overexpenditures were funded by available fund balance.

**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, 2008, 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.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 4,791,047

**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, 2008, 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 (\$195,247) and is offset by a reservation of fund balance.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2008, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 8,309,548	\$ 0	\$ 2,871	\$ 8,306,677
Construction in Progress	0	60,023	0	60,023
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 8,309,548</b>	<b>\$ 60,023</b>	<b>\$ 2,871</b>	<b>\$ 8,366,700</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 25,657,228	\$ 371,524	\$ 196,617	\$ 25,832,135
Roads and Bridges	57,109,774	23,969	0	57,133,743
Other Capital Assets	12,578,517	695,964	32,000	13,242,481
<b>Total Capital Assets Depreciated</b>	<b>\$ 95,345,519</b>	<b>\$ 1,091,457</b>	<b>\$ 228,617</b>	<b>\$ 96,208,359</b>

**Governmental Activities (Cont.):**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,929,336	\$ 634,112	\$ 58,073	\$ 7,505,375
Roads and Bridges	20,234,986	1,904,553	0	22,139,539
Other Capital Assets	8,722,688	914,753	32,000	9,605,441
Total Accumulated Depreciation	<u>\$ 35,887,010</u>	<u>\$ 3,453,418</u>	<u>\$ 90,073</u>	<u>\$ 39,250,355</u>
Total Capital Assets Depreciated, Net	<u>\$ 59,458,509</u>	<u>\$ (2,361,961)</u>	<u>\$ 138,544</u>	<u>\$ 56,958,004</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,768,057</u>	<u>\$ (2,301,938)</u>	<u>\$ 141,415</u>	<u>\$ 65,324,704</u>

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

**Governmental Activities:**

General Government	\$ 19,334
Finance	17,026
Administration of Justice	167,349
Public Safety	884,184
Public Health and Welfare	227,428
Social, Cultural, and Recreational Services	90,541
Agriculture and Natural Resources	8,161
Other Operations	27,794
General Administration	890
Highways/Public Works	<u>2,010,711</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,453,418</u></u>

**Discretely Presented Madison County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 2,091,562	\$ 0	\$ 0	\$ 2,091,562
Total Capital Assets Not Depreciated	<u>\$ 2,091,562</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,091,562</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 106,220,432	\$ 356,882	\$ 0	\$ 106,577,314
Other Capital Assets	10,434,866	1,207,515	1,038,692	10,603,689
Total Capital Assets Depreciated	<u>\$ 116,655,298</u>	<u>\$ 1,564,397</u>	<u>\$ 1,038,692</u>	<u>\$ 117,181,003</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 35,080,386	\$ 2,404,462	\$ 0	\$ 37,484,848
Other Capital Assets	6,259,725	572,966	1,038,692	5,793,999
Total Accumulated Depreciation	<u>\$ 41,340,111</u>	<u>\$ 2,977,428</u>	<u>\$ 1,038,692</u>	<u>\$ 43,278,847</u>
Total Capital Assets Depreciated, Net	<u>\$ 75,315,187</u>	<u>\$ (1,413,031)</u>	<u>\$ 0</u>	<u>\$ 73,902,156</u>
Governmental Activities Capital Assets, Net	<u>\$ 77,406,749</u>	<u>\$ (1,413,031)</u>	<u>\$ 0</u>	<u>\$ 75,993,718</u>

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

**Governmental Activities:**

Instruction	\$ 2,179,554
Support Services	607,062
Operation of Non-Instructional Services	<u>190,812</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,977,428</u>

**D. Construction Commitments**

At June 30, 2008, the Highway Capital Projects Fund had uncompleted construction contracts of \$81,775 on a bridge project. Funding has been received for these future expenditures.

At June 30, 2008, the Education Capital Projects Fund had uncompleted construction contracts of \$563,460 for repair and maintenance to various schools. Funding for these future expenditures is expected to be received from the issuance of other loans.

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

The composition of interfund balances as of June 30, 2008, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Highway/Public Works	\$ 93,784
General	Nonmajor governmental	108,914
Discretely Presented		
School Department:		
General Purpose School	Nonmajor governmental	490,523

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.

A portion of the receivable in the General Purpose School Fund (\$5,729) was in transit from the School Federal Projects Fund at June 30, 2008.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Highway/Public Works Fund	\$ 29,203	\$ 400,000

**Discretely Presented Madison County School Department**

Transfers Out	<u>Transfers In</u> General Purpose School Fund
Nonmajor governmental funds	\$ 38,895

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.

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

The county issues general obligation bonds 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, capital 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, 2008, will be retired from the General Debt Service Fund, with the exception of a wastewater facilities note with an \$85,852 outstanding balance, which will be retired from the General Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	2 to 5 %	\$ 35,900,000	\$ 11,850,000
General Obligation Bonds - Refunding	3.85 to 5	35,060,000	34,760,000
Capital Outlay Notes	3.3	250,000	85,852
Capital Outlay Notes - Refunding	4 to 5	21,315,000	18,815,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2014-2018	32,240,000	5,432,110	37,672,110
2019	2,970,000	137,886	3,107,886
Total	\$ 46,610,000	\$ 15,528,116	\$ 62,138,116

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 4,444,472	\$ 899,066	\$ 5,343,538
2010	4,534,964	721,374	5,256,338
2011	4,280,468	494,870	4,775,338
2012	4,015,984	281,104	4,297,088
2013	1,616,512	80,576	1,697,088
2014-2018	8,452	84	8,536
Total	\$ 18,900,852	\$ 2,477,074	\$ 21,377,926

There is \$4,595,037 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$508, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled \$713, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2007	\$ 47,500,000	\$ 23,609,868
Deductions	<u>(890,000)</u>	<u>(4,709,016)</u>
Balance, June 30, 2008	<u>\$ 46,610,000</u>	<u>\$ 18,900,852</u>
Balance Due Within One Year	<u>\$ 1,250,000</u>	<u>\$ 4,444,472</u>

	<u>Compensated Absences</u>
Balance, July 1, 2007	\$ 1,499,046
Additions	1,288,089
Deductions	<u>(1,247,251)</u>
Balance, June 30, 2008	<u>\$ 1,539,884</u>
Balance Due Within One Year	<u>\$ 1,206,686</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, 2008	\$ 67,050,736
Add: Unamortized Premium on Debt	3,142,395
Less: Balance Due Within One Year	(6,901,158)
Less: Deferred Amount on Refunding	<u>(1,353,322)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 61,938,651</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, 2008, was as follows:

**Governmental Activities:**

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 276,897	\$ 0
Additions	418,286	833,000
Deductions	(348,832)	(618,176)
Balance, June 30, 2008	<u>\$ 346,351</u>	<u>\$ 214,824</u>
Balance Due Within One Year	<u>\$ 17,317</u>	<u>\$ 0</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School, School Federal Projects, and Central Cafeteria funds.

**G. On-Behalf Payments – Discretely Presented Madison County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Madison County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$472,150 and \$82,513, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**H. Short-term Debt**

**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 (\$5,600,000) and School Federal Projects Fund (\$600,000). 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, 2008, was as follows:

	Balance 7-1-07	Issued	Paid	Balance 6-30-08
Tax/Revenue				
Anticipation Notes	\$ 0	\$ 6,200,000	\$ (6,200,000)	\$ 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 100 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 2007-2008 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
2006-07	\$ 138,666	\$ 4,656,285	\$ (4,684,248)	110,703
2007-08	110,703	3,642,336	(3,619,178)	133,861

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 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

The Madison County School Department 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.

### **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example: life and dental insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the county's financial statements. In previous years, Madison County and

the Madison County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose, in the notes to the financial statements, the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Madison County. GASB Statement No. 48 had no effect on the financial statements of Madison County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Madison County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Madison County to provide additional and more detailed pension plan note disclosures than in previous years.

**C. Subsequent Event**

On August 14, 2008, the county's General Debt Service Fund issued a \$1,500,000 tax anticipation note to the General Purpose School Fund for temporary operating funds.

**D. Contingent Liabilities**

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

**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 \$211,660 to the Airport Authority for its operations during the year ended June 30, 2008. 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://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, 2008, 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, 2008, Madison County’s annual pension cost of \$4,320,369 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 postretirement 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. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 13 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$4,320,369	100%	\$0
6-30-07	4,169,490	100	0
6-30-06	3,810,941	100	0

**Funded Status and Funding Progress**

As of July 1, 2007, the most recent actuarial valuation date, the plan was 87.64 percent funded. The actuarial accrued liability for benefits was \$82.14 million, and the actuarial value of assets was \$71.98 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$10.16 million. The covered payroll (annual payroll of active employees covered by the plan) was \$28.67 million, and the ratio of the UAAL to the covered payroll was 35.40 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

## **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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <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, 2008, was 6.24 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, 2008, 2007, and 2006, were \$4,320,369, \$3,355,962, and \$2,941,827, 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 Department administers a pension plan through the Pension Trust Fund 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 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 advance 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 Description and Contribution Information**

At June 30, 2008, the plan had 44 retirees and beneficiaries receiving benefits and one active member. The plan is closed to new entrants.

CJTRP is a single-employer defined benefit pension plan 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 Department 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 Department 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 Department 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, 2008, the Madison County School Department's annual pension cost of \$427,936 to the CJTRP was equal to the system's required and actual contributions.

Annual required contribution (ARC)	\$ 427,936
Interest on net pension obligation	0
Adjustment to ARC	0
Annual pension cost	<u>\$ 427,936</u>
Contributions made	<u>(427,936)</u>
Increase (decrease) in net pension obligation	\$ 0
Net pension obligation, July 1, 2007	<u>0</u>
Net pension obligation, June 30, 2008	<u><u>\$ 0</u></u>

## Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$ 427,936	100 %	\$ 0
6-30-07	438,698	100	0
6-30-06	449,402	100	0

The required contribution was determined as part of the July 1, 2008, actuarial valuation using the projected unit credit 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.

### **Funding Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the plan was 17 percent funded. The actuarial accrued liability for benefits was \$5,741,069, and the actuarial value of assets was \$1,002,790, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,738,279. The covered payroll (annual payroll of active employees covered by the plan) was \$49,800, and the ratio of the UAAL to the covered payroll was 9,515 percent.

The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **G. Other Postemployment Benefits (OPEB)**

Madison County, as a phase two county, is not required to implement the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions until the year ended June 30, 2009; however, the discretely presented Madison County School Department chose to implement the standard early.

### **Primary Government**

Madison County provides post-retirement healthcare benefits through self-insurance, in accordance with contract provisions, to all employees. The percentage of insurance paid by the county for employees with five to 19 years of service and who are age 55 to 65 is zero, 20 to 29 years of service and under age 65 is 65 percent, and 30 years of service and under age 65 is 75 percent. This contribution continues until the employees reach age 65 and are Medicare eligible. Currently, 19 retirees meet those eligibility requirements. The county reimburses 80 percent of the amount of validated claims for medical, dental, and hospitalization costs incurred by pre-Medicare retirees and their dependents. During the year, expenditures totaling \$51,656 were recognized for the primary government.

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

### **Plan Description**

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB Plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA) for teachers. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

### **Funding Policy**

The premium requirements of the plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan.

The discretely presented Madison County School Department through its participation in the Local Education Group Insurance Fund makes a contribution toward the health insurance premium of the School Department's group medical plan for all certified employees who retire and for qualifying noncertified employees with 20 years of service and one year of state insurance coverage or with ten years of service and three years of state insurance coverage. This contribution continues until the employees reach age 65 and are Medicare eligible. The School Department pays 50 percent of single coverage for all certified and qualifying noncertified personnel. As of June 30, 2008, there were 171 former employees participating. Expenditures totaling \$618,176 were recognized for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<u>Plan</u>
ARC	\$ 833,000
Interest on the NPO	0
Adjustment to the ARC	<u>0</u>
Annual OPEB cost	\$ 833,000
Less: Amount of contribution	<u>(618,176)</u>
Increase(decrease) in NPO	\$ 214,824
Net OPEB obligation, 7-1-07	<u>0</u>
 Net OPEB obligation, 6-30-08	 <u>\$ 214,824</u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 833,000	74 %	\$ 214,824

\*Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	Local Education Group Plan
	<u>Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 9,841,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 9,841,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 63,187,567
UAAL as a % of covered payroll	16%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about

the future. The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

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

#### **Office of Director of Finance**

Madison County operates under the provisions of 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**

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as purchasing agent for Madison County. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 for the Office of County Mayor, Office of Highway Engineer, and for the discretely presented School Department are required 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, 2008, \$249,854 of the district's bank balance was covered by federal depository insurance, and the remaining bank balance of \$2,502,539 was covered by the Tennessee Bank Collateral Pool.

**D. Capital Assets**

Capital assets activity for the year was as follows:

Description	Balance 7-1-07	Additions	Retirements	Balance 6-30-08
Capital assets being depreciated:				
Furniture and fixtures	\$ 127,471	\$ 796	\$ 0	\$ 128,267
Office equipment	50,349	2,637	2,832	50,154
Communications equipment	1,437,499	16,949	37,107	1,417,341
Vehicles	36,329	0	0	36,329
Total capital assets being depreciated	\$ 1,651,648	\$ 20,382	\$ 39,939	\$ 1,632,091
Less accumulated depreciation for:				
Furniture and fixtures	\$ 28,663	\$ 12,786	\$ 0	\$ 41,449
Office equipment	40,961	5,070	2,832	43,199
Communications equipment	996,589	120,842	23,602	1,093,829
Vehicles	12,345	7,266	0	19,611
Total capital assets being depreciated	\$ 1,078,558	\$ 145,964	\$ 26,434	\$ 1,198,088
Total capital assets, net	\$ 573,090	\$ (125,582)	\$ 13,505	\$ 434,003

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, 2008, the district's annual pension cost of \$16,463 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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-08	\$ 16,463	100 %	\$ 0
6-30-07	15,658	100	0
6-30-06	15,669	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 \$6,290 monthly. The projections of the obligations under this contract are as follows:

Year Ending	Maintenance	Operating*
2009	\$ 128,664	\$ 75,480
2010	128,664	75,480
2011	128,664	75,480
2012	<u>107,220</u>	<u>62,900</u>
Total	<u>\$ 493,212</u>	<u>\$ 289,340</u>

\* Based on telephone line charges as of June 30, 2008.

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.

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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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 17,479,385	\$ 0	\$ 0	\$ 17,479,385	\$ 17,647,490	\$ 17,405,690	\$ 73,695
Licenses and Permits	414,934	0	0	414,934	401,500	529,550	(114,616)
Fines, Forfeitures, and Penalties	536,890	0	0	536,890	451,675	484,075	52,815
Charges for Current Services	1,255,071	0	0	1,255,071	1,362,787	1,435,480	(180,409)
Other Local Revenues	476,319	0	0	476,319	125,563	386,154	90,165
Fees Received from County Officials	4,827,679	0	0	4,827,679	4,599,100	4,599,100	228,579
State of Tennessee	5,756,442	0	0	5,756,442	5,423,674	6,021,165	(264,723)
Federal Government	505,284	0	0	505,284	290,864	740,479	(235,195)
Other Governments and Citizens Groups	1,907,406	0	0	1,907,406	1,193,390	1,319,287	588,119
Total Revenues	\$ 33,159,410	\$ 0	\$ 0	\$ 33,159,410	\$ 31,496,043	\$ 32,920,980	\$ 238,430

<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 124,741	\$ 0	\$ 0	\$ 124,741	\$ 124,850	\$ 126,150	\$ 1,409
County Mayor/Executive	153,859	(1,149)	0	152,710	197,032	195,032	42,322
Personnel Office	131,802	0	0	131,802	132,738	133,238	1,436
County Attorney	31,050	0	0	31,050	31,315	31,815	765
Election Commission	255,014	(392)	0	254,622	258,514	261,787	7,165
Register of Deeds	286,547	0	0	286,547	275,166	311,316	24,769
County Buildings	172,591	(22,447)	0	150,144	181,211	180,044	29,900
Other Facilities	423,901	0	0	423,901	453,400	426,872	2,971
Preservation of Records	20,302	(286)	0	20,016	19,709	20,209	193
Finance							
Accounting and Budgeting	757,036	0	0	757,036	746,020	763,240	6,204
Property Assessor's Office	664,706	(98,652)	0	566,054	664,744	670,244	104,190
Reappraisal Program	129,342	(2,369)	0	126,973	151,295	154,295	27,322
County Trustee's Office	246,651	0	0	246,651	260,495	262,495	15,844

(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 7/1/2007	Add: Encumbrances 6/30/2008	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							
<u>Administration of Justice</u>							
Circuit Court		(375)	0	672,765	677,720	686,720	13,955
General Sessions Court	248,285	0	0	248,285	252,256	254,256	5,971
Drug Court	5,200	0	0	5,200	7,620	7,620	2,420
Chancery Court	409,028	(803)	0	408,225	400,640	408,640	415
Juvenile Court	282,686	(342)	0	282,344	298,567	308,066	25,722
District Attorney General	59,600	0	0	59,600	57,784	59,600	0
Office of Public Defender	49,212	0	0	49,212	50,224	50,724	1,512
Probate Court	47,213	(207)	0	47,006	48,758	47,758	752
Other Administration of Justice	320,604	0	0	320,604	225,000	335,000	14,396
<u>Public Safety</u>							
Sheriff's Department	3,875,553	(26,754)	29,193	3,877,992	3,770,288	4,140,064	262,072
Special Patrols	361,679	0	0	361,679	358,699	374,355	12,676
Jail	4,847,532	(14,166)	0	4,833,366	4,714,302	4,900,130	66,764
Workhouse	1,350,369	(2,110)	900	1,349,159	1,442,534	1,368,779	19,620
Correctional Incentive Program Improvements	391,019	(10,394)	0	380,625	465,137	483,027	102,402
Juvenile Services	259,283	(1,658)	1,488	259,113	261,876	264,876	5,763
Work Release Program	654,318	(12,579)	0	641,739	627,760	731,288	89,549
Fire Prevention and Control	535,794	(300)	0	535,494	511,074	544,074	8,580
Civil Defense	273,804	(2,748)	0	271,056	269,073	276,614	5,558
Disaster Relief	616,472	0	1,521	617,993	0	750,000	132,007
Other Emergency Management	199,224	(7,700)	0	191,524	0	404,152	212,628
Inspection and Regulation	140,066	(50)	0	140,016	132,377	144,741	4,725
County Coroner/Medical Examiner	105,676	0	0	105,676	97,400	107,325	1,649
Public Safety Grant Programs	48,256	(650)	0	47,606	50,000	50,000	2,394

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Other Public Safety	\$ 13,962	\$ 0	\$ 0	\$ 13,962	\$ 14,208	\$ 14,208	\$ 246
<u>Public Health and Welfare</u>							
Local Health Center	1,624,348	(19,515)	18,071	1,622,904	1,712,534	1,723,034	100,130
Rabies and Animal Control	197,257	(2,560)	0	194,697	203,619	205,119	10,422
Maternal and Child Health Services	2,887,456	(9,890)	182,985	3,060,551	3,319,287	3,481,221	420,670
Alcohol and Drug Programs	31,880	0	0	31,880	31,880	31,880	0
Crippled Children Services	0	0	0	0	4,021	4,021	4,021
Other Local Health Services	44,625	0	0	44,625	46,955	46,955	2,330
General Welfare Assistance	0	0	0	0	14,550	14,550	14,550
Sanitation Management	32,239	0	0	32,239	34,678	38,578	6,339
Sanitation Education/Information	44,812	0	0	44,812	48,698	49,198	4,386
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	35,000	0	0	35,000	35,000	35,000	0
Libraries	976,312	0	0	976,312	917,794	975,194	(1,118)
Parks and Fair Boards	807,898	0	0	807,898	787,789	807,992	94
Other Social, Cultural, and Recreational	72,014	0	0	72,014	88,940	88,940	16,926
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	180,949	0	0	180,949	178,770	182,970	2,021
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	77,545	0	0	77,545	76,775	77,775	230
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
Other Economic and Community Development	0	0	0	0	17,088	0	0
Airport	282,628	0	0	282,628	295,120	295,120	12,492
Other Charges	382,454	0	0	382,454	469,153	458,278	75,824

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Contributions to Other Agencies	\$ 157,310	\$ 0	\$ 0	\$ 157,310	\$ 194,897	\$ 195,897	\$ 38,587
Employee Benefits	4,254,923	0	0	4,254,923	4,173,684	4,390,138	135,215
Miscellaneous	1,726,363	0	0	1,726,363	2,147,590	2,108,619	382,256
<u>Principal on Debt</u>							
General Government	14,016	0	0	14,016	0	14,016	0
Interest on Debt	3,072	0	0	3,072	0	3,072	0
General Government	\$ 33,558,502	\$ (238,096)	\$ 234,158	\$ 33,554,564	\$ 33,608,001	\$ 36,061,214	\$ 2,506,650
Total Expenditures							
Excess (Deficiency) of Revenues Over Expenditures	\$ (399,092)	\$ 238,096	\$ (234,158)	\$ (395,154)	\$ (2,111,958)	\$ (3,140,234)	\$ 2,745,050
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 230,077	\$ 0	\$ 0	\$ 230,077	\$ 0	\$ 70,199	\$ 159,878
Transfers In	29,203	0	0	29,203	384,309	384,309	(355,106)
Total Other Financing Sources (Uses)	\$ 259,280	\$ 0	\$ 0	\$ 259,280	\$ 384,309	\$ 454,508	\$ (195,228)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (139,812)	\$ 238,096	\$ (234,158)	\$ (135,874)	\$ (1,727,649)	\$ (2,685,726)	\$ 2,549,852
	6,265,068	(238,096)	0	6,026,972	4,375,549	4,375,549	1,651,423
Fund Balance, June 30, 2008	\$ 6,125,256	\$ 0	\$ (234,158)	\$ 5,891,098	\$ 2,647,900	\$ 1,689,823	\$ 4,201,275

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,794,176	\$ 0	\$ 0	\$ 1,794,176	\$ 1,834,750	\$ 1,834,750	\$ (40,574)
Other Local Revenues	111,850	0	0	111,850	26,000	74,545	37,305
State of Tennessee	2,983,374	0	0	2,983,374	2,919,202	2,919,202	64,172
Total Revenues	\$ 4,889,400	\$ 0	\$ 0	\$ 4,889,400	\$ 4,779,952	\$ 4,828,497	\$ 60,903
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 238,823	\$ (600)	\$ 0	\$ 238,223	\$ 235,574	\$ 248,159	\$ 9,936
Highway and Bridge Maintenance	1,851,922	(830)	0	1,851,092	2,412,500	2,312,500	461,408
Operation and Maintenance of Equipment	408,125	(380)	0	407,745	501,100	501,100	93,355
Other Charges	152,005	(410)	158	151,753	208,050	208,050	56,297
Employee Benefits	576,289	0	0	576,289	746,000	746,000	169,711
Capital Outlay	455,552	0	0	455,552	978,406	1,114,366	658,814
Total Expenditures	\$ 3,682,716	\$ (2,220)	\$ 158	\$ 3,680,654	\$ 5,081,630	\$ 5,130,175	\$ 1,449,521
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,206,684	\$ 2,220	\$ (158)	\$ 1,208,746	\$ (301,678)	\$ (301,678)	\$ 1,510,424
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 14,513	\$ 0	\$ 0	\$ 14,513	\$ 0	\$ 0	\$ 14,513
Transfers Out	(429,203)	0	0	(429,203)	(29,203)	(429,203)	0
Total Other Financing Sources (Uses)	\$ (414,690)	\$ 0	\$ 0	\$ (414,690)	\$ (29,203)	\$ (429,203)	\$ 14,513
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 791,994	\$ 2,220	\$ (158)	\$ 794,056	\$ (330,881)	\$ (730,881)	\$ 1,524,937
Fund Balance, July 1, 2007	3,079,214	(2,220)	0	3,076,994	1,413,927	1,413,927	1,663,067
Fund Balance, June 30, 2008	\$ 3,871,208	\$ 0	\$ (158)	\$ 3,871,050	\$ 1,083,046	\$ 683,046	\$ 3,188,004

Exhibit F-3

Madison County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 71,989	\$ 82,140	\$ 10,151	87.64 %	\$ 28,679	35.40 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit F-4

Madison County, Tennessee  
Schedule of Funding Progress - Pension Plan  
Discretely Presented Madison County School Department  
June 30, 2008

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)
6-30-08	\$ 1,002,790	\$ 5,741,069	\$ 4,738,279	17.47%	\$ 49,800	9,514.62 %
6-30-07	966,494	6,027,413	5,060,919	16.04	49,522	10,219.54

Exhibit F-5

Madison County, Tennessee

Schedule of Funding Progress – Pension Plan

Discretely Presented Madison County Emergency Communications District

June 30, 2008

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	\$ 0	\$ 0	0	0 %	\$ 0	0 %
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

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

Exhibit F-6

Madison County, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefit Plan  
Discretely Presented Madison County School Department  
June 30, 2008

(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
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Local Education Group Insurance Plan

6-30-08	\$ 0	\$ 9,841	\$ 9,841	0 %	\$ 63,188	16 %
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\*Data not available for two preceding years.

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**MADISON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2008**

**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, County Mayor, Personnel, County Attorney, 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.

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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, 2008

Special Revenue Funds									
	Juvenile Services	Solid Waste/Sanitation	Local Purpose Tax	Drug Control	District Attorney General	Constitutional Officers - Fees	Total		
\$	0	0	0	0	0	0	78,367	\$	78,367
	439,917	315,600	1,491,738	28,540	65,915	0	2,341,710		
	250	100	400	0	0	2,444	3,194		
	44,639	43,880	0	0	0	0	88,519		
	966,352	414,151	1,472,536	0	0	0	2,853,039		
	(44,474)	(19,061)	(67,769)	0	0	0	(131,304)		
	990	28	0	0	0	0	1,018		
\$	1,407,674	754,698	2,896,905	28,540	65,915	80,811	5,234,543		

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities  
 Accounts Payable  
 Payroll Deductions Payable  
 Due to Other Funds  
 Deferred Revenue - Current Property Taxes  
 Deferred Revenue - Delinquent Property Taxes  
 Other Deferred Revenues  
 Total Liabilities

Fund Balances  
 Reserved for Encumbrances  
 Unreserved  
 Total Fund Balances  
 Total Liabilities and Fund Balances

\$	44,278	17,371	0	0	0	0	61,649
	11,892	180	0	0	0	0	12,072
	27,370	733	0	0	0	80,811	108,914
	887,869	380,515	1,352,944	0	0	0	2,621,328
	29,709	13,675	46,123	0	0	0	89,507
	0	0	0	0	0	0	0
\$	1,001,118	412,474	1,399,067	0	0	80,811	2,893,470
\$	3,122	400	0	0	0	0	3,522
	403,434	341,824	1,497,838	28,540	65,915	0	2,337,551
\$	406,556	342,224	1,497,838	28,540	65,915	0	2,341,073
\$	1,407,674	754,698	2,896,905	28,540	65,915	80,811	5,234,543

(Continued)

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	
\$	0 \$	0 \$	0 \$	0 \$	78,367
Equity in Pooled Cash and Investments	928,584	81,175	752,105	1,761,864	4,103,574
Accounts Receivable	200	0	0	200	3,394
Due from Other Governments	0	0	74,129	74,129	162,648
Property Taxes Receivable	920,335	0	0	920,335	3,773,374
Allowance for Uncollectible Property Taxes	(42,356)	0	0	(42,356)	(173,660)
Prepaid Items	0	0	0	0	1,018
Total Assets	\$ 1,806,763 \$	\$ 81,175 \$	\$ 826,234 \$	\$ 2,714,172 \$	\$ 7,948,715

ASSETS

Cash	0 \$	0 \$	0 \$	0 \$	78,367
Equity in Pooled Cash and Investments	928,584	81,175	752,105	1,761,864	4,103,574
Accounts Receivable	200	0	0	200	3,394
Due from Other Governments	0	0	74,129	74,129	162,648
Property Taxes Receivable	920,335	0	0	920,335	3,773,374
Allowance for Uncollectible Property Taxes	(42,356)	0	0	(42,356)	(173,660)
Prepaid Items	0	0	0	0	1,018
Total Assets	\$ 1,806,763 \$	\$ 81,175 \$	\$ 826,234 \$	\$ 2,714,172 \$	\$ 7,948,715

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	8,707 \$	0 \$	0 \$	8,707 \$	70,356
Payroll Deductions Payable	0	0	0	0	12,072
Due to Other Funds	0	0	0	0	108,914
Deferred Revenue - Current Property Taxes	845,590	0	0	845,590	3,466,918
Deferred Revenue - Delinquent Property Taxes	30,389	0	0	30,389	119,896
Other Deferred Revenues	0	0	65,420	65,420	65,420
Total Liabilities	\$ 884,686 \$	\$ 0 \$	\$ 65,420 \$	\$ 950,106 \$	\$ 3,843,576
<u>Fund Balances</u>					
Reserved for Encumbrances	39,400 \$	0 \$	81,775 \$	121,175 \$	124,697
Unreserved	882,677	81,175	679,039	1,642,891	3,980,442
Total Fund Balances	\$ 922,077 \$	\$ 81,175 \$	\$ 760,814 \$	\$ 1,764,066 \$	\$ 4,105,139
Total Liabilities and Fund Balances	\$ 1,806,763 \$	\$ 81,175 \$	\$ 826,234 \$	\$ 2,714,172 \$	\$ 7,948,715

Madison County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2008

	Special Revenue Funds						Total
	Juvenile Services	Solid Waste/ Sanitation	Local Purpose Tax	Drug Control	District Attorney General		
<u>Revenues</u>							
Local Taxes	\$ 943,468	\$ 394,573	\$ 1,425,407	\$ 0	\$ 0	\$ 0	\$ 2,763,448
Fines, Forfeitures, and Penalties	0	0	0	18,451	31,375	0	49,826
Other Local Revenues	1,293	5,108	0	0	2,829	0	9,230
State of Tennessee	189,500	133,114	0	0	0	0	322,614
Federal Government	38,718	0	0	0	0	0	38,718
Other Governments and Citizens Groups	106,525	0	0	0	0	0	106,525
Total Revenues	\$ 1,279,504	\$ 532,795	\$ 1,425,407	\$ 18,451	\$ 34,204	\$ 0	\$ 3,290,361
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0	0	0
Administration of Justice	0	0	0	0	49,106	0	49,106
Public Safety	1,286,890	0	0	1,867	0	0	1,288,757
Public Health and Welfare	0	649,578	0	0	0	0	649,578
Social, Cultural, and Recreational Services	0	0	0	0	0	0	0
Other Operations	0	0	1,227,952	0	0	0	1,227,952
Highways	0	0	0	0	0	0	0
Total Expenditures	\$ 1,286,890	\$ 649,578	\$ 1,227,952	\$ 1,867	\$ 49,106	\$ 0	\$ 3,215,393
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,386)	\$ (116,783)	\$ 197,455	\$ 16,584	\$ (14,902)	\$ 0	\$ 74,968
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (7,386)	\$ (116,783)	\$ 197,455	\$ 16,584	\$ (14,902)	\$ 0	\$ 74,968
Fund Balance, July 1, 2007	413,942	459,007	1,300,383	11,956	80,817	0	2,266,105
Fund Balance, June 30, 2008	\$ 406,556	\$ 342,224	\$ 1,497,838	\$ 28,540	\$ 65,915	\$ 0	\$ 2,341,073

(Continued)

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	\$ 872,957	\$ 0	\$ 0	\$ 872,957	\$ 3,636,405
Fines, Forfeitures, and Penalties	0	0	0	0	49,826
Other Local Revenues	2,828	34,527	0	37,355	46,585
State of Tennessee	4,800	0	48,403	53,203	375,817
Federal Government	0	0	0	0	38,718
Other Governments and Citizens Groups	814,375	0	0	814,375	920,900
Total Revenues	\$ 1,694,960	\$ 34,527	\$ 48,403	\$ 1,777,890	\$ 5,068,251
<u>Expenditures</u>					
Current:					
General Government	\$ 271,371	\$ 0	\$ 0	\$ 271,371	\$ 271,371
Finance	32,979	0	0	32,979	32,979
Administration of Justice	28,920	0	0	28,920	78,026
Public Safety	521,887	0	0	521,887	1,810,644
Public Health and Welfare	29,990	0	0	29,990	679,568
Social, Cultural, and Recreational Services	187,551	0	0	187,551	187,551
Other Operations	123,813	25,322	0	149,135	1,377,087
Highways	0	0	221,278	221,278	221,278
Total Expenditures	\$ 1,196,511	\$ 25,322	\$ 221,278	\$ 1,443,111	\$ 4,658,504
Excess (Deficiency) of Revenues Over Expenditures	\$ 498,449	\$ 9,205	\$ (172,875)	\$ 334,779	\$ 409,747
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 400,000	\$ 400,000	\$ 400,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 400,000	\$ 400,000	\$ 400,000
Net Change in Fund Balances	\$ 498,449	\$ 9,205	\$ 227,125	\$ 734,779	\$ 809,747
Fund Balance, July 1, 2007	423,628	71,970	533,689	1,029,287	3,295,392
Fund Balance, June 30, 2008	\$ 922,077	\$ 81,175	\$ 760,814	\$ 1,764,066	\$ 4,105,139

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 943,468	\$ 0	\$ 0	\$ 943,468	\$ 950,650	\$ 950,650	\$ (7,182)
Other Local Revenues	1,293	0	0	1,293	500	500	793
State of Tennessee	189,500	0	0	189,500	9,000	189,500	0
Federal Government	38,718	0	0	38,718	217,352	36,852	1,866
Other Governments and Citizens Groups	106,525	0	0	106,525	75,000	75,000	31,525
Total Revenues	\$ 1,279,504	\$ 0	\$ 0	\$ 1,279,504	\$ 1,252,502	\$ 1,252,502	\$ 27,002
<u>Expenditures</u>							
Public Safety							
Juvenile Services	\$ 1,286,890	(4,308)	3,122	\$ 1,285,704	\$ 1,446,917	\$ 1,478,517	\$ 192,813
Total Expenditures	\$ 1,286,890	(4,308)	3,122	\$ 1,285,704	\$ 1,446,917	\$ 1,478,517	\$ 192,813
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,386)	4,308	(3,122)	(6,200)	(194,415)	(226,015)	219,815
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (7,386)	4,308	(3,122)	(6,200)	(194,415)	(226,015)	219,815
Fund Balance, June 30, 2008	413,942	(4,308)	0	409,634	356,487	356,487	53,147
	\$ 406,556	\$ 0	(3,122)	\$ 403,434	\$ 162,072	\$ 130,472	\$ 272,962

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 394,573	\$ 0	\$ 0	\$ 394,573	\$ 436,104	\$ 436,104	\$ (41,531)
Other Local Revenues	5,108	0	0	5,108	40,000	40,000	(34,892)
State of Tennessee	133,114	0	0	133,114	175,000	175,000	(41,886)
Total Revenues	\$ 532,795	\$ 0	\$ 0	\$ 532,795	\$ 651,104	\$ 651,104	\$ (118,309)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 0	\$ 0	\$ 0	\$ 0	\$ 820	\$ 0	\$ 0
Convenience Centers	460,854	(8,287)	400	452,967	472,241	473,061	20,094
Landfill Operation and Maintenance	188,724	0	0	188,724	247,000	247,000	58,276
Total Expenditures	\$ 649,578	\$ (8,287)	\$ 400	\$ 641,691	\$ 720,061	\$ 720,061	\$ 78,370
Excess (Deficiency) of Revenues Over Expenditures	\$ (116,783)	\$ 8,287	\$ (400)	\$ (108,896)	\$ (68,957)	\$ (68,957)	\$ (39,939)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (116,783)	\$ 8,287	\$ (400)	\$ (108,896)	\$ (68,957)	\$ (68,957)	\$ (39,939)
	459,007	(8,287)	0	450,720	376,563	376,563	74,157
Fund Balance, June 30, 2008	\$ 342,224	\$ 0	\$ (400)	\$ 341,824	\$ 307,606	\$ 307,606	\$ 34,218

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,425,407	\$ 1,309,650	\$ 1,401,250	\$ 24,157
Total Revenues	\$ 1,425,407	\$ 1,309,650	\$ 1,401,250	\$ 24,157
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 1,227,952	\$ 20,000	\$ 1,270,000	\$ 42,048
Total Expenditures	\$ 1,227,952	\$ 20,000	\$ 1,270,000	\$ 42,048
Excess (Deficiency) of Revenues Over Expenditures	\$ 197,455	\$ 1,289,650	\$ 131,250	\$ 66,205
Net Change in Fund Balance	\$ 197,455	\$ 1,289,650	\$ 131,250	\$ 66,205
Fund Balance, July 1, 2007	1,300,383	1,263,484	1,263,484	36,899
Fund Balance, June 30, 2008	\$ 1,497,838	\$ 2,553,134	\$ 1,394,734	\$ 103,104

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 18,451	\$ 10,800	\$ 10,800	\$ 7,651
Total Revenues	\$ 18,451	\$ 10,800	\$ 10,800	\$ 7,651
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 1,867	\$ 5,160	\$ 5,160	\$ 3,293
Total Expenditures	\$ 1,867	\$ 5,160	\$ 5,160	\$ 3,293
Excess (Deficiency) of Revenues Over Expenditures	\$ 16,584	\$ 5,640	\$ 5,640	\$ 10,944
Net Change in Fund Balance	\$ 16,584	\$ 5,640	\$ 5,640	\$ 10,944
Fund Balance, July 1, 2007	11,956	7,648	7,648	4,308
Fund Balance, June 30, 2008	\$ 28,540	\$ 13,288	\$ 13,288	\$ 15,252

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 872,957	\$ 0	\$ 0	\$ 872,957	\$ 871,400	\$ 875,400	\$ (2,443)
Other Local Revenues	2,828	0	0	2,828	0	2,828	0
State of Tennessee	4,800	0	0	4,800	0	4,800	0
Other Governments and Citizens Groups	814,375	0	0	814,375	0	811,375	3,000
<b>Total Revenues</b>	<b>\$ 1,694,960</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,694,960</b>	<b>\$ 871,400</b>	<b>\$ 1,694,403</b>	<b>\$ 557</b>
<b>Expenditures</b>							
<u>General Government</u>							
Election Commission	\$ 18,640	\$ 0	\$ 0	\$ 18,640	\$ 1,800	\$ 25,800	\$ 7,160
County Buildings	249,505	(34,874)	0	214,631	78,633	215,094	463
Preservation of Records	3,226	0	0	3,226	800	3,226	0
Finance							
Accounting and Budgeting	16,899	(16,899)	0	0	0	0	0
Property Assessor's Office	9,900	(9,900)	0	0	0	0	0
County Clerk's Office	6,180	0	0	6,180	10,000	10,000	3,820
<u>Administration of Justice</u>							
Chancery Court	28,920	(8,048)	0	20,872	25,507	25,507	4,635
<u>Public Safety</u>							
Sheriff's Department	211,886	0	0	211,886	211,920	211,920	34
Juvenile Services	0	0	0	0	10,000	10,000	10,000
Fire Prevention and Control	291,443	0	0	291,443	305,000	305,000	13,557
Civil Defense	18,558	0	1,000	19,558	0	20,000	442
<u>Public Health and Welfare</u>							
Local Health Center	16,990	0	0	16,990	0	20,302	3,312
Convenience Centers	13,000	(1,000)	0	12,000	0	13,500	1,500
<u>Social, Cultural, and Recreational Services</u>							
Libraries	67,487	0	0	67,487	33,750	67,500	13

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Parks and Fair Boards	\$ 120,064	\$ 0	\$ 38,400	\$ 158,464	\$ 166,000	\$ 166,000	\$ 7,536
Other Operations	6,705	0	0	6,705	63,750	63,750	57,045
Airport	100,000	0	0	100,000	129,739	259,478	159,478
Contributions to Other Agencies	17,108	0	0	17,108	0	33,500	16,392
Miscellaneous							
Total Expenditures	\$ 1,196,511	\$ (70,721)	\$ 39,400	\$ 1,165,190	\$ 1,036,899	\$ 1,450,577	\$ 285,387
Excess (Deficiency) of Revenues Over Expenditures	\$ 498,449	\$ 70,721	\$ (39,400)	\$ 529,770	\$ (165,499)	\$ 243,826	\$ 285,944
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 498,449	\$ 70,721	\$ (39,400)	\$ 529,770	\$ (165,499)	\$ 243,826	\$ 285,944
	423,628	(70,721)	0	352,907	245,245	245,245	107,662
Fund Balance, June 30, 2008	\$ 922,077	\$ 0	\$ (39,400)	\$ 882,677	\$ 79,746	\$ 489,071	\$ 393,606

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 34,527	\$ 33,000	\$ 33,000	\$ 1,527
Total Revenues	\$ 34,527	\$ 33,000	\$ 33,000	\$ 1,527
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 322	\$ 340	\$ 340	\$ 18
Payments to Cities	25,000	0	25,000	0
Total Expenditures	\$ 25,322	\$ 340	\$ 25,340	\$ 18
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,205	\$ 32,660	\$ 7,660	\$ 1,545
Net Change in Fund Balance	\$ 9,205	\$ 32,660	\$ 7,660	\$ 1,545
Fund Balance, July 1, 2007	71,970	72,961	72,961	(991)
Fund Balance, June 30, 2008	\$ 81,175	\$ 105,621	\$ 80,621	\$ 554

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# **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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,700,943	\$ 8,729,000	\$ 8,759,000	\$ (58,057)
Other Local Revenues	1,252,827	1,035,000	1,035,000	217,827
Total Revenues	<u>\$ 9,953,770</u>	<u>\$ 9,764,000</u>	<u>\$ 9,794,000</u>	<u>\$ 159,770</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 5,585,000	\$ 8,958,959	\$ 5,605,000	\$ 20,000
<u>Interest on Debt</u>				
General Government	3,196,959	0	3,196,959	0
<u>Other Debt Service</u>				
General Government	183,520	0	187,000	3,480
Total Expenditures	<u>\$ 8,965,479</u>	<u>\$ 8,958,959</u>	<u>\$ 8,988,959</u>	<u>\$ 23,480</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 988,291</u>	<u>\$ 805,041</u>	<u>\$ 805,041</u>	<u>\$ 183,250</u>
Net Change in Fund Balance	\$ 988,291	\$ 805,041	\$ 805,041	\$ 183,250
Fund Balance, July 1, 2007	<u>3,606,746</u>	<u>3,466,486</u>	<u>3,466,486</u>	<u>140,260</u>
Fund Balance, June 30, 2008	<u>\$ 4,595,037</u>	<u>\$ 4,271,527</u>	<u>\$ 4,271,527</u>	<u>\$ 323,510</u>

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# Fiduciary Funds

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Agency Funds are used to account for assets held by the county in a trustee capacity or 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 (40 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 City of Jackson 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.

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Exhibit I-1

Madison County, Tennessee  
 Combining Statement of Fiduciary Assets and Liabilities  
 Fiduciary Funds  
 June 30, 2008

	Agency Funds						Total
	Cities - Sales Tax	Cities - Property Tax	Watershed District	Joint Venture	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>							
Equity in Pooled Cash and Investments	\$ 41,254	\$ 3,716	\$ 22,833	\$ 20,627	\$ 0	\$ 0	\$ 88,430
Cash	0	0	0	0	3,759,647	0	3,759,647
Accounts Receivable	40,000	0	0	21,000	0	0	61,000
Due from Other Governments	1,900,000	3,600	0	0	0	1,750	1,905,350
Total Assets	<u>\$ 1,981,254</u>	<u>\$ 7,316</u>	<u>\$ 22,833</u>	<u>\$ 41,627</u>	<u>\$ 3,759,647</u>	<u>\$ 1,750</u>	<u>\$ 5,814,427</u>
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 1,981,254	\$ 7,316	\$ 0	\$ 0	\$ 0	\$ 1,750	\$ 1,990,320
Due to Litigants, Heirs, and Others	0	0	0	0	3,759,647	0	3,759,647
Other Current Liabilities	0	0	22,833	41,627	0	0	64,460
Total Liabilities	<u>\$ 1,981,254</u>	<u>\$ 7,316</u>	<u>\$ 22,833</u>	<u>\$ 41,627</u>	<u>\$ 3,759,647</u>	<u>\$ 1,750</u>	<u>\$ 5,814,427</u>

Exhibit I-2

Madison County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,713	\$ 13,139,211	\$ 13,140,670	\$ 41,254
Accounts Receivable	51,283	40,000	51,283	40,000
Due from Other Governments	3,412,389	1,900,000	3,412,389	1,900,000
Total Assets	\$ 3,506,385	\$ 15,079,211	\$ 16,604,342	\$ 1,981,254
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,506,385	\$ 15,079,211	\$ 16,604,342	\$ 1,981,254
Total Liabilities	\$ 3,506,385	\$ 15,079,211	\$ 16,604,342	\$ 1,981,254
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,985	\$ 250,814	\$ 251,083	\$ 3,716
Due from Other Governments	4,252	3,600	4,252	3,600
Total Assets	\$ 8,237	\$ 254,414	\$ 255,335	\$ 7,316
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 8,237	\$ 254,414	\$ 255,335	\$ 7,316
Total Liabilities	\$ 8,237	\$ 254,414	\$ 255,335	\$ 7,316
<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	\$ 28,475	\$ 223,420	\$ 231,268	\$ 20,627
Accounts Receivable	34,188	21,000	34,188	21,000
Total Assets	\$ 62,663	\$ 244,420	\$ 265,456	\$ 41,627
<u>Liabilities</u>				
Other Current Liabilities	\$ 62,663	\$ 244,420	\$ 265,456	\$ 41,627
Total Liabilities	\$ 62,663	\$ 244,420	\$ 265,456	\$ 41,627

(Continued)

## Exhibit I-2

Madison County, TennesseeCombining 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	\$ 4,144,590	\$ 22,488,211	\$ 22,873,154	\$ 3,759,647
Total Assets	\$ 4,144,590	\$ 22,488,211	\$ 22,873,154	\$ 3,759,647
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,144,590	\$ 22,488,211	\$ 22,873,154	\$ 3,759,647
Total Liabilities	\$ 4,144,590	\$ 22,488,211	\$ 22,873,154	\$ 3,759,647
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 15,721	\$ 15,721	\$ 0
Due from Other Governments	2,828	1,750	2,828	1,750
Total Assets	\$ 2,828	\$ 17,471	\$ 18,549	\$ 1,750
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,828	\$ 17,471	\$ 18,549	\$ 1,750
Total Liabilities	\$ 2,828	\$ 17,471	\$ 18,549	\$ 1,750
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 98,006	\$ 13,629,166	\$ 13,638,742	\$ 88,430
Cash	4,144,590	22,488,211	22,873,154	3,759,647
Accounts Receivable	85,471	61,000	85,471	61,000
Due from Other Governments	3,419,469	1,905,350	3,419,469	1,905,350
Total Assets	\$ 7,747,536	\$ 38,083,727	\$ 40,016,836	\$ 5,814,427
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,517,450	\$ 15,351,096	\$ 16,878,226	\$ 1,990,320
Due to Litigants, Heirs, and Others	4,144,590	22,488,211	22,873,154	3,759,647
Other Current Liabilities	85,496	244,420	265,456	64,460
Total Liabilities	\$ 7,747,536	\$ 38,083,727	\$ 40,016,836	\$ 5,814,427

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# 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 School Department uses a General Fund, two Special Revenue Funds, one Capital Projects Fund, and one 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 Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for 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.

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Exhibit J-1

Madison County, Tennessee  
Statement of Activities  
Discretely Presented Madison County School Department  
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 69,149,438	\$ 585,358	\$ 7,792,843	\$ (60,771,237)
Support Services	36,485,212	5,290	1,182,599	(35,297,323)
Operation of Non-Instructional Services	8,934,396	1,771,561	6,298,378	(864,457)
Total Governmental Activities	\$ 114,569,046	\$ 2,362,209	\$ 15,273,820	\$ (96,933,017)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 13,758,777
Local Option Sales Taxes				33,544,230
Other Local Taxes				11,832
Grants and Contributions Not Restricted to Specific Programs				49,010,155
Miscellaneous				66,877
Total General Revenues				\$ 96,391,871
Change in Net Assets				\$ (541,146)
Net Assets, July 1, 2007				88,444,569
Prior-period Adjustment				(944,847)
Net Assets, June 30, 2008				\$ 86,958,576

Exhibit J-2

Madison County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Madison County School Department  
June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Other Govern- mental Funds</u>	<u>Govern- mental Funds</u>
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 5,154,198	\$ 3,063,134	\$ 8,217,332
Accounts Receivable	36,152	2,306	38,458
Due from Other Governments	5,878,807	1,314,774	7,193,581
Due from Other Funds	490,523	0	490,523
Property Taxes Receivable	12,516,555	1,564,569	14,081,124
Allowance for Uncollectible Property Taxes	(576,038)	(72,005)	(648,043)
Total Assets	<u>\$ 23,500,197</u>	<u>\$ 5,872,778</u>	<u>\$ 29,372,975</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<u>Liabilities</u>			
Accounts Payable	\$ 57,493	\$ 10,512	\$ 68,005
Payroll Deductions Payable	3,925,111	431,507	4,356,618
Due to Other Funds	0	484,794	484,794
Deferred Revenue - Current Property Taxes	11,500,022	1,437,503	12,937,525
Deferred Revenue - Delinquent Property Taxes	387,495	50,761	438,256
Other Deferred Revenues	2,750,256	0	2,750,256
Total Liabilities	<u>\$ 18,620,377</u>	<u>\$ 2,415,077</u>	<u>\$ 21,035,454</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 72,378	\$ 588,805	\$ 661,183
Other Local Education Reserves	718,625	0	718,625
Reserved for Career Ladder Program	41,487	0	41,487
Reserved for Title I Grants to Local Education Agencies	0	577,334	577,334
Reserved for Innovative Education Program Strategies	0	316,232	316,232
Reserved for Special Education - Grants to States	0	32,345	32,345
Other Federal Reserves	0	42,201	42,201
Unreserved, Reported In:			
General Fund	4,047,330	0	4,047,330
Special Revenue Funds	0	1,941,563	1,941,563
Capital Projects Funds (Deficit)	0	(40,779)	(40,779)
Total Fund Balances	<u>\$ 4,879,820</u>	<u>\$ 3,457,701</u>	<u>\$ 8,337,521</u>
Total Liabilities and Fund Balances	<u>\$ 23,500,197</u>	<u>\$ 5,872,778</u>	<u>\$ 29,372,975</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, 2008

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)		\$	8,337,521
(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		69,092,466	
Add: other capital assets net of accumulated depreciation		<u>4,809,690</u>	75,993,718
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(346,351)	
Less: other postemployment benefits		<u>(214,824)</u>	(561,175)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>3,188,512</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>86,958,576</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, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 46,363,133	\$ 1,506,189	\$ 47,869,322
Licenses and Permits	11,058	0	11,058
Charges for Current Services	443,518	1,771,561	2,215,079
Other Local Revenues	212,398	90,349	302,747
State of Tennessee	48,650,394	79,963	48,730,357
Federal Government	272,427	13,357,304	13,629,731
Other Governments and Citizens Groups	1,200,000	0	1,200,000
Total Revenues	<u>\$ 97,152,928</u>	<u>\$ 16,805,366</u>	<u>\$ 113,958,294</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 61,156,517	\$ 5,030,448	\$ 66,186,965
Support Services	33,655,347	2,650,788	36,306,135
Operation of Non-Instructional Services	1,569,666	6,815,235	8,384,901
Capital Projects	0	1,736,309	1,736,309
Total Expenditures	<u>\$ 96,381,530</u>	<u>\$ 16,232,780</u>	<u>\$ 112,614,310</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 771,398</u>	<u>\$ 572,586</u>	<u>\$ 1,343,984</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 18,507	\$ 94,430	\$ 112,937
Transfers In	38,895	0	38,895
Transfers Out	0	(38,895)	(38,895)
Total Other Financing Sources (Uses)	<u>\$ 57,402</u>	<u>\$ 55,535</u>	<u>\$ 112,937</u>
Net Change in Fund Balances	\$ 828,800	\$ 628,121	\$ 1,456,921
Fund Balance, July 1, 2007	4,995,867	2,829,580	7,825,447
Prior-period Adjustment	(944,847)	0	(944,847)
Fund Balance, June 30, 2008	<u>\$ 4,879,820</u>	<u>\$ 3,457,701</u>	<u>\$ 8,337,521</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, 2008

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)		\$ 1,456,921
(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	\$ 1,564,397	
Less: current year depreciation expense	<u>(2,977,428)</u>	(1,413,031)
(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/other deferred June 30, 2008	\$ 3,188,512	
Less: deferred delinquent property taxes/other deferred June 30, 2007	<u>(3,489,270)</u>	(300,758)
(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.		
Change in compensated absences	\$ (69,454)	
Change in other postemployment benefits	<u>(214,824)</u>	<u>(284,278)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (541,146)</u>

Madison County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Madison County School Department  
June 30, 2008

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
\$ 793,354	\$ 1,751,904	\$ 2,545,258	\$ 517,876	\$ 3,063,134		
1,801	0	1,801	505	2,306		
943,614	371,160	1,314,774	0	1,314,774		
0	0	0	1,564,569	1,564,569		
0	0	0	(72,005)	(72,005)		
<b>\$ 1,738,769</b>	<b>\$ 2,123,064</b>	<b>\$ 3,861,833</b>	<b>\$ 2,010,945</b>	<b>\$ 5,872,778</b>		

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities  
Accounts Payable  
Payroll Deductions Payable  
Due to Other Funds  
Deferred Revenue - Current Property Taxes  
Deferred Revenue - Delinquent Property Taxes  
Total Liabilities

Fund Balances  
Reserved for Encumbrances  
Reserved for Title I Grants to Local Education Agencies  
Reserved for Innovative Education Program Strategies  
Reserved for Special Education - Grants to States  
Other Federal Reserves  
Unreserved (Deficit)  
Total Fund Balances

Total Liabilities and Fund Balances

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, 2008

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects			
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 1,506,189	\$ 0	\$ 1,506,189	
Charges for Current Services	0	1,771,561	1,771,561	0	0	1,771,561	
Other Local Revenues	0	90,274	90,274	75	0	90,349	
State of Tennessee	0	79,963	79,963	0	0	79,963	
Federal Government	8,649,374	4,707,930	13,357,304	0	0	13,357,304	
Total Revenues	\$ 8,649,374	\$ 6,649,728	\$ 15,299,102	\$ 1,506,264	\$ 0	\$ 16,805,366	
<u>Expenditures</u>							
Current:							
Instruction	\$ 5,030,448	\$ 0	\$ 5,030,448	\$ 0	\$ 0	\$ 5,030,448	
Support Services	2,650,788	0	2,650,788	0	0	2,650,788	
Operation of Non-Instructional Services	0	6,815,235	6,815,235	0	0	6,815,235	
Capital Projects	0	0	0	1,736,309	0	1,736,309	
Total Expenditures	\$ 7,681,236	\$ 6,815,235	\$ 14,496,471	\$ 1,736,309	\$ 0	\$ 16,232,780	
Excess (Deficiency) of Revenues Over Expenditures	\$ 968,138	\$ (165,507)	\$ 802,631	\$ (230,045)	\$ 0	\$ 572,586	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 94,430	\$ 0	\$ 94,430	
Transfers Out	(38,895)	0	(38,895)	0	0	(38,895)	
Total Other Financing Sources (Uses)	\$ (38,895)	\$ 0	\$ (38,895)	\$ 94,430	\$ 0	\$ 55,535	
Net Change in Fund Balances	\$ 929,243	\$ (165,507)	\$ 763,736	\$ (135,615)	\$ 0	\$ 628,121	
Fund Balance, July 1, 2007	40,987	2,130,297	2,171,284	658,296	0	2,829,580	
Fund Balance, June 30, 2008	\$ 970,230	\$ 1,964,790	\$ 2,935,020	\$ 522,681	\$ 0	\$ 3,457,701	

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 46,363,133	\$ 0	\$ 0	\$ 46,363,133	\$ 47,206,790	\$ 47,206,790	\$ (843,657)
Licenses and Permits	11,058	0	0	11,058	8,800	8,800	2,258
Charges for Current Services	443,518	0	0	443,518	435,500	435,500	8,018
Other Local Revenues	212,398	0	0	212,398	47,000	195,520	16,878
State of Tennessee	48,650,394	0	0	48,650,394	47,882,364	48,689,365	(38,971)
Federal Government	272,427	0	0	272,427	150,000	719,397	(446,970)
Other Governments and Citizens Groups	1,200,000	0	0	1,200,000	0	1,200,000	0
Total Revenues	\$ 97,152,928	\$ 0	\$ 0	\$ 97,152,928	\$ 95,730,454	\$ 98,455,372	\$ (1,302,444)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 48,434,683	\$ (288,310)	208	\$ 48,146,581	\$ 48,202,635	\$ 49,243,532	\$ 1,096,951
Special Education Program	9,141,319	0	0	9,141,319	8,864,290	9,581,484	440,165
Vocational Education Program	3,115,429	(555)	69,975	3,184,849	3,431,093	3,276,742	91,893
Other	465,086	0	0	465,086	324,091	474,937	9,851
<u>Support Services</u>							
Attendance	230,338	(312)	0	230,026	287,134	264,469	34,443
Health Services	24,812	0	0	24,812	72,935	32,906	8,094
Other Student Support	3,115,230	(1,254)	160	3,114,136	2,934,886	3,186,415	72,279
Regular Instruction Program	2,990,785	0	0	2,990,785	2,926,401	3,144,130	153,345
Special Education Program	481,044	0	0	481,044	600,661	528,374	47,330
Vocational Education Program	117,017	0	0	117,017	136,346	129,448	12,431
Other Programs	3,088,703	0	581	3,089,284	3,853,026	3,532,010	442,726
Board of Education	1,674,993	(39)	0	1,674,954	1,580,009	1,688,721	(36,233)
Director of Schools	387,397	0	0	387,397	400,311	394,370	6,973
Office of the Principal	6,147,536	0	0	6,147,536	6,191,562	6,260,451	112,915

(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 7/1/2007	Add: Encumbrances 6/30/2008	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	\$ 618,619	\$ 0	\$ 0	\$ 618,619	\$ 551,106	\$ 631,656	\$ 13,037
Human Services/Personnel	223,818	0	0	223,818	224,000	234,250	10,432
Operation of Plant	6,756,670	0	0	6,756,670	6,921,710	6,790,444	33,774
Maintenance of Plant	3,152,752	(2,556)	0	3,150,196	3,186,813	3,262,047	111,851
Transportation	4,645,633	0	0	4,645,633	4,464,259	4,933,052	287,419
<u>Operation of Non-Instructional Services</u>							
Food Service	1,139	0	0	1,139	1,139	1,139	0
Community Services	100,026	(60)	0	99,966	107,762	110,412	10,446
Early Childhood Education	1,468,501	0	1,454	1,469,955	0	1,480,486	10,531
Total Expenditures	\$ 96,381,530	\$ (293,086)	\$ 72,378	\$ 96,160,822	\$ 95,262,169	\$ 99,131,475	\$ 2,970,653
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 771,398	\$ 293,086	\$ (72,378)	\$ 992,106	\$ 468,285	\$ (676,103)	\$ 1,668,209
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 18,507	\$ 0	\$ 0	\$ 18,507	\$ 0	\$ 0	\$ 18,507
Transfers In	38,895	0	0	38,895	0	0	38,895
Total Other Financing Sources (Uses)	\$ 57,402	\$ 0	\$ 0	\$ 57,402	\$ 0	\$ 0	\$ 57,402
Net Change in Fund Balance	\$ 828,800	\$ 293,086	\$ (72,378)	\$ 1,049,508	\$ 468,285	\$ (676,103)	\$ 1,725,611
Fund Balance, July 1, 2007	4,995,867	(293,086)	0	4,702,781	4,065,311	4,065,311	637,470
Prior Period Adjustment	(944,847)	0	0	(944,847)	0	0	(944,847)
Fund Balance, June 30, 2008	\$ 4,879,820	\$ 0	\$ (72,378)	\$ 4,807,442	\$ 4,533,596	\$ 3,389,208	\$ 1,418,234

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 8,649,374	\$ 0	\$ 0	\$ 8,649,374	\$ 9,431,901	\$ 10,062,983	\$ (1,413,609)
Total Revenues	\$ 8,649,374	\$ 0	\$ 0	\$ 8,649,374	\$ 9,431,901	\$ 10,062,983	\$ (1,413,609)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,072,083	\$ (11,004)	\$ 0	\$ 2,061,079	\$ 3,589,911	\$ 2,907,356	\$ 846,277
Special Education Program	2,765,671	0	0	2,765,671	3,714,589	3,141,023	375,352
Vocational Education Program	192,694	0	0	192,694	374,043	225,774	33,080
<u>Support Services</u>							
Other Student Support	192,937	0	0	192,937	121,554	234,684	41,747
Regular Instruction Program	1,642,587	(753)	2,118	1,643,952	1,016,550	2,531,741	887,789
Special Education Program	168,636	0	0	168,636	145,330	255,704	87,068
Vocational Education Program	5,682	0	0	5,682	10,139	5,859	177
Other Programs	502,398	0	0	502,398	0	502,398	0
Fiscal Services	74,431	0	0	74,431	0	95,463	21,032
Transportation	64,117	0	0	64,117	60,480	102,349	38,232
Total Expenditures	\$ 7,681,236	\$ (11,757)	\$ 2,118	\$ 7,671,597	\$ 9,032,596	\$ 10,002,351	\$ 2,330,754
Excess (Deficiency) of Revenues Over Expenditures	\$ 968,138	\$ 11,757	\$ (2,118)	\$ 977,777	\$ 399,305	\$ 60,632	\$ 917,145
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (38,895)	\$ 0	\$ 0	\$ (38,895)	\$ 0	\$ (82,427)	\$ 43,532
Total Other Financing Sources (Uses)	\$ (38,895)	\$ 0	\$ 0	\$ (38,895)	\$ 0	\$ (82,427)	\$ 43,532
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 929,243	\$ 11,757	\$ (2,118)	\$ 938,882	\$ 399,305	\$ (21,795)	\$ 960,677
	40,987	(11,757)	0	29,230	1,809,278	1,809,728	(1,780,498)
Fund Balance, June 30, 2008	\$ 970,230	\$ 0	\$ (2,118)	\$ 968,112	\$ 2,208,583	\$ 1,787,933	\$ (819,821)

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,771,561	\$ 0	\$ 0	\$ 1,771,561	\$ 1,787,000	\$ 1,787,000	\$ (15,439)
Other Local Revenues	90,274	0	0	90,274	100,000	100,000	(9,726)
State of Tennessee	79,963	0	0	79,963	88,000	88,000	(8,037)
Federal Government	4,707,930	0	0	4,707,930	4,535,125	4,535,125	172,805
Total Revenues	\$ 6,649,728	\$ 0	\$ 0	\$ 6,649,728	\$ 6,510,125	\$ 6,510,125	\$ 139,603
<u>Expenditures</u>							
Operation of Non-Instructional Services							
Food Service	\$ 6,815,235	(2,645)	23,227	6,835,817	6,691,906	6,944,906	\$ 109,089
Total Expenditures	\$ 6,815,235	(2,645)	23,227	6,835,817	6,691,906	6,944,906	\$ 109,089
Excess (Deficiency) of Revenues Over Expenditures	\$ (165,507)	2,645	(23,227)	(186,089)	(181,781)	(434,781)	\$ 248,692
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (165,507)	2,645	(23,227)	(186,089)	(181,781)	(434,781)	\$ 248,692
	2,130,297	(2,645)	0	2,127,652	2,192,877	2,192,877	(65,225)
Fund Balance, June 30, 2008	\$ 1,964,790	0	(23,227)	1,941,563	2,011,096	1,758,096	\$ 183,467

Exhibit J-11

Madison County, Tennessee  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
Discretely Presented Madison County School Department  
June 30, 2008

	<u>Other Trust Pension Trust</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 1,002,790
Total Assets	<u>\$ 1,002,790</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Retirees	<u>\$ 1,002,790</u>
Total Net Assets	<u><u>\$ 1,002,790</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, 2008

	<u>Other Trust Pension Trust</u>
<u>ADDITIONS</u>	
<u>Contributions</u>	
Tennessee Consolidated Retirement System	\$ 383,376
Employer	427,936
Plan Members	<u>1,495</u>
Total Contributions	<u>\$ 812,807</u>
<u>Investment Income</u>	
Interest Earned	\$ 34,081
Total Investment Income	<u>\$ 34,081</u>
Total Additions	<u>\$ 846,888</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 810,222
Trustee's Commission	370
Total Deductions	<u>\$ 810,592</u>
Change in Net Assets	\$ 36,296
Net Assets, July 1, 2007	<u>966,494</u>
Net Assets, June 30, 2008	<u><u>\$ 1,002,790</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, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Paid and/or Matured During Period	Outstanding 6-30-08
<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	\$ 99,868	\$ 14,016	\$ 85,852
Total Payable through General Fund					\$ 99,868	\$ 14,016	\$ 85,852
<u>Payable through General Debt Service Fund</u>							
Refunding Note, Series 1999	8,510,000	4 to 5	12-1-1998	5-1-08	\$ 1,205,000	\$ 1,205,000	\$ 0
Refunding Note Series 2003	2,450,000	2 to 2.65	4-21-03	4-1-08	990,000	990,000	0
Refunding Notes, Series 2004	21,315,000	4 to 5	3-15-04	4-1-13	21,315,000	2,500,000	18,815,000
Total Payable through General Debt Service Fund					\$ 23,510,000	\$ 4,695,000	\$ 18,815,000
Total Notes Payable					\$ 23,609,868	\$ 4,709,016	\$ 18,900,852
<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	\$ 640,000	\$ 640,000	\$ 0
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	9,900,000	50,000	9,850,000
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	4,935,000	200,000	4,735,000
Total Bonds Payable					\$ 47,500,000	\$ 890,000	\$ 46,610,000

Exhibit K-2

Madison County, Tennessee  
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 4,444,472	\$ 899,066	\$ 5,343,538
2010	4,534,964	721,374	5,256,338
2011	4,280,468	494,870	4,775,338
2012	4,015,984	281,104	4,297,088
2013	1,616,512	80,576	1,697,088
2014	8,452	84	8,536
Total	<u>\$ 18,900,852</u>	<u>\$ 2,477,074</u>	<u>\$ 21,377,926</u>

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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>\$ 46,610,000</u>	<u>\$ 15,528,116</u>	<u>\$ 62,138,116</u>

Exhibit K-3

Madison County, Tennessee  
Schedule of Notes Receivable  
June 30, 2008

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-08</u>
<u>General Fund</u>						
Wastewater Facility Construction	Jackson Energy Authority	\$ 250,000	4-1-1994	4-1-34	3.3 %	\$ 195,247
<b>Total Notes Receivable</b>						<u><u>\$ 195,247</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, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General	Finance department operations	\$ 29,203
Highway/Public Works	Highway Capital Projects	Capital outlay	400,000
Total Transfers Primary Government			<u>\$ 429,203</u>
<u>DISCRETELY PRESENTED MADISON COUNTY</u>			
<u>SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 38,895</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, 2008

Official	Authorization for Salary	\$	Salary Paid During Period	\$	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>		93,860 (1)	50,000	Fidelity & Deposit Company of Maryland	
Highway Engineer	Section 8-24-102, <u>TCA</u>		111,278	100,000	Western Surety Company	
Director of Schools	State Board of Education and Madison Co. Board of Education		133,913 (2)	50,000	Western Surety Company	
Trustee	Section 8-24-102, <u>TCA</u>		70,847 (1), (3)	3,450,000	Fidelity & Deposit Company of Maryland	
Assessor of Property	Section 8-24-102, <u>TCA</u>		70,847 (1), (3)	10,000	Hartford Fire Insurance Company	
Director of Finance	County Commission		81,131 (1)	50,000	"	
County Clerk	Section 8-24-102, <u>TCA</u>		70,847 (1), (3)	50,000	"	
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>		73,892 (1), (3)	50,000	"	
Clerk and Master	Section 8-24-102, <u>TCA</u>		73,892 (1), (3)	50,000	RLI Insurance Company	
Juvenile Court Clerk	Chapter 212, Private Acts of 1990		69,347 (1)	50,000	Fidelity & Deposit Company of Maryland	
Register	Section 8-24-102, <u>TCA</u>		69,347 (1)	50,000	"	
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission		90,865 (1), (4), (5)	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 bonus of \$500.

(2) Includes chief executive officer training supplement of \$1,000.

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

(4) Includes law enforcement training supplement of \$600 and a clothing allowance of \$750.

(5) 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, 2008

	Special Revenue Funds						
	General	Juvenile Services	Solid Waste/Sanitation	Local Purpose Tax	Drug Control	District Attorney General	Highway/Public Works
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 12,362,112	\$ 851,159	\$ 364,773	\$ 1,297,006	\$ 0	\$ 0	\$ 1,587,936
Trustee's Collections - Prior Year	408,692	32,730	7,017	43,250	0	0	47,430
Circuit/Clerk & Master Collections - Prior Years	327,267	25,780	9,145	34,372	0	0	42,966
Interest and Penalty	76,505	5,734	1,612	8,026	0	0	9,960
Payments in-Lieu-of Taxes - Local Utilities	226,525	14,653	6,280	22,328	0	0	27,213
Payments in-Lieu-of Taxes - Other	130,564	8,991	3,851	13,688	0	0	16,696
<u>County Local Option Taxes</u>							
Local Option Sales Tax	959,084	0	0	0	0	0	0
Hotel/Motel Tax	425,907	0	0	0	0	0	0
Litigation Tax - General	342,466	0	0	0	0	0	0
Litigation Tax - Special Purpose	322,945	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0
Business Tax	1,485,799	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	53,764
<u>Statutory Local Taxes</u>							
Bank Excise Tax	64,215	4,421	1,895	6,737	0	0	8,211
Wholesale Beer Tax	343,419	0	0	0	0	0	0
Interstate Telecommunications Tax	3,885	0	0	0	0	0	0
Total Local Taxes	\$ 17,479,385	\$ 943,468	\$ 394,573	\$ 1,425,407	\$ 0	\$ 0	\$ 1,794,176
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	\$ 17,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Animal Vaccination	1,740	0	0	0	0	0	0
Cable TV Franchise	268,242	0	0	0	0	0	0
Permits							
Building Permits	126,227	0	0	0	0	0	0
Other Permits	1,205	0	0	0	0	0	0
Total Licenses and Permits	\$ 414,934	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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	District Attorney General	Highway/Public Works
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 64,281	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	41,087	0	0	0	0	0	0
Drug Control Fines	1,514	0	0	0	0	0	0
Drug Court Fees	5,569	0	0	0	0	0	0
Jail Fees	20,792	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	13,807	0
DUI Treatment Fines	3,198	0	0	0	0	0	0
Data Entry Fee - Circuit Court	1,785	0	0	0	0	0	0
Courtroom Security Fee	526	0	0	0	0	0	0
Victims Assistance Assessments	378	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	80,867	0	0	0	0	0	0
Officers Costs	177,863	0	0	0	0	0	0
Game and Fish Fines	1,264	0	0	0	0	0	0
Drug Control Fines	10,197	0	0	0	8,208	0	0
Drug Court Fees	5,217	0	0	0	0	0	0
Jail Fees	60,676	0	0	0	0	0	0
Interpreter Fees	713	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	14,471	0
DUI Treatment Fines	10,987	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	26,480	0	0	0	0	0	0
Courtroom Security Fee	2,008	0	0	0	0	0	0
Victims Assistance Assessments	6,069	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	6,605	0	0	0	0	0	0
Data Entry Fee - Chancery Court	8,780	0	0	0	0	0	0
Courtroom Security Fee	34	0	0	0	0	0	0
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	0	3,097	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	10,243	0	0
Total Fines, Forfeitures, and Penalties	\$ 536,890	\$ 0	\$ 0	\$ 0	\$ 18,451	\$ 31,375	\$ 0

(Continued)

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	District Attorney General	Highway/ Public Works
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 8,357	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Health Department Collections	450,000	0	0	0	0	0	0
Other General Service Charges	6,743	0	0	0	0	0	0
<u>Fees</u>							
Engineer Review Fees	7,046	0	0	0	0	0	0
Recreation Fees	70,457	0	0	0	0	0	0
Copy Fees	932	0	0	0	0	0	0
Telephone Commissions	89,691	0	0	0	0	0	0
Vending Machine Collections	91,930	0	0	0	0	0	0
Data Processing Fee - Register	40,230	0	0	0	0	0	0
Data Processing Fee - Sheriff	18,579	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,600	0	0	0	0	0	0
<u>Education Charges</u>							
Community Service Fees - Adults	467,536	0	0	0	0	0	0
TBI Criminal Background Fees	970	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,255,071	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0	0	0	0	0	0	0
Lease/Rentals	150,413	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	42,591
Sale of Gasoline	3,112	0	0	0	0	0	0
Sale of Maps	1,000	0	0	0	0	0	0
Sale of Recycled Materials	674	0	3,700	0	0	0	0
Miscellaneous Refunds	245,483	1,293	1,408	0	0	2,829	69,259
Expenditure Credits	11,372	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Property	56,482	0	0	0	0	0	0
Damages Recovered from Individuals	572	0	0	0	0	0	0
Contributions and Gifts	682	0	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	District Attorney General	Highway/Public Works
<u>Other Local Revenues (Cont.)</u>							
<u>Other Local Revenues</u>	\$ 6,529	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Local Revenues	\$ 476,319	\$ 1,293	\$ 5,108	\$ 0	\$ 0	\$ 2,829	\$ 111,850
Total Other Local Revenues							
<u>Fees Received from County Officials</u>							
<u>Fees In-Lieu-of Salary</u>							
County Clerk	\$ 833,437	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	337,009	0	0	0	0	0	0
General Sessions Court Clerk	824,452	0	0	0	0	0	0
Clerk and Master	539,249	0	0	0	0	0	0
Juvenile Court Clerk	189,406	0	0	0	0	0	0
Register	519,819	0	0	0	0	0	0
Sheriff	35,930	0	0	0	0	0	0
Trustee	1,548,377	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 4,827,679	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 213,882	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	28,411	0	0	0	0	0	0
Solid Waste Grants	0	0	133,114	0	0	0	0
Other General Government Grants	45,273	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	30,000	0	0	0	0	0	0
Drug Control Grants	48,142	0	0	0	0	0	0
Other Public Safety Grants	20,487	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	2,860,744	0	0	0	0	0	0
Other Health and Welfare Grants	15,789	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	54,935
State Aid Program	0	0	0	0	0	0	447,684
Litter Program	48,977	0	0	0	0	0	0

(Continued)

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	District Attorney General	Highway/Public Works
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues</u>							
Income Tax	\$ 603,126	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	19,312	0	0	0	0	0	0
Alcoholic Beverage Tax	109,858	0	0	0	0	0	0
Mixed Drink Tax	11,175	0	0	0	0	0	0
Prisoner Transportation	14,141	0	0	0	0	0	0
Contracted Prisoner Boarding	913,195	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	2,407,000
Registrar's Salary Supplement	20,475	0	0	0	0	0	73,755
Other State Grants	73,471	180,500	0	0	0	0	0
Other State Revenues	679,984	9,000	0	0	0	0	0
Total State of Tennessee	\$ 5,756,442	\$ 189,500	\$ 133,114	\$ 0	\$ 0	\$ 0	\$ 2,983,374
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 199,539	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	27,045	0	0	0	0	0	0
Other Federal through State	264,900	38,718	0	0	0	0	0
Direct Federal Revenue							
Other Direct Federal Revenue	13,800	0	0	0	0	0	0
Total Federal Government	\$ 505,284	\$ 38,718	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board Contributions	\$ 51,360	\$ 106,525	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	895,455	0	0	0	0	0	0
Total Other Governments and Citizens Groups	960,591	0	0	0	0	0	0
	\$ 1,907,406	\$ 106,525	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 33,159,410	\$ 1,279,504	\$ 532,795	\$ 1,425,407	\$ 18,451	\$ 34,204	\$ 4,889,400

(Continued)

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

	Debt Service Fund	Capital Projects Funds					Total
		General Debt Service	General Capital Projects	Community		Highway Capital Projects	
				Development/ Industrial Park			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 7,782,035	\$ 810,627	\$ 0	\$ 0	\$ 25,055,648		
Trustee's Collections - Prior Year	260,922	16,164	0	0	816,205		
Circuit/Clerk & Master Collections - Prior Years	206,237	13,148	0	0	658,915		
Interest and Penalty	47,767	3,745	0	0	153,349		
Payments in-Lieu-of Taxes - Local Utilities	133,969	16,503	0	0	447,471		
Payments in-Lieu-of Taxes - Other	82,192	8,559	0	0	264,541		
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	959,084		
Hotel/Motel Tax	0	0	0	0	425,907		
Litigation Tax - General	0	0	0	0	342,466		
Litigation Tax - Special Purpose	0	0	0	0	322,945		
Litigation Tax - Jail, Workhouse, or Courthouse	147,397	0	0	0	147,397		
Business Tax	0	0	0	0	1,485,799		
Mineral Severance Tax	0	0	0	0	53,764		
<u>Statutory Local Taxes</u>							
Bank Excise Tax	40,424	4,211	0	0	130,114		
Wholesale Beer Tax	0	0	0	0	343,419		
Interstate Telecommunications Tax	0	0	0	0	3,885		
Total Local Taxes	\$ 8,700,943	\$ 872,957	\$ 0	\$ 0	\$ 31,610,909		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	0	0	0	0	17,520		
Animal Vaccination	0	0	0	0	1,740		
Cable TV Franchise	0	0	0	0	268,242		
<u>Permits</u>							
Building Permits	0	0	0	0	126,227		
Other Permits	0	0	0	0	1,205		
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 414,934		

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$	0 \$	0 \$	0 \$	0 \$	64,281
Officers Costs		0	0	0	0	41,087
Drug Control Fines		0	0	0	0	1,514
Drug Court Fees		0	0	0	0	5,569
Jail Fees		0	0	0	0	20,792
District Attorney General Fees		0	0	0	0	13,807
DUI Treatment Fines		0	0	0	0	3,198
Data Entry Fee - Circuit Court		0	0	0	0	1,785
Courtroom Security Fee		0	0	0	0	526
Victims Assistance Assessments		0	0	0	0	378
<u>General Sessions Court</u>						
Fines		0	0	0	0	80,867
Officers Costs		0	0	0	0	177,863
Game and Fish Fines		0	0	0	0	1,264
Drug Control Fines		0	0	0	0	18,405
Drug Court Fees		0	0	0	0	5,217
Jail Fees		0	0	0	0	60,676
Interpreter Fees		0	0	0	0	713
District Attorney General Fees		0	0	0	0	14,471
DUI Treatment Fines		0	0	0	0	10,987
Data Entry Fee - General Sessions Court		0	0	0	0	26,480
Courtroom Security Fee		0	0	0	0	2,008
Victims Assistance Assessments		0	0	0	0	6,069
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	6,605
Data Entry Fee - Chancery Court		0	0	0	0	8,780
Courtroom Security Fee		0	0	0	0	34
<u>Courts in Other District Counties</u>						
District Attorney General Fees		0	0	0	0	3,097
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property		0	0	0	0	10,243
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	586,716

(Continued)

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

	Debt Service Fund	Capital Projects Funds					Total
		General Debt Service	General Capital Projects	Community		Highway Capital Projects	
				Development/ Industrial	Park		
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,357	
Health Department Collections	0	0	0	0	0	450,000	
Other General Service Charges	0	0	0	0	0	6,743	
<u>Fees</u>							
Engineer Review Fees	0	0	0	0	0	7,046	
Recreation Fees	0	0	0	0	0	70,457	
Copy Fees	0	0	0	0	0	932	
Telephone Commissions	0	0	0	0	0	89,691	
Vending Machine Collections	0	0	0	0	0	91,930	
Data Processing Fee - Register	0	0	0	0	0	40,230	
Data Processing Fee - Sheriff	0	0	0	0	0	18,579	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	2,600	
<u>Education Charges</u>							
Community Service Fees - Adults	0	0	0	0	0	467,536	
TBI Criminal Background Fees	0	0	0	0	0	970	
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,255,071	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 1,252,827	\$ 0	\$ 0	\$ 0	\$ 0	1,252,827	
Lease/Rentals	0	0	32,232	0	0	182,645	
Sale of Materials and Supplies	0	0	0	0	0	42,591	
Sale of Gasoline	0	0	0	0	0	3,112	
Sale of Maps	0	0	0	0	0	1,000	
Sale of Recycled Materials	0	0	0	0	0	4,374	
Miscellaneous Refunds	0	2,828	2,295	0	0	325,395	
Expenditure Credits	0	0	0	0	0	11,372	
<u>Nonrecurring Items</u>							
Sale of Property	0	0	0	0	0	56,482	
Damages Recovered from Individuals	0	0	0	0	0	572	
Contributions and Gifts	0	0	0	0	0	682	

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service		General Capital Projects	Community Development/Industrial Park	Highway Capital Projects		
<u>Other Local Revenues (Cont.)</u>							
<u>Other Local Revenues</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,529
<u>Total Other Local Revenues</u>	\$ 1,252,827	\$ 2,828	\$ 34,527	\$ 0	\$ 0	\$ 1,887,581	
<u>Fees Received from County Officials</u>							
<u>Fees-In-Lieu of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 833,437
Circuit Court Clerk	0	0	0	0	0	0	337,009
General Sessions Court Clerk	0	0	0	0	0	0	824,452
Clerk and Master	0	0	0	0	0	0	539,249
Juvenile Court Clerk	0	0	0	0	0	0	189,406
Register	0	0	0	0	0	0	519,819
Sheriff	0	0	0	0	0	0	35,930
Trustee	0	0	0	0	0	0	1,548,377
<u>Total Fees Received from County Officials</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,827,679
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	213,882
State Reappraisal Grant	0	0	0	0	0	0	28,411
Solid Waste Grants	0	0	0	0	0	0	133,114
Other General Government Grants	0	0	0	0	0	0	45,273
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	30,000
Drug Control Grants	0	0	0	0	0	0	48,142
Other Public Safety Grants	0	0	0	0	0	0	20,487
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	2,860,744
Other Health and Welfare Grants	0	0	0	0	0	0	15,789
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	48,403	0	103,338
State Aid Program	0	0	0	0	0	0	447,684
Litter Program	0	0	0	0	0	0	48,977

(Continued)

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

	Debt Service Fund	Capital Projects Funds					Total
		General Debt Service	General Capital Projects	Community		Highway Capital Projects	
				Development/ Industrial Park			
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues</u>							
Income Tax	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	603,126
Beer Tax	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	0	109,858
Mixed Drink Tax	0	0	0	0	0	0	11,175
Prisoner Transportation	0	0	0	0	0	0	14,141
Contracted Prisoner Boarding	0	0	0	0	0	0	913,195
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	2,407,000
Petroleum Special Tax	0	0	0	0	0	0	73,755
Registrar's Salary Supplement	0	0	0	0	0	0	20,475
Other State Grants	0	4,800	0	0	0	0	258,771
Other State Revenues	0	0	0	0	0	0	688,984
Total State of Tennessee	\$ 0 \$	4,800 \$	0 \$	0 \$	48,403 \$	0 \$	9,115,633
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	199,539
Law Enforcement Grants	0	0	0	0	0	0	27,045
Other Federal through State	0	0	0	0	0	0	303,618
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	13,800
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	544,002
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	157,885
Contributions	0	803,000	0	0	0	0	1,698,455
Contracted Services	0	11,375	0	0	0	0	971,966
Total Other Governments and Citizens Groups	\$ 0 \$	814,375 \$	0 \$	0 \$	0 \$	0 \$	2,828,306
Total	\$ 9,953,770 \$	1,694,960 \$	34,527 \$	48,403 \$	53,070,831		

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, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 11,077,550	\$ 0	\$ 0	\$ 1,382,385	\$ 12,459,935
Trustee's Collections - Prior Year	350,079	0	0	28,163	378,242
Circuit/Clerk & Master Collections - Prior Years	316,876	0	0	25,781	342,657
Interest and Penalty	76,207	0	0	7,328	83,535
Payments in-Lieu-of Taxes - T.V.A.	1,539	0	0	0	1,539
Payments in-Lieu-of Taxes - Local Utilities	399,937	0	0	40,821	440,758
Payments in-Lieu-of Taxes - Other	342,246	0	0	14,552	356,798
<u>County Local Option Taxes</u>					
Local Option Sales Tax	33,729,600	0	0	0	33,729,600
<u>Statutory Local Taxes</u>					
Bank Excise Tax	57,267	0	0	7,159	64,426
Interstate Telecommunications Tax	11,832	0	0	0	11,832
Total Local Taxes	\$ 46,363,133	\$ 0	\$ 0	\$ 1,506,189	\$ 47,869,322
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 7,524	\$ 0	\$ 0	\$ 0	\$ 7,524
<u>Permits</u>					
Other Permits	3,534	0	0	0	3,534
Total Licenses and Permits	\$ 11,058	\$ 0	\$ 0	\$ 0	\$ 11,058
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 6,775	\$ 0	\$ 0	\$ 0	\$ 6,775
Tuition - Other	434,988	0	0	0	434,988
Lunch Payments - Children	0	0	1,083,507	0	1,083,507
Lunch Payments - Adults	0	0	191,011	0	191,011
Income from Breakfast	0	0	91,017	0	91,017
A la carte Sales	0	0	406,026	0	406,026
<u>Other Charges for Services</u>					
Other Charges for Services	1,755	0	0	0	1,755
Total Charges for Current Services	\$ 443,518	\$ 0	\$ 1,771,561	\$ 0	\$ 2,215,079
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 90,274	\$ 0	\$ 90,274
Lease/Rentals	1	0	0	0	1
Refund of Telecommunication and Internet Fees (E-Rate)	143,520	0	0	0	143,520
Miscellaneous Refunds	42,102	0	0	0	42,102
<u>Nonrecurring Items</u>					
Sale of Equipment	24,775	0	0	0	24,775
Damages Recovered from Individuals	0	0	0	75	75
Contributions and Gifts	2,000	0	0	0	2,000
Total Other Local Revenues	\$ 212,398	\$ 0	\$ 90,274	\$ 75	\$ 302,747

(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>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 554,663	\$ 0	\$ 0	\$ 0	\$ 554,663
<u>State Education Funds</u>					
Basic Education Program	43,346,000	0	0	0	43,346,000
Early Childhood Education	1,048,807	0	0	0	1,048,807
School Food Service	0	0	79,963	0	79,963
Other State Education Funds	73,132	0	0	0	73,132
Career Ladder Program	780,705	0	0	0	780,705
Career Ladder - Extended Contract	287,348	0	0	0	287,348
<u>Other State Revenues</u>					
Mixed Drink Tax	10,363	0	0	0	10,363
State Revenue Sharing - T.V.A.	929,206	0	0	0	929,206
Other State Grants	1,505,105	0	0	0	1,505,105
Other State Revenues	115,065	0	0	0	115,065
Total State of Tennessee	\$ 48,650,394	\$ 0	\$ 79,963	\$ 0	\$ 48,730,357
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,310,632	\$ 0	\$ 3,310,632
Breakfast	0	0	1,397,030	0	1,397,030
USDA - Other	0	0	268	0	268
Vocational Education - Basic Grants to States	0	302,028	0	0	302,028
Other Vocational	9,136	0	0	0	9,136
Title I Grants to Local Education Agencies	0	3,016,289	0	0	3,016,289
Innovative Education Program Strategies	10,939	64,212	0	0	75,151
Special Education - Grants to States	58,802	4,145,228	0	0	4,204,030
Special Education Preschool Grants	0	2,416	0	0	2,416
English Language Acquisition Grants	0	12,479	0	0	12,479
Safe and Drug-Free Schools - State Grants	0	24,598	0	0	24,598
Eisenhower Professional Development State Grants	0	482,211	0	0	482,211
Other Federal through State	0	599,913	0	0	599,913
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	193,550	0	0	0	193,550
Total Federal Government	\$ 272,427	\$ 8,649,374	\$ 4,707,930	\$ 0	\$ 13,629,731
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 1,200,000	\$ 0	\$ 0	\$ 0	\$ 1,200,000
Total Other Governments and Citizens Groups	\$ 1,200,000	\$ 0	\$ 0	\$ 0	\$ 1,200,000
Total	\$ 97,152,928	\$ 8,649,374	\$ 6,649,728	\$ 1,506,264	\$ 113,958,294

Exhibit K-8

Madison County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Secretary to Board	\$	28,000	
Salary Supplements		500	
Board and Committee Members Fees		93,600	
Travel		679	
Office Supplies		1,962	
Total County Commission			\$ 124,741

County Mayor/Executive

County Official/Administrative Officer	\$	93,360	
Salary Supplements		1,000	
Educational Incentive - Other County Employees		2,625	
Other Salaries and Wages		41,337	
In-Service Training		25	
Communication		3,871	
Data Processing Services		1,130	
Travel		4,761	
Gasoline		837	
Office Supplies		2,644	
Other Supplies and Materials		2,269	
Total County Mayor/Executive			153,859

Personnel Office

Salary Supplements	\$	500	
Educational Incentive - Other County Employees		2,625	
Other Salaries and Wages		98,997	
Communication		146	
Contracts with Private Agencies		8,675	
Data Processing Services		1,815	
Other Contracted Services		15,583	
Office Supplies		2,861	
Other Charges		600	
Total Personnel Office			131,802

County Attorney

County Official/Administrative Officer	\$	30,015	
Salary Supplements		500	
Legal Services		535	
Total County Attorney			31,050

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	68,847	
Deputy(ies)		72,187	
Salary Supplements		1,500	
Election Commission		5,780	
Election Workers		89,952	
Communication		252	
Maintenance and Repair Services - Equipment		436	
Travel		2,700	
Office Supplies		5,589	
Data Processing Equipment		7,771	
Total Election Commission			\$ 255,014

Register of Deeds

County Official/Administrative Officer	\$	68,847	
Deputy(ies)		140,499	
Salary Supplements		3,000	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		375	
Communication		5	
Data Processing Supplies		60,905	
Office Supplies		11,416	
Total Register of Deeds			286,547

County Buildings

Supervisor/Director	\$	40,656	
Salary Supplements		1,000	
Custodial Personnel		22,106	
Part-time Personnel		16,810	
Overtime Pay		3,911	
Communication		365	
Maintenance and Repair Services - Buildings		38,314	
Maintenance and Repair Services - Vehicles		2,406	
Other Contracted Services		840	
Custodial Supplies		20,155	
Gasoline		2,432	
Building Improvements		5,578	
Heating and Air Conditioning Equipment		18,018	
Total County Buildings			172,591

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

Custodial Personnel	\$	31,680	
Communication		36,269	
Maintenance and Repair Services - Buildings		97,562	
Pest Control		2,280	
Custodial Supplies		1,711	
Utilities		254,399	
Total Other Facilities			\$ 423,901

Preservation of Records

Assistant(s)	\$	14,594	
Salary Supplements		500	
Communication		1,442	
Travel		359	
Office Supplies		3,284	
Other Supplies and Materials		123	
Total Preservation of Records			20,302

Finance

Accounting and Budgeting

Supervisor/Director	\$	80,631	
Salary Supplements		7,500	
Educational Incentive - Other County Employees		7,500	
Overtime Pay		1,247	
Other Salaries and Wages		527,601	
Board and Committee Members Fees		2,500	
Audit Services		21,167	
Communication		12,909	
Data Processing Services		23,762	
Travel		5,607	
Office Supplies		49,712	
Utilities		13,369	
Other Charges		2,275	
Building Improvements		1,256	
Total Accounting and Budgeting			757,036

Property Assessor's Office

County Official/Administrative Officer	\$	68,847	
Deputy(ies)		366,173	
Salary Supplements		8,500	
Educational Incentive - Official/Admin Officer		1,500	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Board and Committee Members Fees	\$	3,000	
In-Service Training		735	
Audit Services		120,753	
Communication		2,666	
Data Processing Services		29,467	
Dues and Memberships		1,802	
Maintenance and Repair Services - Vehicles		811	
Rentals		44,740	
Travel		6,849	
Office Supplies		8,863	
Total Property Assessor's Office			\$ 664,706

Reappraisal Program

Other Salaries and Wages	\$	81,624	
Data Processing Services		8,816	
Maintenance and Repair Services - Vehicles		348	
Rentals		22,300	
Travel		1,587	
Gasoline		8,163	
Office Supplies		6,504	
Total Reappraisal Program			129,342

County Trustee's Office

County Official/Administrative Officer	\$	68,847	
Deputy(ies)		140,424	
Salary Supplements		2,000	
Part-time Personnel		16,179	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		750	
Communication		6	
Travel		1,748	
Office Supplies		14,597	
Other Charges		600	
Total County Trustee's Office			246,651

County Clerk's Office

County Official/Administrative Officer	\$	68,847	
Deputy(ies)		336,752	
Salary Supplements		5,500	
Part-time Personnel		5,452	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Educational Incentive - Official/Admin Officer	\$	1,500	
Communication		178	
Travel		455	
Office Supplies		25,123	
Building Improvements		501	
Data Processing Equipment		2,924	
Total County Clerk's Office			\$ 447,232

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	71,892	
Deputy(ies)		488,503	
Salary Supplements		9,000	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		9,000	
Jury and Witness Fees		40,294	
Communication		373	
Data Processing Services		10,102	
Operating Lease Payments		9,295	
Travel		3,005	
Duplicating Supplies		1,482	
Office Supplies		20,640	
Data Processing Equipment		8,054	
Total Circuit Court			673,140

General Sessions Court

Judge(s)	\$	136,818	
Salary Supplements		2,000	
Other Salaries and Wages		100,625	
Communication		166	
Travel		1,449	
Office Supplies		7,227	
Total General Sessions Court			248,285

Drug Court

Other Charges	\$	5,200	
Total Drug Court			5,200

Chancery Court

County Official/Administrative Officer	\$	71,892	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Deputy(ies)	\$	266,878	
Salary Supplements		5,000	
Part-time Personnel		5,500	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		2,250	
Communication		17	
Maintenance and Repair Services - Office Equipment		7,149	
Rentals		8,328	
Travel		6,204	
Data Processing Supplies		2,548	
Office Supplies		31,762	
Total Chancery Court			\$ 409,028

Juvenile Court

Judge(s)	\$	136,818	
Deputy(ies)		125	
Salary Supplements		1,500	
Part-time Personnel		2,602	
Other Salaries and Wages		81,015	
Communication		12	
Dues and Memberships		815	
Janitorial Services		227	
Maintenance and Repair Services - Buildings		4,296	
Maintenance and Repair Services - Equipment		534	
Rentals		3,268	
Travel		3,459	
Custodial Supplies		1,185	
Office Supplies		3,249	
Periodicals		857	
Utilities		27,005	
Other Supplies and Materials		796	
Building Improvements		13,509	
Data Processing Equipment		14	
Furniture and Fixtures		500	
Heating and Air Conditioning Equipment		900	
Total Juvenile Court			282,686

District Attorney General

Assistant(s)	\$	59,100	
Salary Supplements		500	
Total District Attorney General			59,600

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Office of Public Defender

Salary Supplements	\$	48,812	
Other Charges		400	
Total Office of Public Defender			\$ 49,212

Probate Court

Deputy(ies)	\$	36,000	
Communication		14	
Maintenance and Repair Services - Office Equipment		3,682	
Office Supplies		7,517	
Total Probate Court			47,213

Other Administration of Justice

Contracts with Government Agencies	\$	109,654	
Other Contracted Services		210,950	
Total Other Administration of Justice			320,604

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,732	
Deputy(ies)		2,695,114	
Salary Supplements		32,500	
Part-time Personnel		49,016	
Educational Incentive - Other County Employees		4,875	
Overtime Pay		174,200	
Other Salaries and Wages		33,930	
In-Service Training		44,120	
Communication		103,509	
Contracts with Private Agencies		17,892	
Data Processing Services		24,198	
Maintenance and Repair Services - Buildings		37,537	
Maintenance and Repair Services - Vehicles		153,032	
Pest Control		480	
Rentals		5,000	
Travel		34,847	
Gasoline		245,980	
Law Enforcement Supplies		11,162	
Office Supplies		29,081	
Uniforms		35,930	
Utilities		51,997	
Law Enforcement Equipment		15,421	
Total Sheriff's Department			3,875,553

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols

Deputy(ies)	\$	274,406	
Salary Supplements		3,500	
Overtime Pay		26,629	
Other Salaries and Wages		54,144	
Uniforms		3,000	
Total Special Patrols			\$ 361,679

Jail

Deputy(ies)	\$	3,605,258	
Salary Supplements		50,500	
Maintenance Personnel		90,612	
Part-time Personnel		41,925	
Overtime Pay		130,604	
In-Service Training		51,600	
Communication		6,834	
Maintenance and Repair Services - Equipment		2,491	
Medical and Dental Services		30,000	
Custodial Supplies		40,289	
Drugs and Medical Supplies		297,546	
Food Preparation Supplies		11,100	
Food Supplies		328,828	
Law Enforcement Supplies		73,333	
Office Supplies		23,288	
Prisoners Clothing		9,117	
Uniforms		34,567	
Other Supplies and Materials		19,640	
Total Jail			4,847,532

Workhouse

County Official/Administrative Officer	\$	13,283	
Salary Supplements		14,000	
Guards		1,002,874	
Overtime Pay		41,229	
In-Service Training		16,200	
Communication		7,858	
Maintenance and Repair Services - Buildings		8,314	
Maintenance and Repair Services - Equipment		2,072	
Maintenance and Repair Services - Vehicles		1,926	
Pest Control		840	
Custodial Supplies		6,256	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Drugs and Medical Supplies	\$	23,037	
Food Preparation Supplies		4,828	
Food Supplies		98,636	
Gasoline		6,026	
Law Enforcement Supplies		2,604	
Office Supplies		6,558	
Prisoners Clothing		2,439	
Uniforms		9,509	
Utilities		78,561	
Other Supplies and Materials		3,319	
Total Workhouse			\$ 1,350,369

Correctional Incentive Program Improvements

Probation Officer(s)	\$	186,257	
Other Fringe Benefits		36,517	
Communication		14,895	
Evaluation and Testing		60,168	
Rentals		28,706	
Travel		12,235	
Office Supplies		6,444	
Utilities		2,458	
Motor Vehicles		28,293	
Other Equipment		15,046	
Total Correctional Incentive Program Improvements			391,019

Juvenile Services

County Official/Administrative Officer	\$	68,847	
Deputy(ies)		68,360	
Accountants/Bookkeepers		43,721	
Salary Supplements		3,000	
Clerical Personnel		45,589	
Part-time Personnel		14,478	
Communication		104	
Data Processing Services		614	
Dues and Memberships		150	
Maintenance and Repair Services - Buildings		500	
Maintenance and Repair Services - Equipment		281	
Printing, Stationery, and Forms		971	
Rentals		7,275	
Travel		580	

(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.)

Data Processing Supplies	\$	496	
Office Supplies		3,296	
Building Improvements		230	
Office Equipment		791	
Total Juvenile Services			\$ 259,283

Work Release Program

Other Salaries and Wages	\$	343,650	
Other Fringe Benefits		81,787	
Communication		19,230	
Maintenance and Repair Services - Buildings		62,283	
Maintenance and Repair Services - Vehicles		25,420	
Printing, Stationery, and Forms		141	
Rentals		67,022	
Travel		14,503	
Office Supplies		28,855	
Utilities		11,427	
Total Work Release Program			654,318

Fire Prevention and Control

Salary Supplements	\$	3,000	
Mechanic(s)		83,214	
Other Salaries and Wages		187,265	
Communication		4,420	
Maintenance and Repair Services - Equipment		49,058	
Travel		669	
Equipment and Machinery Parts		97,289	
Gasoline		29,146	
General Construction Materials		29,568	
Utilities		48,264	
Gravel and Chert		3,901	
Total Fire Prevention and Control			535,794

Civil Defense

Supervisor/Director	\$	51,432	
Salary Supplements		2,000	
Part-time Personnel		5,428	
Overtime Pay		1,880	
Other Salaries and Wages		78,024	
Other Fringe Benefits		56,988	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Communication	\$	26,357	
Dues and Memberships		545	
Operating Lease Payments		579	
Maintenance Agreements		2,523	
Maintenance and Repair Services - Vehicles		1,361	
Printing, Stationery, and Forms		280	
Travel		1,917	
Gasoline		6,792	
Office Supplies		1,012	
Utilities		17,471	
Other Supplies and Materials		17,295	
Building Improvements		1,920	
Total Civil Defense			\$ 273,804

Disaster Relief

Overtime Pay	\$	78,739	
Other Salaries and Wages		9,564	
Communication		90	
Contracts with Private Agencies		241,851	
Maintenance and Repair Services - Buildings		120,909	
Maintenance and Repair Services - Equipment		27,097	
Maintenance and Repair Services - Vehicles		69,341	
Travel		487	
Other Contracted Services		3,035	
Gasoline		472	
Other Supplies and Materials		64,887	
Total Disaster Relief			616,472

Other Emergency Management

Other Supplies and Materials	\$	172,801	
Other Charges		26,423	
Total Other Emergency Management			199,224

Inspection and Regulation

County Official/Administrative Officer	\$	46,400	
Salary Supplements		2,000	
Other Salaries and Wages		72,761	
In-Service Training		556	
Communication		893	
Dues and Memberships		140	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation (Cont.)

Maintenance and Repair Services - Vehicles	\$	429	
Remittance of Revenue Collected		3,410	
Gasoline		3,793	
Office Supplies		2,304	
Litter Enforcement Awards		7,380	
Total Inspection and Regulation			\$ 140,066

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	39,200	
Contracts with Public Carriers		5,168	
Pauper Burials		750	
Travel		1,597	
Other Contracted Services		58,925	
Other Charges		36	
Total County Coroner/Medical Examiner			105,676

Public Safety Grant Programs

Educational Incentive - Other County Employees	\$	375	
Other Salaries and Wages		37,500	
Other Fringe Benefits		6,909	
Communication		490	
Travel		560	
Other Contracted Services		650	
Office Supplies		1,772	
Total Public Safety Grant Programs			48,256

Other Public Safety

Other Salaries and Wages	\$	12,678	
Travel		1,284	
Total Other Public Safety			13,962

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	206,424	
Paraprofessionals		24,098	
Salary Supplements		10,500	
Other Salaries and Wages		711,507	
Other Fringe Benefits		293,222	
Communication		40,773	
Data Processing Services		19,922	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Janitorial Services	\$	49,980	
Maintenance and Repair Services - Buildings		26,761	
Maintenance and Repair Services - Vehicles		7,567	
Travel		25,059	
Drugs and Medical Supplies		96,265	
Gasoline		10,780	
Office Supplies		31,897	
Utilities		42,513	
Other Supplies and Materials		1,619	
Liability Insurance		11,031	
Other Charges		14,430	
Total Local Health Center			\$ 1,624,348

Rabies and Animal Control

Salary Supplements	\$	1,500	
Overtime Pay		9,655	
Other Salaries and Wages		94,201	
Other Fringe Benefits		43,594	
Communication		4,645	
Maintenance and Repair Services - Buildings		3,469	
Maintenance and Repair Services - Vehicles		3,547	
Travel		297	
Veterinary Services		1,449	
Animal Food and Supplies		11,393	
Gasoline		11,736	
Office Supplies		103	
Uniforms		5,970	
Utilities		5,698	
Total Rabies and Animal Control			197,257

Maternal and Child Health Services

Salary Supplements	\$	19,000	
Part-time Personnel		51,024	
Other Salaries and Wages		1,660,297	
Handling Charges and Administrative Costs		643	
Other Fringe Benefits		536,158	
Bank Charges		3,692	
Communication		21,934	
Contracts with Government Agencies		12,333	
Contracts with Other Public Agencies		53,677	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services (Cont.)

Maintenance Agreements	\$	18,902	
Postal Charges		6,691	
Printing, Stationery, and Forms		6,184	
Travel		49,978	
Remittance of Revenue Collected		31,426	
Drugs and Medical Supplies		51,954	
Office Supplies		280,170	
Utilities		2,693	
Other Supplies and Materials		2,902	
Liability Insurance		2,433	
Other Charges		18,274	
Communication Equipment		25,891	
Data Processing Equipment		31,200	
Total Maternal and Child Health Services			\$ 2,887,456

Alcohol and Drug Programs

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

Other Local Health Services

Contributions	\$	44,625	
Total Other Local Health Services			44,625

Sanitation Management

Salary Supplements	\$	500	
Other Salaries and Wages		23,828	
In-Service Training		655	
Communication		726	
Maintenance and Repair Services - Vehicles		1,183	
Other Contracted Services		2,500	
Gasoline		1,353	
Office Supplies		1,294	
Other Charges		200	
Total Sanitation Management			32,239

Sanitation Education/Information

Salary Supplements	\$	500	
Other Salaries and Wages		21,574	
Other Fringe Benefits		4,381	
Gasoline		6,393	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Other Supplies and Materials	\$ 11,964	
Total Sanitation Education/Information		\$ 44,812

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Other Fringe Benefits	\$ 12,418	
Contributions	963,894	
Total Libraries		976,312

Parks and Fair Boards

Salary Supplements	\$ 8,500	
Part-time Personnel	15,411	
Overtime Pay	7,965	
Other Salaries and Wages	445,668	
Communication	7,863	
Legal Notices, Recording, and Court Costs	154	
Maintenance and Repair Services - Equipment	133,471	
Travel	975	
Remittance of Revenue Collected	3,375	
Gasoline	46,934	
Utilities	119,066	
Other Supplies and Materials	4,018	
Other Charges	8,198	
Site Development	6,300	
Total Parks and Fair Boards		807,898

Other Social, Cultural, and Recreational

Other Salaries and Wages	\$ 18,915	
Other Supplies and Materials	53,099	
Total Other Social, Cultural, and Recreational		72,014

Agriculture and Natural Resources

Agriculture Extension Service

Other Salaries and Wages	\$ 139,375	
Other Fringe Benefits	22,846	
Communication	5,220	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Contributions	\$	3,460	
Office Supplies		3,674	
Utilities		2,189	
Building Purchases		4,185	
Total Agriculture Extension Service			\$ 180,949

Forest Service

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

Soil Conservation

Salary Supplements	\$	1,000	
Other Salaries and Wages		76,274	
Travel		271	
Total Soil Conservation			77,545

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	\$	52,868	
Contributions		211,660	
Liability Insurance		18,100	
Total Airport			282,628

Other Charges

Handling Charges and Administrative Costs	\$	4,061	
Disability Insurance		42,223	
Medical and Dental Services		254,278	
Excess Risk Insurance		52,592	
Medical Claims		29,300	
Total Other Charges			382,454

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 157,310	
Total Contributions to Other Agencies		\$ 157,310

Employee Benefits

Social Security	\$ 828,005	
State Retirement	1,754,428	
Employee and Dependent Insurance	1,435,703	
Life Insurance	27,982	
Unemployment Compensation	14,585	
Employer Medicare	193,660	
Other Fringe Benefits	560	
Total Employee Benefits		4,254,923

Miscellaneous

Other Salaries and Wages	\$ 156,369	
Board and Committee Members Fees	5,768	
Communication	50,295	
Consultants	21,359	
Contracts with Government Agencies	24,000	
Contracts with Other Public Agencies	25,672	
Contributions	2,000	
Dues and Memberships	19,404	
Legal Services	8,551	
Legal Notices, Recording, and Court Costs	21,217	
Postal Charges	104,724	
Remittance of Revenue Collected	6,388	
Other Contracted Services	55,194	
Utilities	85,336	
Other Supplies and Materials	271	
Excess Risk Insurance	319,118	
Liability Insurance	370,363	
Premiums on Corporate Surety Bonds	1,513	
Refunds	1,844	
Trustee's Commission	327,883	
Fines, Assessments, and Penalties	90,596	
Other Charges	28,498	
Total Miscellaneous		1,726,363

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Notes	\$ 14,016	
Total General Government		\$ 14,016

Interest on Debt

General Government

Interest on Notes	\$ 3,072	
Total General Government		<u>3,072</u>

Total General Fund		\$ 33,558,502
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Juvenile Services Fund

Public Safety

Juvenile Services

County Official/Administrative Officer	\$ 71,655
Supervisor/Director	134,004
Accountants/Bookkeepers	38,643
Social Workers	243,218
Paraprofessionals	39,052
Salary Supplements	11,000
Guards	196,904
Clerical Personnel	37,985
Overtime Pay	15,799
Social Security	55,340
Handling Charges and Administrative Costs	345
State Retirement	97,166
Employee and Dependent Insurance	107,858
Life Insurance	1,582
Communication	12,617
Data Processing Services	1,230
Janitorial Services	3,343
Maintenance and Repair Services - Buildings	9,234
Maintenance and Repair Services - Equipment	12,214
Maintenance and Repair Services - Vehicles	3,179
Medical and Dental Services	22,744
Printing, Stationery, and Forms	1,675
Travel	7,773
Other Contracted Services	27,563
Custodial Supplies	3,257
Data Processing Supplies	3,143
Food Supplies	10,978

(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.)

Gasoline	\$	3,685	
Instructional Supplies and Materials		701	
Office Supplies		4,690	
Utilities		41,115	
Other Supplies and Materials		3,562	
Excess Risk Insurance		27,274	
Liability Insurance		15,094	
Medical Claims		620	
Refunds		888	
Trustee's Commission		18,513	
Data Processing Equipment		38	
Office Equipment		1,171	
Other Equipment		38	
Total Juvenile Services			\$ 1,286,890

Total Juvenile Services Fund \$ 1,286,890

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Salary Supplements	\$	1,000	
Truck Drivers		55,416	
Part-time Personnel		229,100	
Other Fringe Benefits		36,188	
Communication		5,125	
Operating Lease Payments		9,912	
Maintenance and Repair Services - Equipment		21,068	
Maintenance and Repair Services - Vehicles		20,686	
Travel		2,040	
Gasoline		32,785	
Uniforms		748	
Utilities		10,393	
Other Supplies and Materials		4,808	
Trustee's Commission		7,707	
Other Charges		20,428	
Site Development		3,450	
Total Convenience Centers			\$ 460,854

Landfill Operation and Maintenance

Other Contracted Services	\$	188,724	
Total Landfill Operation and Maintenance			188,724

Total Solid Waste/Sanitation Fund 649,578

(Continued)

Exhibit K-8

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

Local Purpose Tax Fund

Other Operations

Miscellaneous

Contributions	\$ 1,200,000	
Trustee's Commission	27,952	
Total Miscellaneous	<u>                    </u>	\$ <u>1,227,952</u>

Total Local Purpose Tax Fund \$ 1,227,952

Drug Control Fund

Public Safety

Drug Enforcement

Other Contracted Services	\$ 1,685	
Trustee's Commission	182	
Total Drug Enforcement	<u>                    </u>	\$ <u>1,867</u>

Total Drug Control Fund 1,867

District Attorney General Fund

Administration of Justice

District Attorney General

Salary Supplements	\$ 6,100	
Temporary Personnel	12,116	
Communication	3,455	
Dues and Memberships	1,880	
Travel	13,805	
Data Processing Supplies	802	
Office Supplies	9,828	
Other Supplies and Materials	35	
Trustee's Commission	293	
Other Charges	792	
Total District Attorney General	<u>                    </u>	\$ <u>49,106</u>

Total District Attorney General Fund 49,106

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 111,278
Clerical Personnel	106,077
Educational Incentive - Other County Employees	3,000
Data Processing Services	942
Dues and Memberships	4,181

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Legal Notices, Recording, and Court Costs	\$	24	
Maintenance and Repair Services - Buildings		7,769	
Maintenance and Repair Services - Office Equipment		827	
Postal Charges		579	
Printing, Stationery, and Forms		672	
Travel		459	
Office Supplies		1,886	
Other Charges		1,129	
Total Administration			\$ 238,823

Highway and Bridge Maintenance

Foremen	\$	348,233	
Equipment Operators		470,501	
Truck Drivers		74,021	
Laborers		73,772	
Maintenance and Repair Services - Equipment		585	
Asphalt - Hot Mix		39,096	
Asphalt - Liquid		383,283	
Concrete		3,518	
Crushed Stone		150,213	
Riprap		31,039	
Pipe - Metal		22,490	
Road Signs		23,374	
Sand		1,321	
Small Tools		3,616	
Wood Products		5,148	
Gravel and Chert		118,926	
Chemicals		99,907	
Other Supplies and Materials		1,375	
Other Charges		1,504	
Total Highway and Bridge Maintenance			1,851,922

Operation and Maintenance of Equipment

Mechanic(s)	\$	76,494	
Laundry Service		868	
Maintenance and Repair Services - Equipment		31,008	
Diesel Fuel		96,606	
Equipment Parts - Heavy		7,105	
Equipment and Machinery Parts		85,039	
Garage Supplies		2,816	

(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.)

Gasoline	\$	64,638	
Lubricants		342	
Small Tools		2,900	
Tires and Tubes		29,766	
Other Supplies and Materials		10,043	
Other Capital Outlay		500	
Total Operation and Maintenance of Equipment			\$ 408,125

Other Charges

Audit Services	\$	553	
Communication		15,540	
Contracts with Private Agencies		1,030	
Natural Gas		21,459	
Liability Insurance		53,832	
Trustee's Commission		59,591	
Total Other Charges			152,005

Employee Benefits

Social Security	\$	92,969	
Handling Charges and Administrative Costs		1,137	
State Retirement		173,008	
Employee and Dependent Insurance		227,656	
Medical and Dental Services		64,758	
Excess Risk Insurance		14,718	
Medical Claims		2,043	
Total Employee Benefits			576,289

Capital Outlay

Engineering Services	\$	35,646	
Riprap		17,138	
Gravel and Chert		150,242	
Bridge Construction		42,997	
Highway Equipment		173,654	
Motor Vehicles		30,709	
Other Capital Outlay		5,166	
Total Capital Outlay			455,552

Total Highway/Public Works Fund \$ 3,682,716

(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	\$ 890,000	
Principal on Notes	4,695,000	
Total General Government		\$ 5,585,000

Interest on Debt

General Government

Interest on Bonds	\$ 2,123,664	
Interest on Notes	1,073,295	
Total General Government		3,196,959

Other Debt Service

General Government

Trustee's Commission	\$ 180,085	
Other Debt Service	3,435	
Total General Government		183,520

Total General Debt Service Fund \$ 8,965,479

General Capital Projects Fund

General Government

Election Commission

Building Improvements	\$ 16,840	
Data Processing Equipment	1,800	
Total Election Commission		\$ 18,640

County Buildings

Building Improvements	\$ 51,392	
Heating and Air Conditioning Equipment	2,828	
Other Capital Outlay	195,285	
Total County Buildings		249,505

Preservation of Records

Building Improvements	\$ 800	
Office Equipment	2,426	
Total Preservation of Records		3,226

Finance

Accounting and Budgeting

Data Processing Equipment	\$ 16,899	
Total Accounting and Budgeting		16,899

(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

Data Processing Equipment	\$ 9,900		
Total Property Assessor's Office		\$	9,900

County Clerk's Office

Building Improvements	\$ 6,180		
Total County Clerk's Office			6,180

Administration of Justice

Chancery Court

Building Improvements	\$ 20,872		
Data Processing Equipment	8,048		
Total Chancery Court			28,920

Public Safety

Sheriff's Department

Motor Vehicles	\$ 211,886		
Total Sheriff's Department			211,886

Fire Prevention and Control

Motor Vehicles	\$ 291,443		
Total Fire Prevention and Control			291,443

Civil Defense

Communication Equipment	\$ 18,558		
Total Civil Defense			18,558

Public Health and Welfare

Local Health Center

Maintenance and Repair Services - Buildings	\$ 16,990		
Total Local Health Center			16,990

Convenience Centers

Site Development	\$ 13,000		
Total Convenience Centers			13,000

Social, Cultural, and Recreational Services

Libraries

Building Improvements	\$ 67,487		
Total Libraries			67,487

(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Building Improvements	\$ 48,999	
Motor Vehicles	9,286	
Site Development	<u>61,779</u>	
Total Parks and Fair Boards		\$ 120,064

Other Operations

Airport

Airport Improvement	<u>\$ 6,705</u>	
Total Airport		6,705

Contributions to Other Agencies

Contributions	<u>\$ 100,000</u>	
Total Contributions to Other Agencies		100,000

Miscellaneous

Trustee's Commission	<u>\$ 17,108</u>	
Total Miscellaneous		<u>17,108</u>

Total General Capital Projects Fund \$ 1,196,511

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Trustee's Commission	<u>\$ 322</u>	
Total Industrial Development		\$ 322

Payments to Cities

Contracts with Government Agencies	<u>\$ 25,000</u>	
Total Payments to Cities		<u>25,000</u>

Total Community Development/Industrial Park Fund 25,322

Highway Capital Projects Fund

Highways

Capital Outlay

Engineering Services	\$ 60,024	
Bridge Construction	<u>161,254</u>	
Total Capital Outlay		<u>\$ 221,278</u>

Total Highway Capital Projects Fund 221,278

Total Governmental Funds - Primary Government \$ 50,865,201

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, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 33,900,494	
Career Ladder Program	489,183	
Career Ladder Extended Contracts	179,400	
Homebound Teachers	102,988	
Instructional Computer Personnel	190,097	
Educational Assistants	1,221,777	
Certified Substitute Teachers	760,329	
Social Security	2,643,888	
State Retirement	2,731,283	
Life Insurance	77,981	
Medical Insurance	2,452,476	
Dental Insurance	139,432	
Other Fringe Benefits	403,797	
Travel	23,913	
Other Contracted Services	298,208	
Instructional Supplies and Materials	761,155	
Textbooks	1,481,814	
Other Supplies and Materials	126,704	
Regular Instruction Equipment	447,281	
Transportation Equipment	2,483	
Total Regular Instruction Program		\$ 48,434,683

Special Education Program

Teachers	\$ 6,134,653
Career Ladder Program	93,324
Career Ladder Extended Contracts	14,750
Homebound Teachers	63,032
Educational Assistants	481,124
Other Salaries and Wages	37,885
Certified Substitute Teachers	102,899
Social Security	488,497
State Retirement	448,720
Life Insurance	17,106
Medical Insurance	431,590
Dental Insurance	24,994
Contracts with Private Agencies	363,235
Travel	60,194
Other Contracted Services	169,776
Instructional Supplies and Materials	58,405

(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.)

Other Supplies and Materials	\$ 47,118	
Other Charges	63,578	
Special Education Equipment	40,439	
Total Special Education Program		\$ 9,141,319

Vocational Education Program

Teachers	\$ 1,997,432	
Career Ladder Program	25,500	
Career Ladder Extended Contracts	10,000	
Other Salaries and Wages	273,952	
Certified Substitute Teachers	32,445	
Social Security	165,887	
State Retirement	143,859	
Life Insurance	6,921	
Medical Insurance	143,088	
Dental Insurance	7,675	
Instructional Supplies and Materials	164,160	
Vocational Instruction Equipment	144,510	
Total Vocational Education Program		3,115,429

Other

Supervisor/Director	\$ 217,223	
Clerical Personnel	20,143	
Social Security	16,849	
State Retirement	16,328	
Life Insurance	975	
Medical Insurance	12,047	
Dental Insurance	818	
Legal Services	134,160	
Travel	10,492	
Office Supplies	36,051	
Total Other		465,086

Support Services

Attendance

Supervisor/Director	\$ 58,874
Career Ladder Program	1,000
Other Salaries and Wages	125,512
Social Security	13,332

(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.)

State Retirement	\$	12,443	
Life Insurance		781	
Medical Insurance		9,552	
Dental Insurance		720	
Travel		1,999	
Other Supplies and Materials		5,749	
Attendance Equipment		376	
Total Attendance			\$ 230,338

Health Services

Medical Personnel	\$	17,865	
Social Security		1,683	
State Retirement		3,000	
Life Insurance		265	
Medical Insurance		206	
Dental Insurance		593	
Payments to Schools - Other		1,200	
Total Health Services			24,812

Other Student Support

Career Ladder Program	\$	38,814	
Guidance Personnel		1,964,106	
Psychological Personnel		319,098	
Social Workers		14,992	
Clerical Personnel		59,945	
Other Salaries and Wages		14,287	
Social Security		169,232	
State Retirement		149,471	
Life Insurance		6,517	
Medical Insurance		125,120	
Dental Insurance		7,650	
Evaluation and Testing		109,884	
Travel		9,178	
Other Contracted Services		115,123	
Other Supplies and Materials		9,980	
Other Equipment		1,833	
Total Other Student Support			3,115,230

(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

Supervisor/Director	\$	542,046	
Career Ladder Program		37,916	
Librarians		1,189,051	
Clerical Personnel		98,417	
Other Salaries and Wages		173,108	
Social Security		145,741	
State Retirement		143,100	
Life Insurance		5,135	
Medical Insurance		134,093	
Dental Insurance		7,452	
Travel		21,122	
Other Contracted Services		5,350	
Library Books/Media		200,000	
Other Supplies and Materials		117,139	
In Service/Staff Development		17,595	
Other Equipment		153,520	
Total Regular Instruction Program			\$ 2,990,785

Special Education Program

Supervisor/Director	\$	75,532	
Career Ladder Program		1,000	
Clerical Personnel		28,612	
Other Salaries and Wages		275,582	
Social Security		24,824	
State Retirement		28,442	
Life Insurance		1,563	
Medical Insurance		24,513	
Dental Insurance		1,931	
Travel		1,045	
In Service/Staff Development		18,000	
Total Special Education Program			481,044

Vocational Education Program

Supervisor/Director	\$	64,805	
Secretary(ies)		30,743	
Social Security		7,221	
State Retirement		7,889	
Life Insurance		356	
Medical Insurance		26	

(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.)

Vocational Education Program (Cont.)

Dental Insurance	\$	3	
Travel		3,573	
Other Supplies and Materials		1,259	
Other Charges		1,142	
Total Vocational Education Program			\$ 117,017

Other Programs

Supervisor/Director	\$	82,114	
Sergeant(s)		130	
Teachers		542,090	
Career Ladder Program		625	
Medical Personnel		36,756	
Secretary(ies)		65	
Educational Assistants		72,285	
Attendants		178	
Other Salaries and Wages		256,118	
Social Security		41,007	
State Retirement		60,032	
Life Insurance		321	
Medical Insurance		49,027	
Dental Insurance		2,575	
On-Behalf Payments to OPEB		554,653	
Advertising		680	
Communication		3,270	
Legal Services		25	
Printing, Stationery, and Forms		3,659	
Travel		46,129	
Other Contracted Services		113,480	
Food Supplies		29,986	
Instructional Supplies and Materials		671,831	
Other Supplies and Materials		68,596	
In Service/Staff Development		165,877	
Other Charges		145,595	
Maintenance Equipment		1,181	
Regular Instruction Equipment		89,307	
Special Education Equipment		19,790	
Transportation Equipment		3,518	
Other Equipment		27,803	
Total Other Programs			3,088,703

(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.)

Board of Education

Secretary to Board	\$	3,000	
Board and Committee Members Fees		33,254	
Social Security		2,498	
State Retirement		462	
Unemployment Compensation		69,598	
Audit Services		36,500	
Dues and Memberships		9,389	
Legal Services		39	
Travel		20,972	
Premiums on Corporate Surety Bonds		187	
Trustee's Commission		730,394	
Workers' Compensation Insurance		766,995	
Other Charges		1,705	
Total Board of Education			\$ 1,674,993

Director of Schools

County Official/Administrative Officer	\$	133,210	
Assistant(s)		66	
Career Ladder Program		1,000	
Secretary(ies)		100,977	
Social Security		14,721	
State Retirement		21,850	
Life Insurance		1,033	
Medical Insurance		10,777	
Dental Insurance		862	
Communication		69,831	
Dues and Memberships		2,154	
Postal Charges		12,459	
Travel		7,139	
In Service/Staff Development		11,318	
Total Director of Schools			387,397

Office of the Principal

Principals	\$	2,092,082	
Career Ladder Program		61,030	
Career Ladder Extended Contracts		25,500	
Assistant Principals		1,204,710	
Secretary(ies)		1,075,079	
Other Salaries and Wages		461,536	

(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.)

Social Security	\$	348,993	
State Retirement		406,283	
Life Insurance		11,464	
Medical Insurance		287,005	
Dental Insurance		18,516	
Communication		33,388	
Travel		32,849	
Other Supplies and Materials		89,101	
Total Office of the Principal			\$ 6,147,536

Fiscal Services

Supervisor/Director	\$	106,028	
Accountants/Bookkeepers		52,604	
Secretary(ies)		42,010	
Social Security		15,185	
State Retirement		20,807	
Life Insurance		700	
Medical Insurance		20,229	
Dental Insurance		1,068	
Contributions		355,106	
Travel		4,066	
Office Supplies		816	
Total Fiscal Services			618,619

Human Services/Personnel

Supervisor/Director	\$	76,492	
Clerical Personnel		26,641	
Other Salaries and Wages		68,889	
Social Security		12,924	
State Retirement		18,564	
Life Insurance		600	
Medical Insurance		2,448	
Dental Insurance		414	
Travel		5,539	
Office Supplies		9,907	
Other Charges		1,400	
Total Human Services/Personnel			223,818

(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.)

Operation of Plant

Supervisor/Director	\$	41,100	
Custodial Personnel		1,500,057	
Other Salaries and Wages		28,058	
Social Security		110,744	
State Retirement		140,573	
Life Insurance		4,170	
Medical Insurance		111,573	
Dental Insurance		8,011	
Other Contracted Services		352,858	
Custodial Supplies		260,924	
Electricity		2,476,200	
Natural Gas		813,495	
Water and Sewer		251,904	
Building and Contents Insurance		650,820	
Plant Operation Equipment		6,183	
Total Operation of Plant			\$ 6,756,670

Maintenance of Plant

Secretary(ies)	\$	57,443	
Other Salaries and Wages		1,654,519	
Social Security		120,071	
State Retirement		225,884	
Life Insurance		7,135	
Medical Insurance		126,660	
Dental Insurance		7,938	
Travel		1,101	
Other Supplies and Materials		949,623	
Other Charges		2,378	
Total Maintenance of Plant			3,152,752

Transportation

Supervisor/Director	\$	72,261
Mechanic(s)		303,139
Bus Drivers		2,018,839
Other Salaries and Wages		105,517
Social Security		169,123
State Retirement		294,663
Life Insurance		5,023
Medical Insurance		210,689

(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.)

Transportation (Cont.)

Dental Insurance	\$	14,637	
Travel		3,201	
Gasoline		959,711	
Tires and Tubes		102,460	
Vehicle Parts		331,918	
Other Charges		48,534	
Transportation Equipment		5,918	
Total Transportation			\$ 4,645,633

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		77	
State Retirement		62	
Total Food Service			1,139

Community Services

Teachers	\$	140	
Other Salaries and Wages		73,301	
Social Security		10,550	
State Retirement		9,910	
Life Insurance		228	
Medical Insurance		4,342	
Dental Insurance		80	
Travel		296	
Other Supplies and Materials		1,179	
Total Community Services			100,026

Early Childhood Education

Supervisor/Director	\$	12,747	
Teachers		815,753	
Educational Assistants		289,250	
Certified Substitute Teachers		525	
Social Security		72,179	
State Retirement		80,592	
Life Insurance		15,604	
Medical Insurance		59,831	
Dental Insurance		4,101	
Other Contracted Services		72	

(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.)

Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$ 105,165	
In Service/Staff Development	12,384	
Regular Instruction Equipment	298	
Total Early Childhood Education		\$ 1,468,501

Total General Purpose School Fund \$ 96,381,530

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 921,322	
Clerical Personnel	117,930	
Educational Assistants	93,826	
Other Salaries and Wages	110,218	
Certified Substitute Teachers	4,496	
Social Security	101,450	
State Retirement	101,127	
Life Insurance	4,275	
Medical Insurance	65,770	
Dental Insurance	527	
Employer Medicare	18,952	
Other Contracted Services	28,892	
Instructional Supplies and Materials	192,958	
Other Supplies and Materials	247	
Other Charges	35,094	
Regular Instruction Equipment	274,999	
Total Regular Instruction Program		\$ 2,072,083

Special Education Program

Teachers	\$ 2,235	
Educational Assistants	1,555,836	
Other Salaries and Wages	510,119	
Certified Substitute Teachers	2,310	
Social Security	154,572	
State Retirement	237,988	
Life Insurance	5,221	
Medical Insurance	116,344	
Dental Insurance	10,631	
Contracts with Private Agencies	54,175	

(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.)

Special Education Program (Cont.)

Other Contracted Services	\$	5,190	
Instructional Supplies and Materials		111,050	
Total Special Education Program			\$ 2,765,671

Vocational Education Program

Educational Assistants	\$	40,662	
Social Security		3,108	
State Retirement		801	
Life Insurance		102	
Dental Insurance		21	
Other Supplies and Materials		23,793	
Vocational Instruction Equipment		124,207	
Total Vocational Education Program			192,694

Support Services

Other Student Support

Guidance Personnel	\$	54,781	
Clerical Personnel		11,523	
Other Salaries and Wages		21,307	
Social Security		5,809	
State Retirement		5,609	
Life Insurance		228	
Medical Insurance		10,324	
Dental Insurance		584	
Employer Medicare		80	
Travel		48,228	
Other Contracted Services		7,345	
Other Supplies and Materials		9,898	
In Service/Staff Development		17,086	
Other Charges		135	
Total Other Student Support			192,937

Regular Instruction Program

Supervisor/Director	\$	86,601	
Career Ladder Program		1,875	
Instructional Computer Personnel		491,258	
Secretary(ies)		10,490	
Other Salaries and Wages		285,827	
Certified Substitute Teachers		805	

(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.)

Regular Instruction Program (Cont.)

Social Security	\$	69,843	
State Retirement		54,593	
Life Insurance		2,652	
Medical Insurance		55,592	
Dental Insurance		2,502	
Travel		68,489	
Other Contracted Services		58,545	
Other Supplies and Materials		32,873	
In Service/Staff Development		400,701	
Other Charges		17,617	
Other Equipment		2,324	
Total Regular Instruction Program			\$ 1,642,587

Special Education Program

Social Security	\$	258	
State Retirement		210	
Travel		1,019	
Other Contracted Services		112,169	
Other Supplies and Materials		36,890	
In Service/Staff Development		18,053	
Other Charges		37	
Total Special Education Program			168,636

Vocational Education Program

Travel	\$	5,682	
Total Vocational Education Program			5,682

Other Programs

Instructional Computer Personnel	\$	430,998	
Social Security		28,592	
State Retirement		24,608	
Life Insurance		642	
Medical Insurance		16,497	
Dental Insurance		1,061	
Total Other Programs			502,398

Fiscal Services

Accountants/Bookkeepers	\$	56,204	
Social Security		3,983	

(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.)

Fiscal Services (Cont.)

State Retirement	\$	7,935	
Life Insurance		124	
Medical Insurance		5,506	
Dental Insurance		86	
Employer Medicare		593	
Total Fiscal Services			\$ 74,431

Transportation

Bus Drivers	\$	29,720	
Custodial Personnel		63	
Other Salaries and Wages		22,000	
Social Security		3,525	
State Retirement		1,560	
Life Insurance		112	
Medical Insurance		4,000	
Gasoline		3,137	
Total Transportation			\$ 64,117

Total School Federal Projects Fund \$ 7,681,236

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	65,950	
Accountants/Bookkeepers		91,703	
Cafeteria Personnel		2,349,191	
Other Salaries and Wages		108,310	
Social Security		185,774	
State Retirement		304,705	
Life Insurance		5,635	
Medical Insurance		159,561	
Dental Insurance		13,218	
Unemployment Compensation		3,747	
Communication		12,112	
Maintenance and Repair Services - Equipment		24,556	
Transportation - Other than Students		32,940	
Travel		16,114	
Other Contracted Services		85,755	
Food Supplies		2,859,039	

(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.)

Uniforms	\$	23,763	
Other Supplies and Materials		343,124	
Trustee's Commission		9,458	
In Service/Staff Development		8,896	
Food Service Equipment		111,684	
Total Food Service			\$ 6,815,235

Total Central Cafeteria Fund \$ 6,815,235

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Trustee's Commission	\$	29,286	
Data Processing Equipment		24,962	
Furniture and Fixtures		39,305	
Heating and Air Conditioning Equipment		173,878	
Maintenance Equipment		14,272	
Motor Vehicles		20,600	
Transportation Equipment		1,171,606	
Building Purchases		208,212	
Other Capital Outlay		54,188	
Total Education Capital Projects			\$ 1,736,309

Total Education Capital Projects Fund 1,736,309

Total Governmental Funds - Madison County School Department \$ 112,614,310

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, 2008

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 224,191	\$ 224,191
Prior Year's Property Tax	0	9,074	9,074
Interest and Penalty	0	1,582	1,582
Local Option Sales Tax	12,426,341	15,967	12,442,308
Hotel/Motel Tax	712,870	0	712,870
Total Cash Receipts	<u>\$ 13,139,211</u>	<u>\$ 250,814</u>	<u>\$ 13,390,025</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 13,009,278	\$ 246,228	\$ 13,255,506
Trustee's Commission	131,392	4,855	136,247
Total Cash Disbursements	<u>\$ 13,140,670</u>	<u>\$ 251,083</u>	<u>\$ 13,391,753</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ (1,459)	\$ (269)	\$ (1,728)
Cash Balance, July 1, 2007	42,713	3,985	46,698
Cash Balance, June 30, 2008	<u>\$ 41,254</u>	<u>\$ 3,716</u>	<u>\$ 44,970</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) 401-7841

REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

October 8, 2008

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, 2008, which collectively comprise Madison County's basic financial statements and have issued our report thereon dated October 8, 2008. 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: 08.01, 08.02, 08.04, 08.05, 08.06, and 08.07.

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 items 08.01 and 08.02 to be material weaknesses.

### 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 one instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 08.03.

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/sb

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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  
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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

October 8, 2008

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, 2008. 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.

In our opinion, 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, 2008.

#### 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.

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.

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.

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

#### 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, 2008, and have issued our report thereon dated October 8, 2008. 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 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.

Yours very truly,

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/sb

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Madison County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2008

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:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 370,364 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,397,030
National School Lunch Program	10.555	N/A	3,310,632 (4)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG082253500	368,285
Passed-through State Department of Human Services:			
Child and Adult Food Care Program	10.558	(2)	268
Total U.S. Department of Agriculture			<u>\$ 5,446,579</u>
U.S. Department of Justice:			
Passed-through State Department of Children's Services:			
Juvenile Accountability Block Grants	16.523	GG071276900	\$ 213,882
Passed-through State Office of Criminal Justice Programs:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	GG082273300	4,987
Crime Victim Assistance	16.575	(2)	33,731
Local Law Enforcement Block Grant Program	16.592	(2)	27,045
Total U.S. Department of Justice			<u>\$ 279,645</u>
U.S. Department of Labor:			
Passed-through Southwest Human Resources Agency:			
WIA Youth Activities	17.259	(2)	\$ 50,125
Total U.S. Department of Labor			<u>\$ 50,125</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z0802367800	\$ 73,471
Total U.S. Department of Transportation			<u>\$ 73,471</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 3,028,446
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	3,071,647
Special Education - Preschool Grants	84.173	N/A	655,242
Vocational Education - Basic Grants to States	84.048	N/A	270,318
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	104,960
State Grants for Innovative Programs	84.298	N/A	22,528
Education Technology State Grants	84.318	(2)	42,748
Reading First State Grants	84.357	GG051125400	929,645
Dropout Prevention Programs	84.360	(2)	5,729
English Language Acquisition Grants	84.365A	(2)	66,981
Improving Teacher Quality State Grants	84.367	N/A	614,752
Total U.S. Department of Education			<u>\$ 8,812,996</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	GG082173900	\$ 26,067
Family Planning Services	93.217	GG082079300	186,744
Immunization Grants	93.268	GG072046700	25,000
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(3)	685,892

(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	\$ 96,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG071267300	71,600
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Z0703809900	145,958
Preventive Health and Health Services Block Grant	93.991	GG082060800	43,064
Total U.S. Department of Health and Human Services			\$ 1,280,325
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	Z0502518400	\$ 199,539
Total U.S. Department of Homeland Security			\$ 199,539
Total Expenditures of Federal Awards			\$ 16,142,680
State Grants:			
		Contract Number	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 28,411
State Supplemental Juvenile Improvement Funds - State Commission on Children and Youth	N/A	Z0802278400	9,000
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	50,273
Courtroom Security Grant - Administrative Office of the Courts	N/A	(2)	20,487
Poet in Residence - Tennessee Arts Commission	N/A	Z082166600	3,825
Title IV A - State Department of Children's Services	N/A	GG082163400	180,500
Coordinated School Health - State Department of Education	N/A	GZ8/AAX9	103,651
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	64,050
Family Resource Center - State Department of Education	N/A	(2)	66,600
Safe Schools Act - State Department of Education	N/A	(2)	68,184
Small Learning Communities - State Department of Education	N/A	(2)	9,136
Recreational Trail Program - State Department of Environment and Conservation	N/A	(2)	4,800
Drug Court Grant - State Department of Finance and Administration	N/A	(2)	48,142
Tobacco Cessation Grant - State Department of Health	N/A	GG082354200	15,789
Help Us Grow Successfully - State Department of Health	N/A	GG082076000	68,307
Immunization Services - State Department of Health	N/A	GG072046700	138,233
Community Health Services - State Department of Health	N/A	GG082060800	8,100
Environmental Health Programs - State Department of Health	N/A	(2)	169,038
TenderCare Outreach - State Department of Health	N/A	GG082083300	167,944
Adolescent Pregnancy Program - State Department of Health	N/A	GG082179100	52,131
HIV Prevention Activities - State Department of Health	N/A	Z0703809900	48,069
Tuberculosis Control Prevention and Outreach Services - State Department of Health	N/A	GG082076400	75,159
TennCare School Based Dental Prevention Program - State Department of Health	N/A	GG082060600	260,111
Schools to Work - State Department of Human Services	N/A	GG082211900	120,543
Litter Grant - State Department of Transportation	N/A	Z0802102200	48,977
Waste Tire Disposal Grant - State Department of Transportation	N/A	(2)	133,114
Total State Grants			\$ 1,962,574

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) GG082225100: \$627,198; GG082119600: \$58,694.

(4) Total for CFDA No. 10.555 is \$3,680,996.

Madison County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2008

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, 2007, which have not been corrected.

**OFFICE OF FINANCE DIRECTOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.05	191	Expenditures and encumbrances exceeded appropriations

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**MADISON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2008**

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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. Two of these conditions were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Madison County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Education Cluster: Special Education – Grants to State Program and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and Centers for Disease Control and Prevention – Investigations and Technical Assistance (CFDA No. 93.283) were determined to be major programs.
8. A \$484,280 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, clerk and master, and circuit court clerk 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.

### **MADISON COUNTY**

**FINDING 08.01**      **MADISON COUNTY DOES NOT HAVE THE RESOURCES TO PRODUCE ITS FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Madison County's financial statements be the product of a financial reporting system that offers reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the county's external auditors, to assist Madison County in preparing its financial statements and notes as a matter of convenience as long as the county has the skills needed to prepare its financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

### **RECOMMENDATION**

Madison County should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

### **MANAGEMENT'S RESPONSE – FINANCE DIRECTOR**

As this is a new regulation, Madison County didn't know of this new requirement to have our staff prepare all financial statements and notes according to generally accepted accounting principles. We would have to hire an outside firm for a large unknown cost to comply with this requirement. The Government Finance Officers Association does not recommend engaging a second firm.

## REBUTTAL

The preparation of the financial statements and notes to the financial statements and/or having the knowledge to determine the completeness of the financial statements and notes prepared by external auditors has always been management's responsibility. Government standard setting bodies are now placing more emphasis on this issue to encourage management to accept responsibility for their financial reports. We are not recommending hiring an outside firm or even additional personnel; however, we are recommending that at least one staff member be trained to have sufficient accounting expertise to prepare the required statements and disclosures.

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## OFFICE OF FINANCE DIRECTOR

### FINDING 08.02      **THE GENERAL, HIGHWAY/PUBLIC WORKS, GENERAL PURPOSE SCHOOL, SCHOOL FEDERAL PROJECTS, AND CENTRAL CAFETERIA FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted accounting principles require Madison County to have adequate internal controls over the maintenance of its accounting records. At June 30, 2008, certain general ledger account balances in the General, Highway/Public Works, General Purpose School, School Federal Projects, and Central Cafeteria funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Therefore, the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

## RECOMMENDATION

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

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. Some receivables did not get set up as they should have been. The local sales tax in the General Purpose School Fund did not get set up as a receivable. The school financial coordinator will have our internal auditor to double-check work in the future.

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**FINDING 08.03      THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**  
(Noncompliance Under Government Auditing Standards)

Our audit of the Madison County Finance Department revealed the following deficiencies in budget operations:

- A. Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Board of Education major appropriation category (the legal level of control) of the General Purpose School Fund by \$36,233. This can be attributed to the trustee's commission line-item expenditure account exceeding budget estimates by \$47,394.
- B. In numerous instances, salaries exceeded line-item appropriations in the General, Solid Waste/Sanitation, General Purpose School, School Federal Projects, and Central Cafeteria funds by amounts ranging from \$25 to \$43,366. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution.

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." These deficiencies existed because sufficient funds were not appropriated for the trustee's commission based on projected revenues and because management failed to hold salaries within line-item appropriations authorized by the County Commission.

**RECOMMENDATION**

Expenditures and encumbrances should be held within appropriations approved by the County Commission. Salary expenditures should be held within line-item appropriations as required by budget resolution.

**MANAGEMENT'S RESPONSE – FINANCE DIRECTOR**

- A. We concur. Budget amendments in this one function did not take into consideration the trustee's commission for June for the Basic Education Program.
- B. We concur. In the schools' case, money was approved by the Board of Education in April 2008. This extra money did not cause functions to be over budget. General Purpose School, School Federal Projects, and Central Cafeteria funds budget amendments were done not knowing the approved salary increases would be paid in the 2007-08 fiscal year. They were paid in the last two weeks of the fiscal year. General Fund and the Solid Waste/Sanitation Fund were not amended enough. No major categories went over total budget.

**FINDING 08.04      THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was corrected after it was brought to the official's attention.

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**OFFICE OF CLERK AND MASTER**

**FINDING 08.05      THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. One of the vulnerabilities noted was corrected after it was brought to the official's attention.

**RECOMMENDATION**

The office should implement adequate controls to protect its information resources.

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

The controls referred to in this finding are outside the controls available to the clerk's office. Only the software vendor has the ability to correct the problems regarding this issue. Without further identifying the exact issue and perhaps exposing vulnerabilities, which could present a security risk, I am unable to give a more detailed response to the finding. However, I have discussed the issue in depth with the vendor and if a remedy becomes available, I will institute any procedures made available to this office. I would state that I do not believe we should be subject to a finding due to the inability of our vendor to comply with audit requirements when the vendor itself has been approved for us to use.

## REBUTTAL

Our office does not approve or disapprove any software applications for use by county offices. Auditing standards require that we report all significant deficiencies that exist in the office's internal control structure during the audit period. It is management's responsibility to design and implement internal controls for the office. Therefore, management is responsible for ensuring that the software applications used have adequate controls.

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### FINDING 08.06      **THE PROBATE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off-site. Sound business practices dictate that off-site storage of system backups be implemented. This deficiency is the result of management's failure to implement adequate recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. This deficiency was corrected after it was brought to the official's attention.

### MANAGEMENT'S RESPONSE – CLERK AND MASTER

System backups were actually being stored in fireproof safes, which are located outside the office in question; however, they were inside the same building. This has been corrected. The backups are now located outside the building itself.

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## OTHER FINDING

### FINDING 08.07      **THE COUNTY CLERK, CIRCUIT COURT CLERK, CLERK AND MASTER, AND REGISTER DID NOT REVIEW THEIR SOFTWARE AUDIT LOGS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The software applications used by the county clerk, circuit court clerk, clerk and master, and register generated daily audit logs that displayed changes made by users. Since these logs provided the only audit trails of the changes, they should be reviewed daily for inappropriate activity. Because management was not aware of their importance, officials did not begin reviewing these logs until several months into the fiscal year. Procedures for reviewing these logs are currently in place.

### MANAGEMENT'S RESPONSE – CLERK AND MASTER

I would like to say that I believe it is totally unjust that a finding can be made when no recommendation was made for us to print daily computer-generated logs. We were not aware of our ability to access and print these logs prior to being advised that we were failing to do so. More importantly, I strongly disagree with the statement that this log provides the only audit trail of the changes made by users of our computer system. The financial audit, which is done annually, always follows the paper trail that is in place after a change has been made. There has never been a finding that we did not have proper audit trails. I would have been happy to offer all of our internal documents paper trails to this auditor if they had been requested.

### MANAGEMENT'S RESPONSE – CIRCUIT COURT CLERK

I do not recall anyone ever telling us to review the daily log on a daily basis. I looked back on our audits for previous years and did not find the daily log mentioned. I have always followed through on whatever suggestions auditors make. As you can see, procedures for viewing the log were put in place as soon as it was brought to my attention.

### REBUTTAL TO MANAGEMENTS' RESPONSES

While we commend your prompt responses to the recommendation, auditing standards require that we report all significant deficiencies that exist in the offices' internal control structures during the audit period. It is managements' responsibility to design and implement internal controls for their offices. Therefore, management is responsible for evaluating the software used to ensure adequate controls are in place and they should have been aware of the audit logs that were available.

Because these logs record deleted information, adequate controls should be in place within the software application, and there should not be reliance on paper documents to complete the audit trail.

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

There were no findings and questioned costs for federal awards.

**MADISON COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2008**

There were no audit findings relative to federal awards presented in the current year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the prior year's Schedule of Findings and Questioned Costs.

**Finance Director – Summary Schedule of Prior Year's Findings**

**FINDINGS 07.01 and 07.10**

The Finance Department and school officials worked together to ensure that payroll liability accounts were reconciled monthly with payroll reports and payments.

**FINDINGS 07.02 and 07.11**

With the placement of a new school financial coordinator and the implementation of changes in the school payroll software, all reconciliations were performed in a timely manner.