



**ANNUAL FINANCIAL REPORT
MADISON COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2013



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JUSTIN P. WILSON***

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

MADISON COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Madison County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Madison County as of and for the year ended June 30, 2013.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ The office had deficiencies in purchasing procedures.
- ◆ Time sheets were not always signed by employees or supervisors.
- ◆ A cellular phone policy had not been adopted.
- ◆ Expenditures exceeded appropriations in the Local Purpose Tax Fund.
- ◆ The School Federal Projects Fund had a cash overdraft of \$206,796 at June 30, 2013.
- ◆ Finance Department collections were not receipted, deposited, and disbursed properly.
- ◆ The Rabies Control Office did not collect deposits for adopted pets in compliance with state statute.

OFFICE OF COUNTY MAYOR

- ◆ A cash shortage of \$4,508.75 existed in the Jackson-Madison County Regional Health Department as of November 30, 2011.

OFFICE OF TRUSTEE

- ◆ Some county funds were not invested in accordance with state statute.
-

OFFICE OF COUNTY CLERK

- ◆ A former deputy clerk diverted \$4,248.13 of cash transactions from the office.

INTRODUCTORY SECTION

Madison County Officials

June 30, 2013

Officials

Jimmy Harris, County Mayor
Bart Walls, Highway Engineer
Thomas White, Director of Schools
John Newman, Trustee
Frances Hunley, Assessor of Property
Fred Birmingham, County Clerk
Kathy Blount, Circuit and General Sessions Courts Clerk
Bart Swift, Juvenile Court Clerk
Pam Carter, Clerk and Master
Linda Waldon, Register of Deeds
David Woolfork, Sheriff
Mike Nichols, Finance Director

Board of County Commissioners

Mark Johnstone, Chairman	Larry Lowrance
Jimmy Arnold	William Martin
Jerry Bastin	Luther Mercer
Katie Brantley	Gerry Neese
Claudell Brown, Jr.	James Pearson
Scott Brown	William Ragon
Gary Deaton	Joe Roland
Adrian Eddleman	Billy Spain
Aaron Ellison	Doug Stephenson
Ann Harrell	Gary Tippet
Jim Ed Hart	Bill Walls
Arthur Johnson, Jr.	Arthur Wilson
Barbara Johnson	

Board of Education

David Clift, Chairman
Bob Alvey
Jim Campbell
Janice Hampton
Jeffery Head
Dr. Joe Mays
Truman Murray
George Neely

Financial Management Committee

Gary Deaton, Chairman
Bart Walls, Highway Engineer
Thomas White, Director of Schools
Jimmy Harris, County Mayor
James Pearson
Billy Spain
Doug Stephenson

(Continued)

Madison County Officials (Cont.)

Audit Committee

Billy Spain, Chairman
Adrian Eddleman
Ann Harrell
Teresa Henson
Larry Lowrance
Thomas Ray Washington, Jr.
William Sipes, Jr.

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Madison County Emergency Communications District, which represent 4.4 percent, 5.5 percent, and one percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report 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 solely 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note I.D.9. in the financial statements, which describes restatements to the beginning fund equities of the primary government's General, Local Purpose Tax, and Special Purpose funds of \$101,482, \$194,718, and (\$296,200), respectively. These restatements were necessary because collections were receipted incorrectly in prior years.

Also, Note I.D.10. in the financial statements, prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$432,861 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

As described in Note V.B., Madison County has adopted the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB*

Statements No. 14 and No. 34); Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; and Statement No. 63, Reporting Deferred Outflows, Deferred Inflows and Net Position, which became effective for the year ended June 30, 2013. Madison County early implemented Statement No. 65, Items Previously Reported as Assets and Liabilities and Statement No. 66, Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plans and other postemployment benefit plans on pages 84-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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

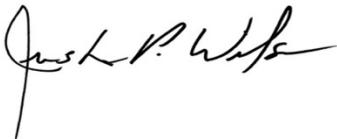
and individual fund financial statements of the Madison County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of Madison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 27, 2013

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Madison County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government Governmental Activities	Component Units	
		Madison County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 51,101	\$ 110,941	\$ 3,278,254
Equity in Pooled Cash and Investments	22,870,524	9,481,089	0
Accounts Receivable	755,361	33,284	32,379
Allowance for Uncollectibles	(26,953)	0	0
Due from Other Governments	2,686,946	7,190,507	0
Property Taxes Receivable	34,291,594	11,325,325	0
Allowance for Uncollectible Property Taxes	(1,427,917)	(500,325)	0
Prepaid Items	10,134	0	13,079
Accrued Interest Receivable	0	0	24,218
Capital Assets:			
Assets Not Depreciated:			
Land	8,346,077	2,091,562	16,100
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	15,877,973	67,466,421	281,735
Infrastructure	27,912,631	528,706	0
Other Capital Assets	3,900,227	7,419,222	1,208,744
Total Assets	<u>\$ 115,247,698</u>	<u>\$ 105,146,732</u>	<u>\$ 4,854,509</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 203,581	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 203,581</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 506,632	\$ 399,990	\$ 51,150
Accrued Payroll	0	262	0
Payroll Deductions Payable	269,177	3,106,991	0
Accrued Leave	0	0	22,345
Cash Overdraft	0	206,796	0
Contracts Payable	353,095	0	0
Due to State of Tennessee	10,364	0	0
Other Current Liabilities	42	0	0
Accrued Interest Payable	569,578	0	0
Noncurrent Liabilities:			
Due Within One Year	6,220,288	281,689	0
Due in More Than One Year (net of unamortized premium on debt)	55,371,160	8,474,256	0
Total Liabilities	<u>\$ 63,300,336</u>	<u>\$ 12,469,984</u>	<u>\$ 73,495</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 32,188,662	\$ 10,573,093	\$ 0
Total Deferred Inflows of Resources	<u>\$ 32,188,662</u>	<u>\$ 10,573,093</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	<u>Component Units</u>	
		<u>Madison County School Department</u>	<u>Emergency Communications District</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 48,255,871	\$ 77,505,911	\$ 1,506,579
Restricted for:			
General Government	122,367	0	0
Finance	15,438	0	0
Administration of Justice	260,055	0	0
Public Safety	640,097	0	0
Public Health and Welfare	540,505	0	0
Social, Cultural, and Recreational Services	260,134	0	0
Other Operations	110,143	0	0
Highways	6,078,654	0	0
Capital Outlay	491,690	171,142	0
Debt Service	4,687,568	0	0
Education	0	405,099	0
Operation of Non-Instructional Services	0	2,464,153	0
Unrestricted	<u>(41,500,241)</u>	<u>1,557,350</u>	<u>3,274,435</u>
Total Net Position	<u>\$ 19,962,281</u>	<u>\$ 82,103,655</u>	<u>\$ 4,781,014</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, 2013

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		Component Units		
					Total Governmental Activities	Madison County School Department	Emergency Communications District		
Primary Government:									
Governmental Activities:									
General Government	\$ 2,634,748	\$ 910,502	\$ 35,805	0	0	\$ (1,688,441)	\$ 0	\$ 0	0
Finance	3,280,645	2,901,326	0	0	0	(379,319)	0	0	0
Administration of Justice	3,490,878	2,668,956	74,645	0	0	(747,277)	0	0	0
Public Safety	23,626,681	4,148,912	494,093	411,393	0	(18,572,283)	0	0	0
Public Health and Welfare	6,414,768	1,204,845	3,061,271	0	0	(2,148,652)	0	0	0
Social, Cultural, and Recreational Services	2,329,922	249,478	364,243	250,000	0	(1,466,201)	0	0	0
Agriculture and Natural Resources	475,171	78,740	0	0	0	(396,431)	0	0	0
Other Operations	2,212,193	676,725	0	0	0	(1,535,468)	0	0	0
Highways/Public Works	5,789,681	128,205	2,390,798	559,728	0	(2,710,950)	0	0	0
Education	2,000,000	0	0	0	0	(2,000,000)	0	0	0
Interest on Long-term Debt	2,646,407	0	0	0	0	(2,646,407)	0	0	0
Other Debt Service	436,358	0	421,559	0	0	(14,799)	0	0	0
Total Primary Government	\$ 55,337,452	\$ 12,967,689	\$ 6,842,414	\$ 1,221,121	\$ 0	\$ (34,306,228)	\$ 0	\$ 0	0
Component Units:									
Madison County School Department	\$ 123,833,050	\$ 1,527,363	\$ 16,764,031	0	0	0	\$ (105,541,656)	\$ 0	0
Emergency Communications District	1,010,106	635,811	411,533	0	0	0	0	0	37,238
Total Component Units	\$ 124,843,156	\$ 2,163,174	\$ 17,175,564	\$ 0	\$ 0	\$ 0	\$ (105,541,656)	\$ 0	37,238

(Continued)

Exhibit B

Madison County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units	
					Primary Government Total Governmental Activities	Madison County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 25,040,533	\$ 12,071,183	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service		6,976,249	0	0	0	0
Local Option Sales Taxes		860,220	35,576,969	0	0	0
Hotel/Motel Tax		410,944	0	0	0	0
Litigation Tax		696,109	0	0	0	0
Business Tax		1,633,633	0	0	0	0
Wholesale Beer Tax		302,389	0	0	0	0
Other Local Taxes		58,555	7,749	0	0	0
Grants and Contributions Not Restricted to Specific Programs		3,543,956	52,851,140	0	0	0
Unrestricted Investment Income		67,319	0	0	0	28,745
Miscellaneous		645,471	91,536	0	0	179,069
Total General Revenues		\$ 40,235,378	\$ 100,598,577	\$ 207,814	\$ 0	0
Change in Net Position		\$ 5,929,150	\$ (4,943,079)	\$ 245,052	\$ 0	0
Net Position, July 1, 2012		14,481,929	87,046,734	4,535,962	0	0
Restatement - See Note I.D.10.		(448,798)	0	0	0	0
Net Position, June 30, 2013		\$ 19,962,281	\$ 82,103,655	\$ 4,781,014	\$ 0	0

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, 2013

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 10,000	\$ 0	\$ 0	\$ 41,101	\$ 51,101
Equity in Pooled Cash and Investments	3,041,318	5,431,058	7,278,777	4,322,703	20,073,856
Accounts Receivable	151,827	422,222	0	181,312	755,361
Allowance for Uncollectibles	0	0	0	(26,953)	(26,953)
Due from Other Governments	914,866	441,830	0	1,330,250	2,686,946
Due from Other Funds	41,601	0	0	0	41,601
Property Taxes Receivable	21,583,565	1,875,525	7,793,546	3,038,958	34,291,594
Allowance for Uncollectible Property Taxes	(897,179)	(78,255)	(320,746)	(131,737)	(1,427,917)
Prepaid Items	10,134	0	0	0	10,134
Total Assets	\$ 24,856,132	\$ 8,092,380	\$ 14,751,577	\$ 8,755,634	\$ 56,455,723
<u>LIABILITIES</u>					
Accounts Payable	\$ 41,293	\$ 0	\$ 0	\$ 315,339	\$ 356,632
Payroll Deductions Payable	204,859	0	0	64,318	269,177
Contracts Payable	0	348,507	0	4,588	353,095
Due to Other Funds	0	0	0	41,601	41,601
Due to State of Tennessee	113	0	0	10,251	10,364
Other Current Liabilities	0	0	0	42	42
Total Liabilities	\$ 246,265	\$ 348,507	\$ 0	\$ 436,139	\$ 1,030,911
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 20,263,105	\$ 1,760,193	\$ 7,323,199	\$ 2,842,165	\$ 32,188,662
Deferred Delinquent Property Taxes	316,228	27,664	112,075	48,294	504,261
Other Deferred/Unavailable Revenue	384,160	221,828	0	443,088	1,049,076
Total Deferred Inflows of Resources	\$ 20,963,493	\$ 2,009,685	\$ 7,435,274	\$ 3,333,547	\$ 33,741,999
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 10,134	\$ 0	\$ 0	\$ 0	\$ 10,134
Restricted:					
Restricted for General Government	122,367	0	0	0	122,367
Restricted for Finance	15,438	0	0	0	15,438
Restricted for Administration of Justice	260,055	0	0	0	260,055
Restricted for Public Safety	19,927	0	0	561,505	581,432
Restricted for Public Health and Welfare	0	0	0	378,481	378,481
Restricted for Other Operations	0	0	0	110,143	110,143
Restricted for Highways/Public Works	0	5,521,090	0	661,627	6,182,717
Restricted for Capital Outlay	0	0	0	470,997	470,997
Restricted for Debt Service	0	0	4,941,490	0	4,941,490
Committed:					
Committed for General Government	0	0	0	1,944,124	1,944,124
Committed for Public Safety	0	0	0	102,145	102,145
Committed for Public Health and Welfare	0	0	0	50,898	50,898
Committed for Highways/Public Works	0	213,098	0	0	213,098
Committed for Capital Outlay	0	0	0	346,761	346,761
Committed for Debt Service	0	0	2,374,813	0	2,374,813
Assigned:					
Assigned for General Government	7,550	0	0	0	7,550
Assigned for Finance	545	0	0	0	545
Assigned for Public Safety	8,622	0	0	0	8,622
Assigned for Public Health and Welfare	23,285	0	0	359,267	382,552
Assigned for Social, Cultural, and Recreational Services	13,065	0	0	0	13,065
Assigned for Agriculture and Natural Resources	145	0	0	0	145
Unassigned	3,165,241	0	0	0	3,165,241
Total Fund Balances	\$ 3,646,374	\$ 5,734,188	\$ 7,316,303	\$ 4,985,948	\$ 21,682,813
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,856,132	\$ 8,092,380	\$ 14,751,577	\$ 8,755,634	\$ 56,455,723

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 Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	21,682,813
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	8,346,077	
Add: buildings and improvements net of accumulated depreciation		15,877,973	
Add: infrastructure net of accumulated depreciation		27,912,631	
Add: other capital assets net of accumulated depreciation		<u>3,900,227</u>	56,036,908
(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 position.			2,646,668
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(56,375,000)	
Add: deferred amount on refunding		203,581	
Less: compensated absences payable		(1,899,248)	
Less: other postemployment benefits liability		(2,179,354)	
Less: accrued interest on bonds		(569,578)	
Less: other deferred revenue - premium on debt		<u>(1,137,846)</u>	(61,957,445)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,553,337</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>19,962,281</u></u>

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

Exhibit C-3

Madison County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 22,600,407	\$ 1,862,921	\$ 7,266,069	\$ 4,992,836	\$ 36,722,233
Licenses and Permits	370,429	0	0	0	370,429
Fines, Forfeitures, and Penalties	548,924	0	0	16,097	565,021
Charges for Current Services	852,687	0	0	500,300	1,352,987
Other Local Revenues	401,983	61,099	59,815	160,986	683,883
Fees Received from County Officials	4,992,670	0	0	0	4,992,670
State of Tennessee	2,039,155	2,927,630	0	3,857,896	8,824,681
Federal Government	250,999	0	148,831	489,476	889,306
Other Governments and Citizens Groups	2,035,733	0	776,401	256,747	3,068,881
Total Revenues	\$ 34,092,987	\$ 4,851,650	\$ 8,251,116	\$ 10,274,338	\$ 57,470,091
<u>Expenditures</u>					
Current:					
General Government	\$ 2,262,238	\$ 0	\$ 0	\$ 166,152	\$ 2,428,390
Finance	2,929,042	0	0	15,132	2,944,174
Administration of Justice	2,912,587	0	0	67,115	2,979,702
Public Safety	17,351,099	0	0	3,924,887	21,275,986
Public Health and Welfare	1,855,160	0	0	4,157,218	6,012,378
Social, Cultural, and Recreational Services	2,032,386	0	0	83,886	2,116,272
Agriculture and Natural Resources	411,198	0	0	36,923	448,121
Other Operations	3,270,635	0	0	2,360,543	5,631,178
Highways	0	4,599,262	0	23,830	4,623,092
Debt Service:					
Principal on Debt	0	0	4,525,000	0	4,525,000
Interest on Debt	0	0	2,689,606	0	2,689,606
Other Debt Service	0	0	143,195	0	143,195
Total Expenditures	\$ 33,024,345	\$ 4,599,262	\$ 7,357,801	\$ 10,835,686	\$ 55,817,094
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,068,642	\$ 252,388	\$ 893,315	\$ (561,348)	\$ 1,652,997
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 104,810	\$ 0	\$ 0	\$ 12,630	\$ 117,440
Transfers In	29,203	0	150,000	0	179,203
Transfers Out	(150,000)	(29,203)	0	0	(179,203)
Total Other Financing Sources (Uses)	\$ (15,987)	\$ (29,203)	\$ 150,000	\$ 12,630	\$ 117,440
Net Change in Fund Balances	\$ 1,052,655	\$ 223,185	\$ 1,043,315	\$ (548,718)	\$ 1,770,437
Reclassification - See Note I.D.10.	0	0	0	(15,937)	(15,937)
Prior-period Adjustment - See Note I.D.9.	101,482	0	0	(101,482)	0
Fund Balance, July 1, 2012	2,492,237	5,511,003	6,272,988	5,652,085	19,928,313
Fund Balance, June 30, 2013	\$ 3,646,374	\$ 5,734,188	\$ 7,316,303	\$ 4,985,948	\$ 21,682,813

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, 2013

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,770,437
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,191,957	
Less: current-year depreciation expense	<u>(3,428,787)</u>	(1,236,830)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 1,553,337	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(877,283)</u>	676,054
(3) The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: change in premium on debt issuances	\$ 421,559	
Add: principal payments on note	1,600,000	
Add: principal payments on bonds	2,925,000	
Less: change in deferred amount on refunding debt	<u>(293,163)</u>	4,653,396
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 43,199	
Change in compensated absences payable	(21,787)	
Change in other postemployment benefits liability	<u>(357,448)</u>	(336,036)
(5) 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 the internal service fund is reported with governmental activities in the statement of activities.		<u>402,129</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 5,929,150</u>

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

Exhibit C-5

Madison County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 22,600,407	\$ 0	\$ 0	\$ 22,600,407	\$ 22,621,872	\$ 22,643,897	\$ (43,490)
Licenses and Permits	370,429	0	0	370,429	427,046	431,046	(60,617)
Fines, Forfeitures, and Penalties	548,924	0	0	548,924	501,186	522,634	26,290
Charges for Current Services	852,687	0	0	852,687	762,766	874,424	(21,737)
Other Local Revenues	401,983	0	0	401,983	187,608	369,666	32,317
Fees Received from County Officials	4,992,670	0	0	4,992,670	4,800,699	4,800,699	191,971
State of Tennessee	2,039,155	0	0	2,039,155	1,377,772	2,035,972	3,183
Federal Government	250,999	0	0	250,999	433,718	475,759	(224,760)
Other Governments and Citizens Groups	2,035,733	0	0	2,035,733	1,388,925	1,884,769	150,964
Total Revenues	\$ 34,092,987	\$ 0	\$ 0	\$ 34,092,987	\$ 32,501,592	\$ 34,038,866	\$ 54,121
Expenditures							
<u>General Government</u>							
County Commission	151,532	0	0	151,532	150,806	153,906	2,374
County Mayor/Executive	197,108	0	850	197,958	251,688	217,922	19,964
Personnel Office	206,474	0	0	206,474	209,866	211,366	4,892
County Attorney	50,000	0	0	50,000	50,000	50,000	0
Election Commission	378,759	0	0	378,759	417,580	411,580	32,821
Register of Deeds	381,550	0	0	381,550	423,707	463,257	81,707
Codes Compliance	82,739	0	0	82,739	93,493	95,293	12,554
County Buildings	287,742	(12,054)	6,700	282,388	283,235	310,391	28,003
Other Facilities	453,312	0	0	453,312	507,730	512,148	58,836
Preservation of Records	46,243	0	0	46,243	47,044	50,944	4,701
Risk Management	26,779	0	0	26,779	31,176	29,976	3,197
<u>Finance</u>							
Accounting and Budgeting	1,008,114	(6,221)	545	1,002,438	1,001,730	1,013,330	10,892
Property Assessor's Office	772,617	0	0	772,617	801,497	816,197	43,580
Reappraisal Program	167,237	0	0	167,237	207,095	204,865	37,628
County Trustee's Office	333,279	0	0	333,279	353,660	352,060	18,781

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 624,857	\$ 0	0	\$ 624,857	\$ 637,109	\$ 646,509	\$ 21,652
Data Processing	22,938	0	0	22,938	25,000	25,000	2,062
<u>Administration of Justice</u>							
Circuit Court	1,129,309	0	0	1,129,309	1,059,667	1,151,625	22,316
General Sessions Court	319,141	0	0	319,141	326,954	327,554	8,413
Drug Court	16,359	0	0	16,359	16,744	18,000	1,641
Chancery Court	705,594	0	0	705,594	688,380	722,593	16,999
Juvenile Court	354,285	(218)	0	354,067	391,960	388,519	34,452
District Attorney General	97,863	0	0	97,863	91,606	98,882	1,019
Office of Public Defender	82,055	0	0	82,055	82,488	83,488	1,433
Other Administration of Justice	207,981	0	0	207,981	137,495	209,994	2,013
<u>Public Safety</u>							
Sheriff's Department	6,118,731	0	1,784	6,120,515	5,985,626	6,265,842	145,327
Special Patrols	828,921	0	0	828,921	1,029,825	928,350	99,429
Jail	6,969,025	0	6,838	6,975,863	7,106,009	7,275,111	299,248
Workhouse	1,818,853	0	0	1,818,853	2,055,839	2,015,966	197,113
Juvenile Services	365,214	0	0	365,214	375,317	374,817	9,603
Fire Prevention and Control	680,052	0	0	680,052	712,898	741,348	61,296
Civil Defense	324,318	0	0	324,318	330,792	326,919	2,601
Inspection and Regulation	112,725	0	0	112,725	133,686	131,486	18,761
County Coroner/Medical Examiner	115,886	0	0	115,886	101,800	136,600	20,714
Other Public Safety	17,374	0	0	17,374	15,724	17,724	350
<u>Public Health and Welfare</u>							
Local Health Center	1,640,367	(9,436)	21,560	1,652,491	1,818,473	1,782,981	130,490
Rabies and Animal Control	197,163	(305)	1,725	198,583	206,329	210,232	11,649
Other Local Welfare Services	17,630	0	0	17,630	17,630	17,630	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,018,706	0	13,065	1,031,771	1,034,962	1,117,186	85,415

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	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	\$ 947,656	\$ (2,048)	\$ 0	\$ 945,608	\$ 944,166	\$ 960,454	\$ 14,846
Other Social, Cultural, and Recreational	66,024	(79)	0	65,945	93,080	93,080	27,135
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	185,602	(1,670)	145	184,077	206,887	209,159	25,082
Soil Conservation	105,596	0	0	105,596	105,407	106,207	611
Flood Control	120,000	0	0	120,000	70,000	120,000	0
<u>Other Operations</u>							
Industrial Development	72,000	0	0	72,000	72,000	72,000	0
Airport	779,986	0	0	779,986	829,236	829,236	49,250
Veterans' Services	13,837	0	0	13,837	0	24,073	10,236
Other Charges	500,623	0	0	500,623	551,876	551,876	51,253
Contributions to Other Agencies	242,905	0	0	242,905	245,991	245,991	3,086
Miscellaneous	1,661,284	0	0	1,661,284	1,833,951	1,868,381	207,097
Total Expenditures	\$ 33,024,345	\$ (32,031)	\$ 53,212	\$ 33,045,526	\$ 34,165,214	\$ 34,988,048	\$ 1,942,522
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,068,642	\$ 32,031	\$ (53,212)	\$ 1,047,461	\$ (1,663,622)	\$ (949,182)	\$ 1,996,643
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 104,810	\$ 0	\$ 0	\$ 104,810	\$ 0	\$ 84,870	\$ 19,940
Transfers In	29,203	0	0	29,203	384,309	325,403	(296,200)
Transfers Out	(150,000)	0	0	(150,000)	0	(150,000)	0
Total Other Financing Sources	\$ (15,987)	\$ 0	\$ 0	\$ (15,987)	\$ 384,309	\$ 260,273	\$ (276,260)
Net Change in Fund Balance	\$ 1,052,655	\$ 32,031	\$ (53,212)	\$ 1,031,474	\$ (1,279,313)	\$ (688,909)	\$ 1,720,383
Prior-period Adjustment	101,482	0	0	101,482	0	0	101,482
Fund Balance, July 1, 2012	2,492,237	(32,031)	0	2,460,206	2,611,165	2,460,206	0
Fund Balance, June 30, 2013	\$ 3,646,374	\$ 0	\$ (53,212)	\$ 3,593,162	\$ 1,331,852	\$ 1,771,297	\$ 1,821,865

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

Exhibit C-6

Madison County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,862,921	\$ 0	\$ 1,862,921	\$ 1,854,750	\$ 1,854,750	\$ 8,171
Other Local Revenues	61,099	0	61,099	22,000	22,000	39,099
State of Tennessee	2,927,630	0	2,927,630	3,613,433	3,613,433	(685,803)
Federal Government	0	0	0	633,708	633,708	(633,708)
Total Revenues	\$ 4,851,650	\$ 0	\$ 4,851,650	\$ 6,123,891	\$ 6,123,891	\$ (1,272,241)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 249,905	\$ 0	\$ 249,905	\$ 330,350	\$ 330,350	\$ 80,445
Highway and Bridge Maintenance	2,428,111	0	2,428,111	4,079,700	4,079,700	1,651,589
Operation and Maintenance of Equipment	473,300	0	473,300	608,600	608,600	135,300
Other Charges	185,715	0	185,715	211,150	211,150	25,435
Employee Benefits	151,906	0	151,906	249,400	249,400	97,494
Capital Outlay	1,110,325	782	1,111,107	2,219,406	2,219,406	1,108,299
Total Expenditures	\$ 4,599,262	\$ 782	\$ 4,600,044	\$ 7,698,606	\$ 7,698,606	\$ 3,098,562
Excess (Deficiency) of Revenues Over Expenditures	\$ 252,388	\$ (782)	\$ 251,606	\$ (1,574,715)	\$ (1,574,715)	\$ 1,826,321
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (29,203)	\$ 0	\$ (29,203)	\$ (29,203)	\$ (29,203)	\$ 0
Total Other Financing Sources	\$ (29,203)	\$ 0	\$ (29,203)	\$ (29,203)	\$ (29,203)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 223,185	\$ (782)	\$ 222,403	\$ (1,603,918)	\$ (1,603,918)	\$ 1,826,321
Fund Balance, July 1, 2012	5,511,003	0	5,511,003	5,336,739	5,511,003	0
Fund Balance, June 30, 2013	\$ 5,734,188	\$ (782)	\$ 5,733,406	\$ 3,732,821	\$ 3,907,085	\$ 1,826,321

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

Exhibit D-1

Madison County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 2,796,668
Total Assets	<u>\$ 2,796,668</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 150,000
Total Liabilities	<u>\$ 150,000</u>
<u>NET POSITION</u>	
Restricted for Other Operations	<u>\$ 2,646,668</u>
Net Position	<u>\$ 2,646,668</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 Position
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 5,084,895
Total Operating Revenues	<u>\$ 5,084,895</u>
<u>Operating Expenses</u>	
Excess Risk Insurance	\$ 355,824
Medical Claims	4,035,177
Other Charges	297,928
Total Operating Expenses	<u>\$ 4,688,929</u>
Operating Income (Loss)	<u>\$ 395,966</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 6,163
Total Nonoperating Revenues	<u>\$ 6,163</u>
Change in Net Position	\$ 402,129
Net Position, July 1, 2012	<u>2,244,539</u>
Net Position, June 30, 2013	<u><u>\$ 2,646,668</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, 2013

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self Insurance Premiums	\$ 5,084,895
Excess Risk Insurance Payments	(355,824)
Payments for Medical Claims	(4,035,177)
Payments for Administrative Costs	(297,928)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 395,966</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 6,163
Net Cash Provided By (Used In) Investing Activities	<u>\$ 6,163</u>
Increase (Decrease) in Cash	\$ 402,129
Cash, July 1, 2012	<u>2,394,539</u>
Cash, June 30, 2013	<u><u>\$ 2,796,668</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	<u>\$ 395,966</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 395,966</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Equity in Pooled Cash and Investments Per Net Position	<u>\$ 2,796,668</u>
Cash, June 30, 2013	<u><u>\$ 2,796,668</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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,801,370
Equity in Pooled Cash and Investments	181,047
Accounts Receivable	80,549
Due from Other Governments	<u>2,100,028</u>
Total Assets	<u>\$ 7,162,994</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,218,414
Due to Litigants, Heirs, and Others	4,832,634
Other Current Liabilities	<u>111,946</u>
Total Liabilities	<u>\$ 7,162,994</u>

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

MADISON COUNTY, TENNESSEE
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MADISON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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.

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, 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
914 N. Highland Avenue
Jackson, TN 38301

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of 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.

Madison County issues all debt for the discretely presented Madison County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

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

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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

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, hotel/motel taxes for the Jackson-Madison County Community Economic Development Commission, and restricted revenues held for the benefit of the Office of District Attorney General. 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 funds:

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

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

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

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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.

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 fund's 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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash consists 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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds 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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

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 receivables 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 2.21 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the

period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

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

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

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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepays are offset in the nonspendable fund balance account in governmental funds.

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 and the discretely presented Madison County School Department as assets with an initial, individual cost of \$15,000 or more 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
Schools	10

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunded debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, as well as, other receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. 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.

Madison County and the discretely presented Madison County School Department permit employees to accumulate a limited amount of earned but unused sick leave; however, the granting of sick leave has no guaranteed payment attached, except for employees of the Highway Department.

7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

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

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

As of June 30, 2013, Madison County had \$48,698,860 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 position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

9. Prior-period Adjustments

In a prior year, Health Department collections of \$296,200 for the General Fund were incorrectly reflected in the Special Purpose Fund, and business tax revenue of \$194,718 for the Local Purpose Tax Fund was incorrectly reflected in the General Fund. Consequently, the beginning fund equity of the Special Purpose Fund was restated and reduced \$296,200, fund equity of the Local Purpose Tax Fund was restated and increased by \$194,718, and fund equity of the General Fund was restated and increased by a total of \$101,482.

10. Restatements

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$432,861 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, the balance of this fund (\$15,937) was reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented 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 Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

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

Discretely Presented 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, County Mayor/Executive, Personnel Office, 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.

At June 30, 2013, the Madison County School Department reported the following significant encumbrances:

Fund	Description	Amount
School Department:		
Major Fund:		
Education Capital Projects	Roof	\$ 220,284
"	HVAC	157,376

B. Cash Shortages

The audit of Madison County for the 2011-12 year reported an estimated cash shortage of \$5,308 in the Rabies Control Office. Our investigation revealed that from July 1, 2009, through March 9, 2011, four receipt books were missing. The estimated collections for the four missing books totaled \$5,308. On February 4, 2013, the former employee responsible for receipting cash, received judicial diversion and was ordered to pay \$1,500 restitution to the county. The \$1,500 was repaid prior to June 30, 2013. The remaining estimated amount of \$3,808 was written off.

The Jackson-Madison County Regional Health Department had a cash shortage of \$4,508.75 at June 30, 2013. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$206,796 at June 30, 2013. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

D. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Local Purpose Tax Fund by \$1,752. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

E. County Funds Were Not Invested in Accordance With State Statute

On June 30, 2013, the county trustee had investments of \$506,091 in a money market portfolio account, which is not an authorized investment type permitted by Section 5-8-301, *Tennessee Code Annotated*.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The

amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

Investment Balances. As of June 30, 2013, Madison County had the following investments carried at fair value. See Note III.E. for additional details pertaining to the investments in the Goldman Sachs Financial Square Government Fund. Pooled investments reported in the following table are held 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	Fair Value
Goldman Sachs Financial Square Government Fund	\$ 506,091

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, 2013, Madison County's investments in the Goldman Sachs Financial Square Government Fund were unrated.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Madison County places no limit on the amount the county may invest in one issuer. One hundred percent of the county investments are in the Goldman Sachs Financial Square Government Fund.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 8,346,077	\$ 0	\$ 0	\$ 8,346,077
Total Capital Assets Not Depreciated	\$ 8,346,077	\$ 0	\$ 0	\$ 8,346,077

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 25,870,535	\$ 729,496	\$ 0	\$ 26,600,031
Roads and Bridges	59,347,633	606,840	0	59,954,473
Other Capital Assets	16,446,274	855,621	40,460	17,261,435
Total Capital Assets				
Depreciated	\$ 101,664,442	\$ 2,191,957	\$ 40,460	\$ 103,815,939
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 10,089,398	\$ 632,660	\$ 0	\$ 10,722,058
Roads and Bridges	30,075,320	1,966,522	0	32,041,842
Other Capital Assets	12,572,063	829,605	40,460	13,361,208
Total Accumulated				
Depreciation	\$ 52,736,781	\$ 3,428,787	\$ 40,460	\$ 56,125,108
Total Capital Assets				
Depreciated, Net	\$ 48,927,661	\$ (1,236,830)	\$ 0	\$ 47,690,831
Governmental Activities				
Capital Assets, Net	\$ 57,273,738	\$ (1,236,830)	\$ 0	\$ 56,036,908

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

Governmental Activities:

General Government	\$ 22,272
Finance	4,663
Administration of Justice	155,986
Public Safety	967,132
Public Health and Welfare	161,379
Social, Cultural, and Recreational Services	58,906
Agriculture and Natural Resources	9,565
Other Operations	60,200
General Administration	890
Highways/Public Works	1,987,794
Total Depreciation Expense - Governmental Activities	<u>\$ 3,428,787</u>

Discretely Presented Madison County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Balance 6-30-13
	<hr/>		<hr/>
Capital Assets Not Depreciated:			
Land	\$ 2,091,562	\$ 0	\$ 2,091,562
Total Capital Assets Not Depreciated	<hr/> \$ 2,091,562	<hr/> \$ 0	<hr/> \$ 2,091,562
Capital Assets Depreciated:			
Buildings and Improvements	\$ 117,459,022	\$ 0	\$ 117,459,022
Infrastructure	590,868	70,550	661,418
Other Capital Assets	15,258,701	1,289,321	16,548,022
Total Capital Assets Depreciated	<hr/> \$ 133,308,591	<hr/> \$ 1,359,871	<hr/> \$ 134,668,462
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 47,377,351	\$ 2,615,250	\$ 49,992,601
Infrastructure	71,394	61,318	132,712
Other Capital Assets	8,122,244	1,006,556	9,128,800
Total Accumulated Depreciation	<hr/> \$ 55,570,989	<hr/> \$ 3,683,124	<hr/> \$ 59,254,113
Total Capital Assets Depreciated, Net	<hr/> \$ 77,737,602	<hr/> \$ (2,323,253)	<hr/> \$ 75,414,349
Governmental Activities Capital Assets, Net	<hr/> \$ 79,829,164	<hr/> \$ (2,323,253)	<hr/> \$ 77,505,911

There were no decreases in capital assets to report during the year ended June 30, 2013. Depreciation expense was charged to functions of the discretely presented Madison County School Department as follows:

Governmental Activities:

Instruction	\$ 2,309,988
Support Services	1,129,951
Operation of Non-Instructional Services	<hr/> 243,185
Total Depreciation Expense - Governmental Activities	<hr/> \$ 3,683,124

C. Construction Commitments

At June 30, 2013, the General Capital Projects Fund had uncompleted construction contracts of \$531,279 for the construction of recreational facilities. Funding for these future expenditures is expected to be received from federal grants.

At June 30, 2013, the School Department's Education Capital Projects Fund had uncompleted construction contracts of \$377,660 for school renovations. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 41,601

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
General Fund	\$ 0	\$ 150,000
Highway/Public Works Fund	29,203	0
Total	\$ 29,203	\$ 150,000

Discretely Presented Madison County School Department

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental funds	\$ 150,000

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

E. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Madison County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds were issued for original terms of up to 16 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2013, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-13</u>
General Obligation Bonds	1.1 to 5.25 %	4-20-25	\$ 10,820,000	\$ 9,445,000
General Obligation Bonds - Refunding	3 to 5	6-30-23	48,530,000	46,930,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2013, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 4,735,000	\$ 2,439,822	\$ 7,174,822
2015	6,715,000	2,219,303	8,934,303
2016	5,090,000	1,964,349	7,054,349
2017	7,385,000	1,724,024	9,109,024
2018	7,765,000	1,368,537	9,133,537
2019-2023	22,685,000	2,965,977	25,650,977
2024-2025	2,000,000	156,500	2,156,500
Total	\$ 56,375,000	\$ 12,838,512	\$ 69,213,512

There is \$7,316,303 available in the General Debt Service Fund to service long-term debt. Debt per capita totaled \$574, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:	Bonds		Note
	Balance, July 1, 2012	\$ 59,300,000	\$
Additions		0	0
Reductions	(2,925,000)		(1,600,000)
Balance, June 30, 2013	\$ 56,375,000	\$	0
Balance Due Within One Year	\$ 4,735,000	\$	0

	Other	
	Compensated Absences	Postemployment Benefits
Balance, July 1, 2012	\$ 1,877,461	\$ 1,821,906
Additions	1,507,777	554,695
Reductions	(1,485,990)	(197,247)
Balance, June 30, 2013	\$ 1,899,248	\$ 2,179,354
Balance Due Within One Year	\$ 1,485,288	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 60,453,602
Less: Balance Due Within One Year	(6,220,288)
Add: Unamortized Premium on Debt	<u>1,137,846</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 55,371,160</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Madison County School Department

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented Madison County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 317,018	\$ 6,617,962
Additions	305,910	2,725,724
Reductions	<u>(318,205)</u>	<u>(892,464)</u>
Balance, June 30, 2013	<u>\$ 304,723</u>	<u>\$ 8,451,222</u>
Balance Due Within One Year	<u>\$ 281,689</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 8,755,945
Less: Balance Due Within One Year	<u>(281,689)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,474,256</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and Central Cafeteria funds.

F. 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, 2013, were \$619,837 and \$133,162, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Primary Government

Madison County issued revenue anticipation notes in advance of property tax collections and other revenue sources and deposited the proceeds in the General Fund. 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, 2013, was as follows:

	Balance			Balance
	7-1-12	Issued	Paid	6-30-13
Revenue				
Anticipation Notes	\$ 0	\$ 4,200,000	\$ (4,200,000)	\$ 0

Discretely Presented Madison County School Department

Madison County issued revenue anticipation notes and deposited the proceeds in the discretely presented School Federal Projects (\$350,000) and Education Capital Projects (\$1,000,000) funds. These notes were necessary to provide operating funds until federal reimbursements of grant expenditures were received and because funds were not available for capital expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance			Balance
	7-1-12	Issued	Paid	6-30-13
Revenue				
Anticipation Notes	\$ 0	\$ 1,350,000	\$ (1,350,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Employee Health Insurance

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 \$85,000 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 demographics of the group, cost of medical care, prior-claim experience, and expected liability during the 2012-13 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
2011-12	\$ 150,000	\$ 3,395,965	\$ (3,395,965)	\$ 150,000
2012-13	150,000	4,035,177	(4,035,177)	150,000

Workers' Compensation Insurance

Madison County has elected to implement and administrate an On-the-Job Program under the provisions of Section 50-6-106(16), *Tennessee Code Annotated (TCA)*, to provide uniform procedures for the reporting, treatment,

and compensation of qualified individuals who are injured or fall ill while performing their duties.

Liability, Property, and Casualty

Madison County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Discretely Presented Madison County School Department

Employee Health Insurance

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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.

Workers' Compensation Insurance

The School Department participates in the Local Government Workers' Compensation Fund (LWCF), a public entity risk pool established under the provisions of Section 29-20-401, *TCA*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The School Department pays an annual premium to the LWCF for its workers' compensation insurance coverage. The LWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

Liability, Property, and Casualty

The School Department participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The School Department pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Madison County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$432,861 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

C. Subsequent Events

The director of schools, Thomas White, resigned June 30, 2013, and was succeeded by Dr. Verna Ruffin on July 1, 2013.

Subsequent to June 30, 2013, Madison County issued tax anticipation notes to provide temporary operating funds as detailed below:

Date Issued	Amount	Borrower Fund	Lender Fund
7-31-13	\$ 100,000	Solid Waste/Sanitation	General Debt Service
8-28-13	2,000,000	General	"
9-18-13	48,927	Solid Waste/Sanitation	"
9-25-13	1,000,000	General	"
11-12-13	143,000	General Capital Projects	"
11-18-13	90,000	Solid Waste/Sanitation	"

D. Contingent Liabilities

The county and School Department are involved in several pending lawsuits. Management estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect their 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 contributed \$196,120 to the Airport Authority for its operations in addition to processing the airport's payroll during the year ended June 30, 2013. 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
197 Auditorium Street
Jackson, TN 38301

Jackson-Madison County General Hospital
620 Skyline Drive
Jackson, TN 38301-3956

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

F. Jointly Governed Organization

The West Tennessee Railroad Authority (WTRA) was created by Gibson County in conjunction with the counties of Chester, Gibson, Madison, McNairy, Obion, and Weakley. The WTRA's board includes the mayors of Chester, Gibson, Madison, McNairy, Obion, and Weakley counties, and one at-large member from each of these areas. However, the counties do not have any ongoing financial interest or responsibility for the entity.

G. Retirement Commitments

1. Tennessee Consolidated Retirement Plan (TCRS)

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.

Madison County withdrew from TCRS effective July 1, 2012. Employees hired after the date of withdrawal are not eligible to participate in TCRS. Employees active as of the withdrawal date will continue to accrue salary and service credit in TCRS. The employer remains responsible for the pension liability for employees that were active as of the withdrawal date and for retirees of the employer.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee

Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/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, 2013, was 14.35 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, the county’s annual pension cost of \$4,774,883 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 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 ten-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, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$4,774,883	100%	\$0
6-30-12	4,889,073	100	0
6-30-11	4,862,694	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.29 percent funded. The actuarial accrued liability for benefits was \$102.66 million, and the actuarial value of assets was \$97.82 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.84 million. The covered payroll (annual payroll of active employees covered by the plan) was \$30.79 million, and the ratio of the UAAL to the covered payroll was 15.71 percent.

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

SCHOOL TEACHERS

Plan Description

The Madison County School Department 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 www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$4,850,804, \$4,942,310, and \$5,004,994, respectively, equal to the required contributions for each year.

2. **City of Jackson Teachers 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.

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.

Plan Description and Contribution Information

At June 30, 2013, the plan had 25 retirees and beneficiaries receiving benefits. The plan has no active members and 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 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 TCRS contributes retirement benefits to the plan for 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 that would have been payable to CJTRP members if they had been members of TCRS. The Madison County School Department is required to contribute a sufficient sum to pay for benefits provided under the plan. Per Chapter 357, Private Acts of 1943, as amended, contribution requirements of 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, 2013, the Madison County School Department's annual pension cost of \$316,081 to the CJTRP was equal to the system's required and actual contributions.

Annual required contribution (ARC)	\$ 316,081
Interest on net pension obligation	0
Adjustment to ARC	0
Annual pension cost	<u>\$ 316,081</u>
Contributions made	<u>(316,081)</u>
Increase (decrease) in net pension obligation	\$ 0
Net pension obligation, July 1, 2012	<u>0</u>
Net pension obligation, June 30, 2013	<u><u>\$ 0</u></u>

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 316,081	100	\$ 0
6-30-12	353,430	100	0
6-30-11	326,830	100	0

The required contribution was determined as part of the July 1, 2009, 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 and (b) a projected two percent cost-of-living increase for pension.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 32 percent funded. The actuarial accrued liability for benefits was \$3,145,868, and the actuarial value of assets was \$999,956, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,145,912. The covered payroll (annual payroll of active employees covered by the plan) was \$49,655, and the ratio of UAAL to the covered payroll was 4,322 percent.

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

3. Deferred Compensation

Madison County offers all employees a deferred compensation plan established pursuant to IRC Section 457 and also offers employees hired on or after July 1, 2012, a deferred compensation plan established pursuant to IRC Sections 401(a). Madison County will match each eligible participant's 457(b) salary deferrals dollar-for-dollar on the first one percent of compensation and 50 percent on the next six percent of compensation. This match will be deposited into a 401(a) account.

The Madison County School Department offers its full-time, non-certified employees hired on or after July 1, 2012, deferred compensation plans established pursuant to IRC Sections 457 and 401(a). The Madison County School Department will contribute four percent to each eligible participant's 401(a) and match each eligible participant's 457(b) salary deferrals dollar-for-dollar on the first three percent of compensation. This match will be deposited into a 401(a) account.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

Madison County participates in a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for medical, dental, and life insurance benefits for retirees and their beneficiaries. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee established by the County Commission. To be eligible to continue coverage under the medical and dental plans following retirement from active service with the county, the retiree must: 1) be age 55 with at least five years of service with the county; or 2) have 30 years of service with the county; and 3) be under the Social Security normal retirement age.

Funding Policy

The premium requirements of plan members are established and may be amended by the Madison County Commission. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active and retired employees' premiums. A retiree who has reached age 55 with five years of service will be required to pay 100 percent of the monthly medical premium for retiree and dependent coverage. A retiree who has reached 30 years of service will be required to pay 25 percent of the monthly medical premium for retiree only coverage and 100 percent of the cost of dependent coverage. A retiree who has reached age 55 with 20 to 29 years of service will be required to pay 35 percent of the monthly medical premium for retiree only coverage and 100 percent of the cost of dependent coverage. The county also pays the premiums for the \$5,000 life insurance. 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 \$197,247 were recognized for the primary government.

Annual OPEB Cost and Net OPEB Obligation

	<u>Primary Government Plan</u>
ARC	\$ 523,558
Interest on NOPEBO	54,657
Adjustment to ARC	<u>(23,520)</u>
Annual OPEB cost	\$ 554,695
Less: Amount of contribution	<u>(197,247)</u>
Increase (decrease) in NOPEBO	\$ 357,448
Net OPEB obligation, 7-1-12	<u>1,821,906</u>
 Net OPEB obligation, 6-30-13	 <u>\$ 2,179,354</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Primary Government	\$ 553,939	10 %	\$ 1,334,981
6-30-12	"	628,165	22	1,821,906
6-30-13	"	554,695	36	2,179,354

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	<u>Primary Government Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 5,470,388
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,470,388
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 20,216,565
UAAL as a % of covered payroll	27%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a three percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of three percent after 20 years. The rate includes a three percent inflation assumption. Madison County has decided to recognize the entire retiree accrued liability for the year beginning July 1, 2008, and to amortize the accrued liability over 30 years.

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*, for local education employees. Prior to reaching age 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) 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://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its 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 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 employee reaches age 65 and is Medicare eligible. The School Department pays 63 percent of single coverage and 57.5 percent of family coverage for all certified and qualifying noncertified personnel. As of June 30, 2013, there were 185 former employees participating. Expenditures totaling \$892,464 were recognized for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 2,742,000
Interest on NOPEBO	264,718
Adjustment to ARC	(280,994)
Annual OPEB cost	<u>\$ 2,725,724</u>
Less: Amount of contribution	(892,464)
Increase (decrease) in NOPEBO	<u>\$ 1,833,260</u>
Net OPEB obligation, 7-1-12	<u>6,617,962</u>
 Net OPEB obligation, 6-30-13	 <u><u>\$ 8,451,222</u></u>

Fiscal Year Ended Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11 Local Education Group	\$ 2,987,497	32	\$ 4,760,552
6-30-12 "	2,706,293	31	6,617,962
6-30-13 "	2,725,724	33	8,451,222

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 20,431,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 20,431,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 70,025,019
UAAL as a % of covered payroll	29%

During the year, the Board of Education placed funds with the Tennessee School Board Association (TSBA) GASB 45 Trust to be used to pre-fund a portion of the OPEB liability. The assets of GASB 45 Trust are commingled with other participants' funds for investment purposes, but are held in an irrevocable trust for each plan participant and may be used only for the payment of benefits to the members of the plan in accordance with the terms of their plan. The TSBA GASB 45 Trust obtains an annual audit, which may be obtained from the TSBA at 525 Brick Church Park Drive, Nashville, TN 37207.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. 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 direction of a finance director.

J. 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. **Significant Accounting Policies**

1. **Reporting Entity**

The Madison County Emergency Communications 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's Board of Directors is appointed by the Madison County Commission. The County Commission must approve any debt issued by the district.

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

The district is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Governmental Accounting Standards Board (GASB). Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board to be non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

3. Assets, Liabilities, and Net Position

Deposits and Investments

Cash and cash equivalents are considered to be all demand deposits and other deposits with original maturities of three months or less and are included in the caption cash and cash equivalents.

State statutes allow investments in obligations of the U.S. Treasury, agencies, instrumentalities, and obligations guaranteed as to principal and interest of the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool and certificates of deposits.

Accounts Receivable

Accounts receivable represents amounts due from various telephone service providers, less applicable commissions, Emergency Medical Services, and state wireless charges.

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. Any purchase of equipment, either for office or system use, purchased at a price in excess of \$7,500 and with an expected life span of at least five years shall be considered a capital asset and carried on the books as such.

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

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. For employees with six-to-ten years of service, 18 days of vacation are received and accrual is limited to 36 days. Employees with more than ten years of service receive three weeks of vacation with accrual limited to 39 days. Employees with 20 or more years of service receive 24 days of vacation with accrual limited to 42 days. Employees receive full reimbursement for unused vacation upon leaving the employment of the district.

Deferred Outflows/Inflows of Resources

During the year ended June 30, 2013, the district adopted the provisions of GASB Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*. The objective of the statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The district does not have any items that qualify for reporting in this category as of June 30, 2013.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The district does not have any items that qualify for reporting in this category as of June 30, 2013.

Net Position Flow Assumption

Sometime the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net Position

Equity is reported as net position and is classified into the following components, as applicable:

Investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – net position when constraints are placed on its use by external third parties or imposed by law.

Unrestricted – net position that does not meet the definition of the other categories.

Revenues

The district receives remittances from telephone companies and the State of Tennessee representing fees that have been collected on behalf of the district for 911 services. These fees are remitted to the district on a monthly or bi-monthly schedule, depending on the telephone company. Fees collected for 911 services are considered operating revenues.

B. Stewardship, Compliance, and Accountability

Budgetary Information

The district adopts a budget in accordance with the requirements of the Tennessee Emergency Communications Board and *Tennessee Code Annotated*, Section 7-86-120. This budget is adopted on another comprehensive basis of accounting, which is not in accordance with generally accepted accounting principles. The budgetary basis of accounting includes expenditures for capital assets and reduction of principal on long-term debt, but does not include depreciation. Expenditures are required to be within budgetary limits at the line-item level of control.

C. Detailed Notes on Accounts

1. Deposits and Investments

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; and the state pooled investment fund. 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, 2013, \$500,000 of the district bank balance was covered by federal depository insurance, and the remaining bank balance of \$2,836,724 was covered by the Tennessee Bank Collateral Pool.

2. Capital Assets

Capital assets activity for the year was as follows:

Description	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Not Depreciated:				
Land	\$ 16,100	\$ 0	\$ 0	\$ 16,100
Capital Assets Depreciated:				
Buildings	\$ 304,964	\$ 0	\$ 0	\$ 304,964
Furniture and Fixtures	264,100	39,731	12,026	291,805
Office Equipment	79,423	0	1,585	77,838
Communications Equipment	2,933,284	175,837	898,321	2,210,800
Vehicles	30,691	20,880	7,329	44,242
Total Capital Assets				
Depreciated	\$ 3,612,462	\$ 236,448	\$ 919,261	\$ 2,929,649
Less Accumulated				
Depreciation For:				
Buildings	\$ 14,202	\$ 9,027	\$ 0	\$ 23,229
Furniture and Fixtures	96,577	26,482	11,702	111,357
Office Equipment	41,209	10,277	1,585	49,901
Communications Equipment	1,625,233	281,595	667,241	1,239,587
Vehicles	22,495	7,429	14,828	15,096
Total Accumulated				
Depreciation	\$ 1,799,716	\$ 334,810	\$ 695,356	\$ 1,439,170
Total Capital Assets				
Depreciated, Net	\$ 1,812,746	\$ (98,362)	\$ 223,905	\$ 1,490,479
Total Capital Assets, Net	\$ 1,828,846	\$ (98,362)	\$ 223,905	\$ 1,506,579

D. Other Information

1. Funding Sources

Funding for the district's operations is provided by monthly fees from service users in the county and wireless cellular phone subscribers. Major 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 voice over internet protocol services and remits a set percentage to the district.

2. 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.tn.gov/treasury/tcrs/PS.

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, 2013, was 15.93 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, 2013, the district’s annual pension cost of \$23,969 to TCRS was equal to the district’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post-retirement increases of 2.5 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 ten-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, 2011, was 15 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 23,969	100 %	\$ 0
6-30-12	23,503	100	0
6-30-11	23,008	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date available, the plan was 66.94 percent funded. The actuarial accrued liability for benefits was \$.44 million, and the actuarial value of assets was \$.29 million, resulting in an unfunded actuarial liability (UAAL) of \$.15 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.14 million, and the ratio of the UAAL to the covered payroll was 101.35 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

3. **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 fixed assets. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Madison County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Madison County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-11	\$ 97,823	\$ 102,659	\$ 4,836	95.29	% \$ 30,789	15.71 %
7-1-09	78,399	83,246	4,847	94.18	30,952	15.66
7-1-07	71,989	77,548	5,559	92.83	28,679	19.38

Exhibit F-2

Madison County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Madison County School Department
June 30, 2013

Former City of Jackson Teacher Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 961,499	\$ 3,812,330	\$ 2,850,831	25.20 %	\$ 57,610	4,948.50 %
7-1-12	997,849	3,624,134	2,626,285	27.53	56,584	4,641.39
7-1-13	999,956	3,145,868	2,145,912	31.79	49,655	4,321.64

Exhibit F-3

Madison County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Madison County Emergency Communications District
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen 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)
7-1-07	\$ 194	\$ 230	\$ 36	84.35 %	\$ 118	30.51 %
7-1-09	221	373	152	59.12	137	111.54
7-1-11	294	439	145	66.94	143	101.35

Exhibit F-4

Madison County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Madison County School Department
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Self-insurance Group	7-1-08	\$ 0	\$ 4,623	\$ 4,623	0	\$ 18,550	25 %
"	7-1-09	0	4,999	4,999	0	20,245	25
"	7-1-11	0	5,470	5,470	0	20,217	27
<u>DISCRETELY PRESENTED MADISON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	30,001	30,001	0	65,785	46
"	7-1-10	0	29,994	29,994	0	68,884	44
"	7-1-11	0	20,431	20,431	0	70,025	29

MADISON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Juvenile Services Fund – The Juvenile Services Fund is used to account for transactions 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 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.

Special Purpose Fund – The Special Purpose Fund is used to account for transactions related to certain public safety, health and welfare programs.

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 - In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the 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

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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, 2013

	Special Revenue Funds						Total
	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Constitutional Officers - Fees	
\$	0	0	0	0	0	41,101	\$ 41,101
Equity in Pooled Cash and Investments	312,000	72,205	1,944,118	487,328	25,582	0	2,841,233
Accounts Receivable	0	1,447	6	179,359	0	500	181,312
Allowance for Uncollectibles	0	0	0	(26,953)	0	0	(26,953)
Due from Other Governments	48,799	14,612	0	1,016,839	0	0	1,080,250
Property Taxes Receivable	931,802	931,431	0	0	0	0	1,863,233
Allowance for Uncollectible Property Taxes	(44,511)	(33,429)	0	0	0	0	(77,940)
Total Assets	\$ 1,248,090	\$ 986,266	\$ 1,944,124	\$ 1,656,573	\$ 25,582	\$ 41,601	\$ 5,902,236

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Payroll Deductions Payable
 Contracts Payable
 Due to Other Funds
 Due to State of Tennessee
 Other Current Liabilities
 Total Liabilities

\$	0	0	0	0	0	0	\$ 0
21,816	40,632	50	0	269,880	0	0	310,512
0	0	0	42,452	0	0	0	64,318
0	0	0	0	0	0	0	0
0	0	0	0	0	41,601	0	41,601
0	0	0	10,251	0	0	0	10,251
0	0	0	42	0	0	0	42
\$ 21,816	\$ 40,632	\$ 0	\$ 322,625	\$ 0	\$ 41,601	\$ 0	\$ 426,724

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

\$	863,191	885,069	0	0	0	0	\$ 1,748,260
17,984	9,617	0	0	0	0	0	27,601
0	0	0	193,088	0	0	0	193,088
\$ 881,175	\$ 894,686	\$ 0	\$ 193,088	\$ 0	\$ 0	\$ 0	\$ 1,968,949

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Other Operations
 Restricted for Highways/Public Works
 Restricted for Capital Outlay

\$	242,954	0	0	292,969	25,582	0	\$ 561,505
0	0	0	378,481	0	0	0	378,481
0	0	0	110,143	0	0	0	110,143
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

(Continued)

Exhibit G-1

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

		Special Revenue Funds						
Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Constitutional Officers - Fees	Total		
\$ 0	\$ 0	\$ 1,944,124	\$ 0	\$ 0	\$ 0	\$ 1,944,124		
102,145	0	0	0	0	0	102,145		
0	50,898	0	0	0	0	50,898		
0	0	0	0	0	0	0		
0	0	0	359,267	0	0	359,267		
\$ 345,099	\$ 50,898	\$ 1,944,124	\$ 1,140,860	\$ 25,582	\$ 0	\$ 3,506,563		
\$ 1,248,090	\$ 986,266	\$ 1,944,124	\$ 1,656,573	\$ 25,582	\$ 41,601	\$ 5,902,236		

FUND BALANCES (CONT.)

Committed:
 Committed for General Government
 Committed for Public Safety
 Committed for Public Health and Welfare
 Committed for Capital Outlay
 Assigned:
 Assigned for Public Health and Welfare
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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	\$ 41,101
\$	576,340	243,503	661,627	1,481,470	4,322,703
	0	0	0	0	181,312
	0	0	0	0	(26,953)
	250,000	0	0	250,000	1,330,250
	1,175,725	0	0	1,175,725	3,038,958
	(53,797)	0	0	(53,797)	(131,737)
\$	1,948,268	243,503	661,627	2,853,398	\$ 8,755,634

ASSETS

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

LIABILITIES

Accounts Payable
 Payroll Deductions Payable
 Contracts Payable
 Due to Other Funds
 Due to State of Tennessee
 Other Current Liabilities
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Other Operations
 Restricted for Highways/Public Works
 Restricted for Capital Outlay

(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 \$	1,944,124
	0	0	0	0	102,145
	0	0	0	0	50,898
	197,432	149,329	0	346,761	346,761
	0	0	0	0	359,267
\$	574,255 \$	243,503 \$	661,627 \$	1,479,385 \$	4,985,948
\$	1,948,268 \$	243,503 \$	661,627 \$	2,853,398 \$	8,755,634

FUND BALANCES (CONT.)

Committed:	
Committed for General Government	
Committed for Public Safety	
Committed for Public Health and Welfare	
Committed for Capital Outlay	
Assigned:	
Assigned for Public Health and Welfare	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Exhibit G-2

Madison County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds						
	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	District Attorney	
<u>Revenues</u>							
Local Taxes	\$ 1,174,175	\$ 644,897	\$ 1,739,782	\$ 0	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	0	16,097	0	0
Charges for Current Services	335	0	0	494,605	0	0	0
Other Local Revenues	3,925	7,732	0	0	0	0	0
State of Tennessee	9,000	99,384	0	3,749,512	0	0	0
Federal Government	157,825	0	0	331,651	0	0	0
Other Governments and Citizens Groups	122,779	0	0	133,968	0	0	0
Total Revenues	\$ 1,468,039	\$ 752,013	\$ 1,739,782	\$ 4,709,736	\$ 16,097	\$ 0	0
<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	0	0	0
Public Safety	1,504,084	0	0	1,531,010	19,346	0	0
Public Health and Welfare	0	1,015,585	0	3,055,307	0	0	0
Social, Cultural, and Recreational Services	0	0	0	0	0	0	0
Agriculture and Natural Resources	0	0	0	0	0	0	0
Other Operations	0	0	2,019,752	184,937	0	0	0
Highways	0	0	0	0	0	0	0
Total Expenditures	\$ 1,504,084	\$ 1,015,585	\$ 2,019,752	\$ 4,771,254	\$ 19,346	\$ 0	0
Excess (Deficiency) of Revenues Over Expenditures	\$ (36,045)	\$ (263,572)	\$ (279,970)	\$ (61,518)	\$ (3,249)	\$ 0	0
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 10,353	\$ 787	\$ 0	\$ 1,490	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)	\$ 10,353	\$ 787	\$ 0	\$ 1,490	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ (25,692)	\$ (262,785)	\$ (279,970)	\$ (60,028)	\$ (3,249)	\$ 0	0
Reclassification - See Note I.D.10	0	0	0	0	0	0	(15,937)
Prior-period Adjustments - See Note I.D.9.	0	0	194,718	(296,200)	0	0	0
Fund Balance, July 1, 2012	370,791	313,683	2,029,376	1,497,088	28,831	15,937	15,937
Fund Balance, June 30, 2013	\$ 345,099	\$ 50,898	\$ 1,944,124	\$ 1,140,860	\$ 25,582	\$ 0	0

(Continued)

Exhibit G-2

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

	Special Revenue Fund		Capital Projects Funds				Total Nonmajor Governmental Funds
	Constitutional Officers - Fees	Total	General Capital Projects	Community/ Development/ Industrial Park	Highway Capital Projects	Total	
Revenues							
Local Taxes	\$ 0	\$ 3,753,572	\$ 1,433,982	\$ 0	\$ 0	\$ 1,433,982	\$ 4,992,836
Fines, Forfeitures, and Penalties	0	16,097	0	0	0	0	16,097
Charges for Current Services	5,360	500,300	0	0	0	0	500,300
Other Local Revenues	0	11,657	0	149,329	0	149,329	160,986
State of Tennessee	0	3,857,896	0	0	0	0	3,857,896
Federal Government	0	489,476	0	0	0	0	489,476
Other Governments and Citizens Groups	0	256,747	0	0	0	0	256,747
Total Revenues	\$ 5,360	\$ 8,885,745	\$ 1,433,982	\$ 149,329	\$ 0	\$ 1,583,311	\$ 10,274,388
Expenditures							
Current:							
General Government	\$ 0	\$ 0	\$ 166,152	\$ 0	\$ 0	\$ 166,152	\$ 166,152
Finance	0	0	15,132	0	0	15,132	15,132
Administration of Justice	5,360	5,360	61,755	0	0	61,755	67,115
Public Safety	0	3,054,440	870,447	0	0	870,447	3,924,887
Public Health and Welfare	0	4,070,892	86,326	0	0	86,326	4,157,218
Social, Cultural, and Recreational Services	0	0	83,886	0	0	83,886	83,886
Agriculture and Natural Resources	0	0	36,923	0	0	36,923	36,923
Other Operations	0	2,204,689	74,412	81,442	0	155,854	2,360,543
Highways	0	0	0	0	23,830	23,830	23,830
Total Expenditures	\$ 5,360	\$ 9,335,381	\$ 1,395,033	\$ 81,442	\$ 23,830	\$ 1,500,305	\$ 10,835,686
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (449,636)	\$ 38,949	\$ 67,887	\$ (23,830)	\$ 83,006	\$ (561,348)
Other Financing Sources (Uses)							
Insurance Recovery	\$ 0	\$ 12,630	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,630
Total Other Financing Sources (Uses)	\$ 0	\$ 12,630	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,630
Net Change in Fund Balances	\$ 0	\$ (437,006)	\$ 38,949	\$ 67,887	\$ (23,830)	\$ 83,006	\$ (548,718)
Reclassification - See Note I.D.10.	0	(15,937)	0	0	0	0	(15,937)
Prior-period Adjustment - See Note I.D.9.	0	(296,200)	0	0	0	0	(101,482)
Fund Balance, July 1, 2012	0	4,255,706	535,306	175,616	685,457	1,396,379	5,652,085
Fund Balance, June 30, 2013	\$ 0	\$ 3,506,563	\$ 574,255	\$ 243,503	\$ 661,627	\$ 1,479,385	\$ 4,985,948

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, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,174,175	\$ 0	\$ 1,174,175	\$ 1,169,506	\$ 1,170,906	\$ 3,269
Charges for Current Services	335	0	335	0	300	35
Other Local Revenues	3,925	0	3,925	300	3,788	137
State of Tennessee	9,000	0	9,000	9,000	9,000	0
Federal Government	157,825	0	157,825	169,106	169,106	(11,281)
Other Governments and Citizens Groups	122,779	0	122,779	75,000	150,000	(27,221)
Total Revenues	\$ 1,468,039	\$ 0	\$ 1,468,039	\$ 1,422,912	\$ 1,503,100	\$ (35,061)
<u>Expenditures</u>						
<u>Public Safety</u>						
Juvenile Services	\$ 1,504,084	72	\$ 1,504,156	\$ 1,592,436	\$ 1,618,176	\$ 114,020
Total Expenditures	\$ 1,504,084	72	\$ 1,504,156	\$ 1,592,436	\$ 1,618,176	\$ 114,020
Excess (Deficiency) of Revenues Over Expenditures	\$ (36,045)	(72)	\$ (36,117)	\$ (169,524)	\$ (115,076)	\$ 78,959
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 10,353	0	\$ 10,353	0	\$ 10,353	0
Total Other Financing Sources	\$ 10,353	0	\$ 10,353	0	\$ 10,353	0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (25,692)	(72)	\$ (25,764)	\$ (169,524)	\$ (104,723)	\$ 78,959
	370,791	0	370,791	237,741	370,791	0
Fund Balance, June 30, 2013	\$ 345,099	(72)	\$ 345,027	\$ 68,217	\$ 266,068	\$ 78,959

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
Revenues							
Local Taxes	\$ 644,897 \$	0 \$	0 \$	644,897 \$	655,617 \$	655,617 \$	(10,720)
Other Local Revenues	7,732	0	0	7,732	19,000	24,076	(16,344)
State of Tennessee	99,384	0	0	99,384	117,000	167,000	(67,616)
Total Revenues	\$ 752,013 \$	0 \$	0 \$	752,013 \$	791,617 \$	846,693 \$	(94,680)
Expenditures							
<u>Public Health and Welfare</u>							
Convenience Centers	\$ 556,470 \$	(674) \$	2,043 \$	557,839 \$	577,469 \$	597,168 \$	39,329
Landfill Operation and Maintenance	459,115	0	0	459,115	469,000	519,000	59,885
Total Expenditures	\$ 1,015,585 \$	(674) \$	2,043 \$	1,016,954 \$	1,046,469 \$	1,116,168 \$	99,214
Excess (Deficiency) of Revenues Over Expenditures	\$ (263,572) \$	674 \$	(2,043) \$	(264,941) \$	(254,852) \$	(269,475) \$	4,534
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 787 \$	0 \$	0 \$	787 \$	0 \$	0 \$	787
Total Other Financing Sources	\$ 787 \$	0 \$	0 \$	787 \$	0 \$	0 \$	787
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (262,785) \$	674 \$	(2,043) \$	(264,154) \$	(254,852) \$	(269,475) \$	5,321
	313,683	(674)	0	313,009	316,049	313,009	0
Fund Balance, June 30, 2013	\$ 50,898 \$	0 \$	(2,043) \$	48,855 \$	61,197 \$	43,534 \$	5,321

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,739,782	\$ 1,607,747	\$ 1,607,747	\$ 132,035
Total Revenues	\$ 1,739,782	\$ 1,607,747	\$ 1,607,747	\$ 132,035
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 2,019,752	\$ 18,000	\$ 2,018,000	\$ (1,752)
Total Expenditures	\$ 2,019,752	\$ 18,000	\$ 2,018,000	\$ (1,752)
Excess (Deficiency) of Revenues Over Expenditures	\$ (279,970)	\$ 1,589,747	\$ (410,253)	\$ 130,283
Net Change in Fund Balance	\$ (279,970)	\$ 1,589,747	\$ (410,253)	\$ 130,283
Prior-period Adjustment	194,718	0	0	194,718
Fund Balance, July 1, 2012	2,029,376	2,003,754	2,029,376	0
Fund Balance, June 30, 2013	\$ 1,944,124	\$ 3,593,501	\$ 1,619,123	\$ 325,001

Exhibit G-6

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Special Purpose Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 494,605	\$ 0	\$ 0	\$ 494,605	\$ 566,353	\$ 566,353	\$ (71,748)
Other Local Revenues	0	0	0	0	0	0	(843)
State of Tennessee	3,749,512	0	0	3,749,512	4,167,383	4,278,987	(529,475)
Federal Government	331,651	0	0	331,651	265,817	265,817	65,834
Other Governments and Citizens Groups	133,968	0	0	133,968	163,385	177,385	(43,417)
Total Revenues	\$ 4,709,736	\$ 0	\$ 0	\$ 4,709,736	\$ 5,162,938	\$ 5,289,385	\$ (579,649)
<u>Expenditures</u>							
<u>Public Safety</u>							
Correctional Incentive Program Improvements	\$ 449,904	\$ 0	\$ 0	\$ 449,904	\$ 515,768	\$ 518,604	\$ 68,700
Work Release Program	761,556	0	0	761,556	880,173	892,177	130,621
Other Emergency Management	269,599	(49,328)	0	220,271	238,614	238,613	18,342
Public Safety Grant Programs	49,951	0	0	49,951	50,000	50,000	49
Public Health and Welfare							
Maternal and Child Health Services	2,996,226	(9,495)	70,638	3,057,369	3,238,990	3,322,096	264,727
Sanitation Education/Information	59,081	(504)	0	58,577	48,805	65,300	6,723
Other Operations							
ARRA Grant # 10	8,257	0	0	8,257	27,203	27,203	18,946
Miscellaneous	176,680	0	0	176,680	163,385	184,197	7,517
Total Expenditures	\$ 4,771,254	\$ (59,327)	\$ 70,638	\$ 4,782,565	\$ 5,162,938	\$ 5,298,190	\$ 515,625
Excess (Deficiency) of Revenues Over Expenditures	\$ (61,518)	\$ 59,327	\$ (70,638)	\$ (72,829)	\$ 0	\$ (8,805)	\$ (64,024)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,490	\$ 0	\$ 0	\$ 1,490	\$ 0	\$ 2,805	\$ (1,315)
Transfers Out	0	0	0	0	0	(296,200)	296,200
Total Other Financing Sources	\$ 1,490	\$ 0	\$ 0	\$ 1,490	\$ 0	\$ (293,395)	\$ 294,885
Net Change in Fund Balance	\$ (60,028)	\$ 59,327	\$ (70,638)	\$ (71,339)	\$ 0	\$ (302,200)	\$ 230,861
Prior-period Adjustment	(296,200)	0	0	(296,200)	0	0	(296,200)
Fund Balance, July 1, 2012	1,497,088	(59,327)	0	1,437,761	738,633	1,437,761	0
Fund Balance, June 30, 2013	\$ 1,140,860	\$ 0	\$ (70,638)	\$ 1,070,222	\$ 738,633	\$ 1,135,561	\$ (65,339)

Exhibit G-7

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 16,097	\$ 35,800	\$ 35,800	\$ (19,703)
Total Revenues	\$ 16,097	\$ 35,800	\$ 35,800	\$ (19,703)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 19,346	\$ 4,180	\$ 19,580	\$ 234
Total Expenditures	\$ 19,346	\$ 4,180	\$ 19,580	\$ 234
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,249)	\$ 31,620	\$ 16,220	\$ (19,469)
Net Change in Fund Balance	\$ (3,249)	\$ 31,620	\$ 16,220	\$ (19,469)
Fund Balance, July 1, 2012	28,831	77,748	77,748	(48,917)
Fund Balance, June 30, 2013	\$ 25,582	\$ 109,368	\$ 93,968	\$ (68,386)

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 149,329	\$ 40,000	\$ 154,325	\$ (4,996)
Total Revenues	<u>\$ 149,329</u>	<u>\$ 40,000</u>	<u>\$ 154,325</u>	<u>\$ (4,996)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 81,442	\$ 75,400	\$ 81,484	\$ 42
Total Expenditures	<u>\$ 81,442</u>	<u>\$ 75,400</u>	<u>\$ 81,484</u>	<u>\$ 42</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 67,887</u>	<u>\$ (35,400)</u>	<u>\$ 72,841</u>	<u>\$ (4,954)</u>
Net Change in Fund Balance	\$ 67,887	\$ (35,400)	\$ 72,841	\$ (4,954)
Fund Balance, July 1, 2012	<u>175,616</u>	<u>174,024</u>	<u>175,616</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 243,503</u>	<u>\$ 138,624</u>	<u>\$ 248,457</u>	<u>\$ (4,954)</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,266,069	\$ 7,298,224	\$ 7,325,024	\$ (58,955)
Other Local Revenues	59,815	548,534	541,234	(481,419)
Federal Government	148,831	0	0	148,831
Other Governments and Citizens Groups	776,401	0	0	776,401
Total Revenues	<u>\$ 8,251,116</u>	<u>\$ 7,846,758</u>	<u>\$ 7,866,258</u>	<u>\$ 384,858</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 4,525,000	\$ 5,372,021	\$ 4,557,900	\$ 32,900
<u>Interest on Debt</u>				
General Government	2,689,606	0	2,689,621	15
<u>Other Debt Service</u>				
General Government	143,195	0	144,000	805
Total Expenditures	<u>\$ 7,357,801</u>	<u>\$ 5,372,021</u>	<u>\$ 7,391,521</u>	<u>\$ 33,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 893,315</u>	<u>\$ 2,474,737</u>	<u>\$ 474,737</u>	<u>\$ 418,578</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 150,000	\$ 776,401	\$ 776,401	\$ (626,401)
Total Other Financing Sources	<u>\$ 150,000</u>	<u>\$ 776,401</u>	<u>\$ 776,401</u>	<u>\$ (626,401)</u>
Net Change in Fund Balance	\$ 1,043,315	\$ 3,251,138	\$ 1,251,138	\$ (207,823)
Fund Balance, July 1, 2012	<u>6,272,988</u>	<u>6,103,585</u>	<u>6,272,988</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 7,316,303</u>	<u>\$ 9,354,723</u>	<u>\$ 7,524,126</u>	<u>\$ (207,823)</u>

Fiduciary Funds

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.

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.

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

Exhibit I-1

Madison County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	Agency Funds							Total
	Cities - Sales Tax	Cities - Property Tax	Watershed District	Joint Venture	Constitu- tional Officers - Agency	Other Agency	District Attorney General	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,801,370	\$ 0	\$ 0	\$ 4,801,370
Equity in Pooled Cash and Investments	58,247	6,668	55,973	29,123	0	0	31,036	181,047
Accounts Receivable	53,699	0	0	26,850	0	0	0	80,549
Due from Other Governments	2,089,719	7,962	0	0	0	2,119	228	2,100,028
Total Assets	\$ 2,201,665	\$ 14,630	\$ 55,973	\$ 55,973	\$ 4,801,370	\$ 2,119	\$ 31,264	\$ 7,162,994
<u>LIABILITIES</u>								
Due to Other Taxing Units	\$ 2,201,665	\$ 14,630	\$ 0	\$ 0	\$ 0	\$ 2,119	\$ 0	\$ 2,218,414
Due to Litigants, Heirs, and Others	0	0	0	0	4,801,370	0	31,264	4,832,634
Other Current Liabilities	0	0	55,973	55,973	0	0	0	111,946
Total Liabilities	\$ 2,201,665	\$ 14,630	\$ 55,973	\$ 55,973	\$ 4,801,370	\$ 2,119	\$ 31,264	\$ 7,162,994

Exhibit I-2

Madison County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 52,729	\$ 13,203,165	\$ 13,197,647	\$ 58,247
Accounts Receivable	53,699	53,699	53,699	53,699
Due from Other Governments	2,062,672	2,089,719	2,062,672	2,089,719
Total Assets	\$ 2,169,100	\$ 15,346,583	\$ 15,314,018	\$ 2,201,665
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,169,100	\$ 15,346,583	\$ 15,314,018	\$ 2,201,665
Total Liabilities	\$ 2,169,100	\$ 15,346,583	\$ 15,314,018	\$ 2,201,665
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 4,061	\$ 315,870	\$ 313,263	\$ 6,668
Due from Other Governments	7,962	7,962	7,962	7,962
Total Assets	\$ 12,023	\$ 323,832	\$ 321,225	\$ 14,630
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 12,023	\$ 323,832	\$ 321,225	\$ 14,630
Total Liabilities	\$ 12,023	\$ 323,832	\$ 321,225	\$ 14,630
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 55,973	\$ 0	\$ 0	\$ 55,973
Total Assets	\$ 55,973	\$ 0	\$ 0	\$ 55,973
<u>Liabilities</u>				
Other Current Liabilities	\$ 55,973	\$ 0	\$ 0	\$ 55,973
Total Liabilities	\$ 55,973	\$ 0	\$ 0	\$ 55,973
<u>Joint Venture Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 26,178	\$ 204,050	\$ 201,105	\$ 29,123
Accounts Receivable	26,850	26,850	26,850	26,850
Total Assets	\$ 53,028	\$ 230,900	\$ 227,955	\$ 55,973
<u>Liabilities</u>				
Other Current Liabilities	\$ 53,028	\$ 230,900	\$ 227,955	\$ 55,973
Total Liabilities	\$ 53,028	\$ 230,900	\$ 227,955	\$ 55,973

(Continued)

Exhibit I-2

Madison County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,534,788	\$ 20,636,234	\$ 20,369,652	\$ 4,801,370
Accounts Receivable	4,551	0	4,551	0
Total Assets	\$ 4,539,339	\$ 20,636,234	\$ 20,374,203	\$ 4,801,370
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,539,339	\$ 20,636,234	\$ 20,374,203	\$ 4,801,370
Total Liabilities	\$ 4,539,339	\$ 20,636,234	\$ 20,374,203	\$ 4,801,370
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,364	\$ 12,364	\$ 0
Due from Other Governments	2,119	2,119	2,119	2,119
Total Assets	\$ 2,119	\$ 14,483	\$ 14,483	\$ 2,119
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,119	\$ 14,483	\$ 14,483	\$ 2,119
Total Liabilities	\$ 2,119	\$ 14,483	\$ 14,483	\$ 2,119
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 41,109	\$ 10,073	\$ 31,036
Due from Other Governments	0	228	0	228
Total Assets	\$ 0	\$ 41,337	\$ 10,073	\$ 31,264
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 41,337	\$ 10,073	\$ 31,264
Total Liabilities	\$ 0	\$ 41,337	\$ 10,073	\$ 31,264
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 4,534,788	\$ 20,636,234	\$ 20,369,652	\$ 4,801,370
Equity in Pooled Cash and Investments	138,941	13,776,558	13,734,452	181,047
Accounts Receivable	85,100	80,549	85,100	80,549
Due from Other Governments	2,072,753	2,100,028	2,072,753	2,100,028
Total Assets	\$ 6,831,582	\$ 36,593,369	\$ 36,261,957	\$ 7,162,994
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,183,242	\$ 15,684,898	\$ 15,649,726	\$ 2,218,414
Due to Litigants, Heirs, and Others	4,539,339	20,677,571	20,384,276	4,832,634
Other Current Liabilities	109,001	230,900	227,955	111,946
Total Liabilities	\$ 6,831,582	\$ 36,593,369	\$ 36,261,957	\$ 7,162,994

Madison County School Department

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.

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.

Exhibit J-1

Madison County, Tennessee
Statement of Activities
Discretely Presented Madison County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 73,096,926	\$ 429,500	\$ 6,044,297	\$ (66,623,129)
Support Services	39,451,409	5,954	1,944,148	(37,501,307)
Operation of Non-Instructional Services	10,508,314	1,091,909	8,775,586	(640,819)
Other Debt Service	776,401	0	0	(776,401)
Total Governmental Activities	\$ 123,833,050	\$ 1,527,363	\$ 16,764,031	\$ (105,541,656)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 12,071,183
Local Option Sales Taxes				35,576,969
Other Local Taxes				7,749
Grants and Contributions Not Restricted to Specific Programs				52,851,140
Miscellaneous				91,536
Total General Revenues				\$ 100,598,577
Change in Net Position				\$ (4,943,079)
Net Position, July 1, 2012				87,046,734
Net Position, June 30, 2013				\$ 82,103,655

Exhibit J-2

Madison County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Madison County School Department
June 30, 2013

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 110,941	\$ 0	\$ 0	\$ 110,941
Equity in Pooled Cash and Investments	6,110,395	800,738	2,569,956	9,481,089
Accounts Receivable	32,444	0	840	33,284
Due from Other Governments	6,185,785	0	1,004,722	7,190,507
Property Taxes Receivable	9,537,425	1,787,900	0	11,325,325
Allowance for Uncollectible Property Taxes	(400,322)	(100,003)	0	(500,325)
Total Assets	\$ 21,576,668	\$ 2,488,635	\$ 3,575,518	\$ 27,640,821
<u>LIABILITIES</u>				
Accounts Payable	\$ 102,404	\$ 273,099	\$ 24,487	\$ 399,990
Accrued Payroll	0	0	262	262
Payroll Deductions Payable	2,751,449	0	355,542	3,106,991
Cash Overdraft	0	0	206,796	206,796
Total Liabilities	\$ 2,853,853	\$ 273,099	\$ 587,087	\$ 3,714,039
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 8,946,157	\$ 1,626,936	\$ 0	\$ 10,573,093
Deferred Delinquent Property Taxes	142,049	45,663	0	187,712
Other Deferred/Unavailable Revenue	3,152,320	0	204,598	3,356,918
Total Deferred Inflows of Resources	\$ 12,240,526	\$ 1,672,599	\$ 204,598	\$ 14,117,723
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 30,821	\$ 0	\$ 169,680	\$ 200,501
Restricted for Operation of Non-Instructional Services	0	0	2,464,153	2,464,153
Restricted for Capital Outlay	0	125,479	0	125,479
Committed:				
Committed for Education	110,941	0	0	110,941
Committed for Capital Outlay	0	417,458	0	417,458
Assigned:				
Assigned for Education	330,343	0	150,000	480,343
Unassigned	6,010,184	0	0	6,010,184
Total Fund Balances	\$ 6,482,289	\$ 542,937	\$ 2,783,833	\$ 9,809,059
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,576,668	\$ 2,488,635	\$ 3,575,518	\$ 27,640,821

Exhibit J-3

Madison County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Madison County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	9,809,059
(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: buildings and improvements net of accumulated depreciation		67,466,421	
Add: infrastructure net of accumulated depreciation		528,706	
Add: other capital assets net of accumulated depreciation		<u>7,419,222</u>	77,505,911
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability	\$	(8,451,222)	
Less: compensated absences payable		<u>(304,723)</u>	(8,755,945)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>3,544,630</u>
Net position of governmental activities (Exhibit A)		\$	<u>82,103,655</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, 2013

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 45,043,897	\$ 2,916,563	\$ 0	\$ 47,960,460
Licenses and Permits	10,140	0	0	10,140
Charges for Current Services	432,850	0	1,091,909	1,524,759
Other Local Revenues	365,540	0	5,714	371,254
State of Tennessee	47,924,196	0	75,626	47,999,822
Federal Government	169,657	0	18,291,565	18,461,222
Other Governments and Citizens Groups	2,084,378	0	0	2,084,378
Total Revenues	<u>\$ 96,030,658</u>	<u>\$ 2,916,563</u>	<u>\$ 19,464,814</u>	<u>\$ 118,412,035</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 60,152,460	\$ 0	\$ 6,371,812	\$ 66,524,272
Support Services	34,753,461	0	4,781,250	39,534,711
Operation of Non-Instructional Services	1,588,941	0	8,594,563	10,183,504
Capital Outlay	25,387	0	0	25,387
Debt Service:				
Other Debt Service	776,401	0	0	776,401
Capital Projects	0	2,717,253	0	2,717,253
Total Expenditures	<u>\$ 97,296,650</u>	<u>\$ 2,717,253</u>	<u>\$ 19,747,625</u>	<u>\$ 119,761,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,265,992)</u>	<u>\$ 199,310</u>	<u>\$ (282,811)</u>	<u>\$ (1,349,493)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 61,649	\$ 11,047	\$ 0	\$ 72,696
Transfers In	150,000	0	0	150,000
Transfers Out	0	0	(150,000)	(150,000)
Total Other Financing Sources (Uses)	<u>\$ 211,649</u>	<u>\$ 11,047</u>	<u>\$ (150,000)</u>	<u>\$ 72,696</u>
Net Change in Fund Balances	\$ (1,054,343)	\$ 210,357	\$ (432,811)	\$ (1,276,797)
Fund Balance, July 1, 2012	<u>7,536,632</u>	<u>332,580</u>	<u>3,216,644</u>	<u>11,085,856</u>
Fund Balance, June 30, 2013	<u>\$ 6,482,289</u>	<u>\$ 542,937</u>	<u>\$ 2,783,833</u>	<u>\$ 9,809,059</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, 2013

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)		\$ (1,276,797)
(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	\$ 1,359,871	
Less: current-year depreciation expense	<u>(3,683,124)</u>	(2,323,253)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 3,544,630	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>(3,066,694)</u>	477,936
(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 the governmental funds.		
Change in other postemployment benefits liability	\$ (1,833,260)	
Change in compensated absences payable	<u>12,295</u>	<u>(1,820,965)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (4,943,079)</u>

Exhibit J-6

Madison County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Madison County School Department
June 30, 2013

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 0	\$ 2,569,956	\$ 2,569,956
Accounts Receivable	0	840	840
Due from Other Governments	1,004,722	0	1,004,722
Total Assets	<u>\$ 1,004,722</u>	<u>\$ 2,570,796</u>	<u>\$ 3,575,518</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 24,487	\$ 0	\$ 24,487
Accrued Payroll	262	0	262
Payroll Deductions Payable	248,899	106,643	355,542
Cash Overdraft	206,796	0	206,796
Total Liabilities	<u>\$ 480,444</u>	<u>\$ 106,643</u>	<u>\$ 587,087</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 204,598	\$ 0	\$ 204,598
Total Deferred Inflows of Resources	<u>\$ 204,598</u>	<u>\$ 0</u>	<u>\$ 204,598</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 169,680	\$ 0	\$ 169,680
Restricted for Operation of Non-Instructional Services	0	2,464,153	2,464,153
Assigned:			
Assigned for Education	150,000	0	150,000
Total Fund Balances	<u>\$ 319,680</u>	<u>\$ 2,464,153</u>	<u>\$ 2,783,833</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,004,722</u>	<u>\$ 2,570,796</u>	<u>\$ 3,575,518</u>

Exhibit J-7

Madison County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Madison County School Department
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,091,909	\$ 1,091,909
Other Local Revenues	0	5,714	5,714
State of Tennessee	0	75,626	75,626
Federal Government	10,952,816	7,338,749	18,291,565
Total Revenues	<u>\$ 10,952,816</u>	<u>\$ 8,511,998</u>	<u>\$ 19,464,814</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 6,371,812	\$ 0	\$ 6,371,812
Support Services	4,781,250	0	4,781,250
Operation of Non-Instructional Services	0	8,594,563	8,594,563
Total Expenditures	<u>\$ 11,153,062</u>	<u>\$ 8,594,563</u>	<u>\$ 19,747,625</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (200,246)</u>	<u>\$ (82,565)</u>	<u>\$ (282,811)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (150,000)	\$ 0	\$ (150,000)
Total Other Financing Sources (Uses)	<u>\$ (150,000)</u>	<u>\$ 0</u>	<u>\$ (150,000)</u>
Net Change in Fund Balances	\$ (350,246)	\$ (82,565)	\$ (432,811)
Fund Balance, July 1, 2012	669,926	2,546,718	3,216,644
Fund Balance, June 30, 2013	<u>\$ 319,680</u>	<u>\$ 2,464,153</u>	<u>\$ 2,783,833</u>

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 45,043,897	\$ 0	\$ 0	\$ 45,043,897	\$ 47,013,496	\$ 47,013,496	\$ (1,969,599)
Licenses and Permits	10,140	0	0	10,140	8,800	8,800	1,340
Charges for Current Services	432,850	0	0	432,850	391,000	391,000	41,850
Other Local Revenues	365,540	0	0	365,540	319,750	330,053	35,487
State of Tennessee	47,924,196	0	0	47,924,196	46,903,073	47,916,386	7,810
Federal Government	169,657	0	0	169,657	158,000	151,000	18,657
Other Governments and Citizens Groups	2,084,378	0	0	2,084,378	0	2,057,640	26,738
Total Revenues	\$ 96,030,658	\$ 0	\$ 0	\$ 96,030,658	\$ 94,794,119	\$ 97,868,375	\$ (1,837,717)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 46,586,787	\$ (54,066)	\$ 55,413	\$ 46,588,134	\$ 46,960,976	\$ 47,328,105	\$ 739,971
Special Education Program	9,510,611	(1,065)	0	9,509,546	9,597,300	9,605,030	95,484
Vocational Education Program	3,919,859	0	1,619	3,921,478	4,114,900	4,065,400	143,922
Other	135,203	(370)	317	135,150	184,155	184,185	49,035
<u>Support Services</u>							
Attendance	279,336	(95)	0	279,241	289,510	290,810	11,569
Health Services	473,318	0	0	473,318	493,200	501,700	28,382
Other Student Support	3,449,486	0	0	3,449,486	3,558,200	3,559,600	110,114
Regular Instruction Program	2,755,613	(9,828)	1,251	2,747,036	2,972,364	2,934,614	187,578
Special Education Program	531,564	(586)	0	530,978	516,770	557,970	26,992
Vocational Education Program	129,354	0	0	129,354	134,130	137,330	7,976
Other Programs	1,470,252	(1,372)	144	1,469,024	638,787	1,569,108	100,084
Board of Education	1,816,543	0	0	1,816,543	2,114,870	2,034,870	218,327
Director of Schools	774,141	(3,118)	2,989	774,012	956,800	928,000	153,988
Office of the Principal	6,322,456	0	58	6,322,514	6,348,650	6,378,582	56,068
Fiscal Services	639,522	(678)	1,464	640,308	648,200	649,200	8,892
Human Services/Personnel	365,654	(334)	8,030	373,350	393,125	394,925	21,575

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 6,486,880	\$ 0	2,000	\$ 6,488,880	\$ 7,031,453	\$ 6,760,503	\$ 271,623
Maintenance of Plant	3,052,421	(70,972)	172,182	3,153,631	3,229,800	3,281,044	127,413
Transportation	5,591,700	(2,396)	475	5,589,779	5,683,900	5,780,538	190,759
Central and Other	615,221	(74,281)	84,347	625,287	648,550	653,670	28,383
<u>Operation of Non-Instructional Services</u>							
Food Service	1,165	0	0	1,165	1,166	1,166	1
Community Services	96,503	0	0	96,503	104,375	104,375	7,872
Early Childhood Education	1,491,273	(27)	54	1,491,300	1,478,037	1,504,503	13,203
<u>Capital Outlay</u>							
Regular Capital Outlay	25,387	0	0	25,387	26,933	26,933	1,546
<u>Other Debt Service</u>							
Education	776,401	0	0	776,401	776,401	776,401	0
Total Expenditures	\$ 97,296,650	\$ (219,188)	\$ 330,343	\$ 97,407,805	\$ 98,902,552	\$ 100,008,562	\$ 2,600,757
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (1,265,992)	\$ 219,188	\$ (330,343)	\$ (1,377,147)	\$ (4,108,433)	\$ (2,140,187)	\$ 763,040
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 61,649	\$ 0	\$ 0	\$ 61,649	\$ 0	\$ 16,812	\$ 44,837
Transfers In	150,000	0	0	150,000	300,000	300,000	(150,000)
Total Other Financing Sources	\$ 211,649	\$ 0	\$ 0	\$ 211,649	\$ 300,000	\$ 316,812	\$ (105,163)
<u>Net Change in Fund Balance</u>	\$ (1,054,343)	\$ 219,188	\$ (330,343)	\$ (1,165,498)	\$ (3,808,433)	\$ (1,823,375)	\$ 657,877
Fund Balance, July 1, 2012	7,536,632	(219,188)	0	7,317,444	6,839,176	6,839,176	478,268
Fund Balance, June 30, 2013	\$ 6,482,289	\$ 0	\$ (330,343)	\$ 6,151,946	\$ 3,030,743	\$ 5,015,801	\$ 1,136,145

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 10,952,816	\$ 0	\$ 0	\$ 10,952,816	\$ 11,064,565	\$ 12,665,203	\$ (1,712,387)
Total Revenues	\$ 10,952,816	\$ 0	\$ 0	\$ 10,952,816	\$ 11,064,565	\$ 12,665,203	\$ (1,712,387)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,861,117	\$ (34,986)	\$ 38,298	\$ 2,864,429	\$ 3,060,185	\$ 3,537,692	\$ 673,263
Alternative Instruction Program	339,026	0	0	339,026	340,000	340,000	974
Special Education Program	2,962,450	0	0	2,962,450	2,459,597	3,351,734	389,284
Vocational Education Program	209,219	0	0	209,219	199,743	209,394	175
<u>Support Services</u>							
Health Services	226,075	0	0	226,075	220,336	236,279	10,204
Other Student Support	74,535	0	0	74,535	82,289	75,108	573
Regular Instruction Program	3,595,967	(2,402)	7,777	3,601,342	3,892,324	4,237,734	636,392
Special Education Program	843,420	(2,733)	0	840,687	756,920	921,691	81,004
Vocational Education Program	4,900	0	0	4,900	5,000	5,000	100
Transportation	36,353	0	0	36,353	48,171	51,997	15,644
Total Expenditures	\$ 11,153,062	\$ (40,121)	\$ 46,075	\$ 11,159,016	\$ 11,064,565	\$ 12,966,629	\$ 1,807,613
Excess (Deficiency) of Revenues Over Expenditures	\$ (200,246)	\$ 40,121	\$ (46,075)	\$ (206,200)	\$ 0	\$ (301,426)	\$ 95,226
<u>Other Financing Sources (Uses)</u>							
Transfers In	0	0	0	0	313,125	0	0
Transfers Out	(150,000)	0	0	(150,000)	(613,125)	(300,000)	150,000
Total Other Financing Sources	\$ (150,000)	\$ 0	\$ 0	\$ (150,000)	\$ (300,000)	\$ (300,000)	\$ 150,000
Net Change in Fund Balance	\$ (350,246)	\$ 40,121	\$ (46,075)	\$ (356,200)	\$ (300,000)	\$ (601,426)	\$ 245,226
Fund Balance, July 1, 2012	669,926	(40,121)	0	629,805	300,000	601,426	28,379
Fund Balance, June 30, 2013	\$ 319,680	\$ 0	\$ (46,075)	\$ 273,605	\$ 0	\$ 0	\$ 273,605

Exhibit J-10

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Madison County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,091,909	\$ 1,303,800	\$ 1,305,371	\$ (213,462)
Other Local Revenues	5,714	20,000	20,000	(14,286)
State of Tennessee	75,626	73,000	73,000	2,626
Federal Government	7,338,749	7,228,700	7,850,970	(512,221)
Total Revenues	<u>\$ 8,511,998</u>	<u>\$ 8,625,500</u>	<u>\$ 9,249,341</u>	<u>\$ (737,343)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 8,594,563	\$ 8,625,500	\$ 9,249,341	\$ 654,778
Total Expenditures	<u>\$ 8,594,563</u>	<u>\$ 8,625,500</u>	<u>\$ 9,249,341</u>	<u>\$ 654,778</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (82,565)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (82,565)</u>
Net Change in Fund Balance	\$ (82,565)	\$ 0	\$ 0	\$ (82,565)
Fund Balance, July 1, 2012	<u>2,546,718</u>	<u>2,529,238</u>	<u>2,529,238</u>	<u>17,480</u>
Fund Balance, June 30, 2013	<u>\$ 2,464,153</u>	<u>\$ 2,529,238</u>	<u>\$ 2,529,238</u>	<u>\$ (65,085)</u>

Exhibit J-11

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Madison County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2012	Encumbrances 6/30/2013			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 2,916,563	\$ 0	\$ 0	\$ 2,916,563	\$ 2,929,856	\$ 2,929,856	\$ (13,293)	
Total Revenues	\$ 2,916,563	\$ 0	\$ 0	\$ 2,916,563	\$ 2,929,856	\$ 2,929,856	\$ (13,293)	
<u>Expenditures</u>								
<u>Capital Projects</u>								
Education Capital Projects	\$ 2,717,253	\$ (225,816)	\$ 531,134	\$ 3,022,571	\$ 2,923,775	\$ 3,269,822	\$ 247,251	
Total Expenditures	\$ 2,717,253	\$ (225,816)	\$ 531,134	\$ 3,022,571	\$ 2,923,775	\$ 3,269,822	\$ 247,251	
Excess (Deficiency) of Revenues Over Expenditures	\$ 199,310	\$ 225,816	\$ (531,134)	\$ (106,008)	\$ 6,081	\$ (339,966)	\$ 233,958	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 11,047	\$ 0	\$ 0	\$ 11,047	\$ 0	\$ 346,048	\$ (335,001)	
Total Other Financing Sources	\$ 11,047	\$ 0	\$ 0	\$ 11,047	\$ 0	\$ 346,048	\$ (335,001)	
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 210,357	\$ 225,816	\$ (531,134)	\$ (94,961)	\$ 6,081	\$ 6,082	\$ (101,043)	
Fund Balance, June 30, 2013	\$ 332,580	\$ (225,816)	\$ 0	\$ 106,764	\$ 136,518	\$ 136,517	\$ (29,753)	
Fund Balance, June 30, 2013	\$ 542,937	\$ 0	\$ (531,134)	\$ 11,803	\$ 142,599	\$ 142,599	\$ (130,796)	

Exhibit J-12

Madison County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Madison County School Department
Fiduciary Fund
June 30, 2013

	<u>Other Trust Pension Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 999,956
Total Assets	<u>\$ 999,956</u>
<u>NET POSITION</u>	
Funds Held in Trust for Retirees	<u>\$ 999,956</u>
Total Net Position	<u><u>\$ 999,956</u></u>

Exhibit J-13

Madison County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Madison County School Department
Fiduciary Fund
For the Year Ended June 30, 2013

	<u>Other Trust Pension Trust Fund</u>
<u>ADDITIONS</u>	
<u>Contributions</u>	
Tennessee Consolidated Retirement System Employer	\$ 294,139 316,081
Total Contributions	<u>\$ 610,220</u>
<u>Investment Income</u>	
Interest Earned	\$ 2,428
Total Investment Income	<u>\$ 2,428</u>
Total Additions	<u>\$ 612,648</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 610,512
Trustee's Commission	29
Total Deductions	<u>\$ 610,541</u>
Change in Net Position	\$ 2,107
Net Position, July 1, 2012	<u>997,849</u>
Net Position, June 30, 2013	<u>\$ 999,956</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Madison County, Tennessee
Schedule of Changes in Long-term Note and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured During Period	Outstanding 6-30-13
<u>NOTE PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Refunding Note, Series 2004	\$ 21,315,000	4 to 5 %	3-15-04	3-31-13	\$ 1,600,000	\$ 1,600,000	\$ 0
Total Note Payable					<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 0</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Refunding Bonds - Series 2004 School and Public Improvement	1,925,000	5	3-15-04	3-31-13	\$ 1,925,000	\$ 1,925,000	\$ 0
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	3,935,000	500,000	3,435,000
Build America Bonds	10,820,000	1.1 to 5.25	11-17-09	4-20-25	9,945,000	500,000	9,445,000
Refunding Bonds, Series 2010	15,395,000	3 to 4	3-31-10	6-30-23	15,395,000	0	15,395,000
Total Bonds Payable					<u>\$ 59,300,000</u>	<u>\$ 2,925,000</u>	<u>\$ 56,375,000</u>

Exhibit K-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2014	\$ 4,735,000	\$ 2,439,822	\$ 7,174,822
2015	6,715,000	2,219,303	8,934,303
2016	5,090,000	1,964,349	7,054,349
2017	7,385,000	1,724,024	9,109,024
2018	7,765,000	1,368,537	9,133,537
2019	4,870,000	992,669	5,862,669
2020	4,830,000	788,482	5,618,482
2021	5,035,000	592,395	5,627,395
2022	5,235,000	385,775	5,620,775
2023	2,715,000	206,656	2,921,656
2024	1,000,000	104,000	1,104,000
2025	1,000,000	52,500	1,052,500
Total	<u>\$ 56,375,000</u>	<u>\$ 12,838,512</u>	<u>\$ 69,213,512</u>

Exhibit K-3

Madison County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Madison County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Highway/Public Works	General Debt Service General	Debt payments Finance Department operations	\$ 150,000 29,203
Total Transfers Primary Government			<u>\$ 179,203</u>
<u>DISCRETELY PRESENTED MADISON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Cash flow funds	\$ 150,000
Total Transfers Discretely Presented Madison County School Department			<u>\$ 150,000</u>

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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 99,973	\$ 50,000	Travelers Casualty and Surety Company
Highway Engineer	Section 8-24-102, TCA	112,451 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education	137,791 (2)	50,000	"
Trustee	Section 8-24-102, TCA	73,370 (3)	3,681,000	"
Assessor of Property	Section 8-24-102, TCA	73,370 (4)	50,000	"
Director of Finance	County Commission	88,981 (5)	50,000	"
County Clerk	Section 8-24-102, TCA	73,370 (4)	50,000	"
Circuit and General Session Courts Clerk	Section 8-24-102, TCA	80,707 (4)	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	80,707 (6) (7)	70,000	RLI Insurance Company
Juvenile Court Clerk	Chapter 212, Private Acts of 1990	73,370	50,000	Travelers Casualty and Surety Company
Register of Deeds	Section 8-24-102, TCA	73,370 (4)	50,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	95,212 (8)	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 accrued leave of \$5,891.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Does not include a certified public administrator supplement of \$1,648.
- (4) Does not include a certified public administrator supplement of \$1,758.
- (5) Includes an education incentive pay of \$1,875.
- (6) Does not include special commissioner fees of \$5,360.
- (7) Does not include a certified public administrator supplement of \$1,718.
- (8) Includes a compensation of \$14,505 for supervision of the county workhouse (penal farm).
 Does not include a law enforcement training supplement of \$600 and a clothing allowance of \$750.

Exhibit K-5

Madison County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds							Highway / Public Works
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Constitu- tional Officers - Fees	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 18,863,354	\$ 1,074,007	\$ 576,396	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,652,322
Trustee's Collections - Prior Year	404,843	25,821	19,284	28,176	0	0	0	39,838
Trustee's Collections - Bankruptcy	34,652	2,068	1,294	1,117	0	0	0	3,204
Circuit/Clerk & Master Collections - Prior Years	490,863	33,365	27,027	76,215	0	0	0	52,852
Interest and Penalty	89,363	5,358	2,888	641	0	0	0	7,931
Payments in-Lieu-of Taxes - Local Utilities	367,668	20,934	11,234	0	0	0	0	32,206
Payments in-Lieu-of Taxes - Other	186,262	10,515	5,643	0	0	0	0	16,176
<u>County Local Option Taxes</u>								
Local Option Sales Tax	840,091	0	0	0	0	0	0	0
Hotel/Motel Tax	410,944	0	0	0	0	0	0	0
Litigation Tax - General	303,719	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	265,977	0	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	0
Business Tax	0	0	0	1,633,633	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0	55,151
<u>Statutory Local Taxes</u>								
Bank Excise Tax	37,000	2,107	1,131	0	0	0	0	3,241
Wholesale Beer Tax	302,389	0	0	0	0	0	0	0
Interstate Telecommunications Tax	3,282	0	0	0	0	0	0	0
Total Local Taxes	\$ 22,600,407	\$ 1,174,175	\$ 644,897	\$ 1,739,782	\$ 0	\$ 0	\$ 0	\$ 1,862,921
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	\$ 36,499	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Animal Vaccination	10,140	0	0	0	0	0	0	0
Cable TV Franchise	264,056	0	0	0	0	0	0	0
<u>Permits</u>								
Building Permits	59,189	0	0	0	0	0	0	0
Other Permits	545	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 370,429	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 56,665	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	41,304	0	0	0	0	0	0	0
Drug Control Fines	1,663	0	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Constitu- tional Officers - Fees	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Drug Court Fees	\$ 6,154	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	26,048	0	0	0	0	0	0	0
DUI Treatment Fines	3,167	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	3,982	0	0	0	0	0	0	0
Courtroom Security Fee	1,539	0	0	0	0	0	0	0
Victims Assistance Assessments	10,486	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	31,845	0	0	0	0	0	0	0
Officers Costs	194,561	0	0	0	0	0	0	0
Game and Fish Fines	716	0	0	0	0	0	0	0
Drug Control Fines	12,930	0	0	0	0	10,779	0	0
Drug Court Fees	7,363	0	0	0	0	0	0	0
Jail Fees	42,187	0	0	0	0	0	0	0
Interpreter Fees	142	0	0	0	0	0	0	0
DUI Treatment Fines	7,078	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	40,632	0	0	0	0	0	0	0
Courtroom Security Fee	1,970	0	0	0	0	0	0	0
Victims Assistance Assessments	29,819	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Officers Costs	2,016	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	7,090	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	19,278	0	0	0	0	0	0	0
Courtroom Security Fee	13	0	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	276	0	0	0	0	5,318	0	0
Total Fines, Forfeitures, and Penalties	\$ 548,924	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,097	\$ 0	\$ 0
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 4,340	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Health Department Collections	298,368	0	0	0	0	0	0	0
Other General Service Charges	7,734	335	0	0	0	0	0	0
<u>Fees</u>								
Engineer Review Fees	2,946	0	0	0	0	0	0	0
Recreation Fees	59,725	0	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Constitu- tional Officers - Fees	
Charges for Current Services (Cont.)								
<u>Fees (Cont.)</u>								
Copy Fees	\$ 602	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	278,544	0	0	0	0	0	0	0
Vending Machine Collections	132,870	0	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	5,360	0
Data Processing Fee - Register	34,302	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	18,815	0	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,200	0	0	0	0	0	0	0
Data Processing Fee - County Clerk	7,921	0	0	0	0	0	0	0
<u>Education Charges</u>								
Community Service Fees - Adults	0	0	0	0	494,605	0	0	0
TBI Criminal Background Fees	2,320	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 852,687	\$ 335	\$ 0	\$ 0	\$ 494,605	\$ 0	\$ 5,360	\$ 0
Other Local Revenues								
<u>Recurring Items</u>								
Investment Income	\$ 1,341	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	66,282	0	0	0	0	0	0	0
Sale of Materials and Supplies	300	0	0	0	0	0	0	9,725
Sale of Gasoline	7,221	0	0	0	0	0	0	0
Sale of Recycled Materials	0	0	7,555	0	0	0	0	0
Miscellaneous Refunds	156,980	3,925	177	0	0	0	0	51,374
Expenditure Credits	1,140	0	0	0	0	0	0	0
<u>Nonrecurring Items</u>								
Sale of Equipment	3,958	0	0	0	0	0	0	0
Sale of Property	84,537	0	0	0	0	0	0	0
Damages Recovered from Individuals	541	0	0	0	0	0	0	0
Contributions and Gifts	71,303	0	0	0	0	0	0	0
<u>Other Local Revenues</u>								
Other Local Revenues	8,380	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 401,983	\$ 3,925	\$ 7,732	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61,099
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of-Salary</u>								
County Clerk	\$ 903,639	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	399,841	0	0	0	0	0	0	0
General Sessions Court Clerk	695,251	0	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Constitu- tional Officers - Fees	
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees in-Lieu-of-Salary (Cont.)</u>								
Clerk and Master	\$ 686,335	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Juvenile Court Clerk	170,079	0	0	0	0	0	0	0
Register	426,006	0	0	0	0	0	0	0
Sheriff	56,259	0	0	0	0	0	0	0
Trustee	1,675,260	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 4,992,670	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 65,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	99,384	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	41,400	0	0	0	0	0	0	0
Drug Control Grants	0	0	0	0	50,057	0	0	0
Health and Welfare Grants	0	0	0	0	2,901,701	0	0	0
<u>Health Department Programs</u>								
Public Works Grants	0	0	0	0	0	0	0	0
Bridge Program	0	0	0	0	0	0	0	559,728
Litter Program	0	0	0	0	60,186	0	0	0
<u>Other State Revenues</u>								
Income Tax	344,511	0	0	0	0	0	0	0
Beer Tax	18,586	0	0	0	0	0	0	0
Alcoholic Beverage Tax	131,101	0	0	0	0	0	0	0
Mixed Drink Tax	11,753	0	0	0	0	0	0	0
Emergency Hospital - Prisoners	131,803	0	0	0	0	0	0	0
Prisoner Transportation	7,335	0	0	0	0	0	0	0
Contracted Prisoner Boarding	777,479	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	2,296,978
Petroleum Special Tax	0	0	0	0	0	0	0	70,924
Registrar's Salary Supplement	18,955	0	0	0	0	0	0	0
Other State Grants	50,451	0	0	0	0	0	0	0
Other State Revenues	440,136	9,000	0	0	737,568	0	0	0
Total State of Tennessee	\$ 2,039,155	\$ 9,000	\$ 99,384	\$ 0	\$ 3,749,512	\$ 0	\$ 0	\$ 2,927,630

(Continued)

Exhibit K-5

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

	Special Revenue Funds							
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government</u>								
<u>Federal Through State</u>								
Civil Defense Reimbursement	\$ 88,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	37,464	0	0	0	0	0	0	0
Other Federal through State	99,185	157,825	0	0	323,393	0	0	0
<u>Direct Federal Revenue</u>								
Tax Credit Bond Rebate	0	0	0	0	0	0	0	0
ARRA Grant # 10	0	0	0	0	8,258	0	0	0
Other Direct Federal Revenue	26,350	0	0	0	0	0	0	0
Total Federal Government	\$ 250,999	\$ 157,825	\$ 0	\$ 0	\$ 331,651	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board Contributions	\$ 37,925	\$ 122,779	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	562,856	0	0	0	0	0	0	0
	1,434,952	0	0	0	133,968	0	0	0
Total Other Governments and Citizens Groups	\$ 2,035,733	\$ 122,779	\$ 0	\$ 0	\$ 133,968	\$ 0	\$ 0	\$ 0
Total	\$ 34,092,987	\$ 1,468,039	\$ 752,013	\$ 1,739,782	\$ 4,709,736	\$ 16,097	\$ 5,360	\$ 4,851,650

(Continued)

Exhibit K-5

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					
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 6,666,918	\$ 1,248,847	\$ 0	\$ 0	\$ 30,081,844			
Trustee's Collections - Prior Year	146,511	28,889	0	0	693,362			
Trustee's Collections - Bankruptcy	11,745	2,820	0	0	56,900			
Circuit/Clerk & Master Collections - Prior Years	74,473	108,467	0	0	863,262			
Interest and Penalty	31,716	5,941	0	0	143,838			
Payments in-Lieu-of Taxes - Local Utilities	129,946	24,341	0	0	586,329			
Payments in-Lieu-of Taxes - Other	65,269	12,227	0	0	296,092			
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	840,091			
Hotel/Motel Tax	0	0	0	0	410,944			
Litigation Tax - General	0	0	0	0	303,719			
Litigation Tax - Special Purpose	0	0	0	0	265,977			
Litigation Tax - Jail, Workhouse, or Courthouse	126,413	0	0	0	126,413			
Business Tax	0	0	0	0	1,633,633			
Mineral Severance Tax	0	0	0	0	55,151			
<u>Statutory Local Taxes</u>								
Bank Excise Tax	13,078	2,450	0	0	59,007			
Wholesale Beer Tax	0	0	0	0	302,389			
Interstate Telecommunications Tax	0	0	0	0	3,282			
Total Local Taxes	\$ 7,266,069	\$ 1,433,982	\$ 0	\$ 0	\$ 36,722,233			
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	0	0	0	0	36,499			
Animal Vaccination	0	0	0	0	10,140			
Cable TV Franchise	0	0	0	0	264,056			
<u>Permits</u>								
Building Permits	0	0	0	0	59,189			
Other Permits	0	0	0	0	545			
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 370,429			
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	0	0	0	0	56,665			
Officers Costs	0	0	0	0	41,304			
Drug Control Fines	0	0	0	0	1,663			

(Continued)

Exhibit K-5

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	General Capital Projects	Community Development/Industrial Park		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Drug Court Fees	\$	0 \$	0 \$	0 \$	0 \$	6,154
Jail Fees		0	0	0	0	26,048
DUI Treatment Fines		0	0	0	0	3,167
Data Entry Fee - Circuit Court		0	0	0	0	3,982
Courtroom Security Fee		0	0	0	0	1,539
Victims Assistance Assessments		0	0	0	0	10,486
<u>General Sessions Court</u>						
Fines		0	0	0	0	31,845
Officers Costs		0	0	0	0	194,561
Game and Fish Fines		0	0	0	0	716
Drug Control Fines		0	0	0	0	23,709
Drug Court Fees		0	0	0	0	7,363
Jail Fees		0	0	0	0	42,187
Interpreter Fees		0	0	0	0	142
DUI Treatment Fines		0	0	0	0	7,078
Data Entry Fee - General Sessions Court		0	0	0	0	40,632
Courtroom Security Fee		0	0	0	0	1,970
Victims Assistance Assessments		0	0	0	0	29,819
<u>Juvenile Court</u>						
Officers Costs		0	0	0	0	2,016
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	7,090
Data Entry Fee - Chancery Court		0	0	0	0	19,278
Courtroom Security Fee		0	0	0	0	13
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property		0	0	0	0	5,594
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	565,021
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$	0 \$	0 \$	0 \$	0 \$	4,340
Health Department Collections		0	0	0	0	298,368
Other General Service Charges		0	0	0	0	8,069
<u>Fees</u>						
Engineer Review Fees		0	0	0	0	2,946
Recreation Fees		0	0	0	0	59,725

(Continued)

Exhibit K-5

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	General Capital Projects	Community Development/Industrial Park	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	602
Telephone Commissions	0	0	0	0	278,544
Vending Machine Collections	0	0	0	0	132,870
Constitutional Officers' Fees and Commissions	0	0	0	0	5,360
Data Processing Fee - Register	0	0	0	0	34,302
Data Processing Fee - Sheriff	0	0	0	0	18,815
Sexual Offender Registration Fees - Sheriff	0	0	0	0	4,200
Data Processing Fee - County Clerk	0	0	0	0	7,921
<u>Education Charges</u>					
Community Service Fees - Adults	0	0	0	0	494,605
TBI Criminal Background Fees	0	0	0	0	2,320
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,352,987
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 59,815	\$ 0	\$ 0	\$ 0	61,156
Lease/Rentals	0	0	0	35,004	101,286
Sale of Materials and Supplies	0	0	0	0	10,025
Sale of Gasoline	0	0	0	0	7,221
Sale of Recycled Materials	0	0	0	0	7,555
Miscellaneous Refunds	0	0	0	0	212,456
Expenditure Credits	0	0	0	0	1,140
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	3,958
Sale of Property	0	0	0	114,325	198,862
Damages Recovered from Individuals	0	0	0	0	541
Contributions and Gifts	0	0	0	0	71,303
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	8,380
Total Other Local Revenues	\$ 59,815	\$ 0	\$ 0	\$ 149,329	\$ 683,883
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	903,639
Circuit Court Clerk	0	0	0	0	399,841
General Sessions Court Clerk	0	0	0	0	695,251

(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		
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary (Cont.)</u>					
Clerk and Master	\$ 0	\$ 0	\$ 0	\$ 0	666,335
Juvenile Court Clerk	0	0	0	0	170,079
Register	0	0	0	0	426,006
Sheriff	0	0	0	0	56,259
Trustee	0	0	0	0	1,675,260
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	4,992,670
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	65,645
Solid Waste Grants	0	0	0	0	99,384
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	41,400
Drug Control Grants	0	0	0	0	50,057
Health and Welfare Grants					
<u>Health Department Programs</u>					
Public Works Grants	0	0	0	0	2,901,701
Bridge Program	0	0	0	0	559,728
Litter Program	0	0	0	0	60,186
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	344,511
Beer Tax	0	0	0	0	18,586
Alcoholic Beverage Tax	0	0	0	0	131,101
Mixed Drink Tax	0	0	0	0	11,753
Emergency Hospital - Prisoners	0	0	0	0	131,803
Prisoner Transportation	0	0	0	0	7,335
Contracted Prisoner Boarding	0	0	0	0	777,479
Gasoline and Motor Fuel Tax	0	0	0	0	2,296,978
Petroleum Special Tax	0	0	0	0	70,924
Registrar's Salary Supplement	0	0	0	0	18,955
Other State Grants	0	0	0	0	50,451
Other State Revenues	0	0	0	0	1,186,704
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	8,824,681

(Continued)

Exhibit K-5

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

	Capital Projects Funds				Total
	Debt Service Fund	General Debt Service	General Capital Projects	Community Development/Industrial Park	
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$	0 \$	0 \$	0 \$	88,000
Law Enforcement Grants		0	0	0	37,464
Other Federal through State		0	0	0	580,403
<u>Direct Federal Revenue</u>					
Tax Credit Bond Rebate		148,831	0	0	148,831
ARRA Grant # 10		0	0	0	8,258
Other Direct Federal Revenue		0	0	0	26,350
Total Federal Government	\$	148,831 \$	0 \$	0 \$	889,306
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$	0 \$	0 \$	0 \$	160,704
Contributions		776,401	0	0	1,339,257
Contracted Services		0	0	0	1,568,920
Total Other Governments and Citizens Groups	\$	776,401 \$	0 \$	0 \$	3,068,881
Total	\$	8,251,116 \$	1,433,982 \$	149,329 \$	57,470,091

Exhibit K-6

Madison County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Madison County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,529,199	\$ 0	\$ 0	\$ 2,722,799	\$ 11,251,998
Trustee's Collections - Prior Year	212,582	0	0	60,433	273,015
Trustee's Collections - Bankruptcy	17,993	0	0	4,837	22,830
Circuit/Clerk & Master Collections - Prior Years	397,231	0	0	30,046	427,277
Interest and Penalty	41,489	0	0	13,570	55,059
Payments in-Lieu-of Taxes - T.V.A.	1,540	0	0	0	1,540
Payments in-Lieu-of Taxes - Local Utilities	165,859	0	0	52,952	218,811
Payments in-Lieu-of Taxes - Other	309,108	0	0	26,597	335,705
<u>County Local Option Taxes</u>					
Local Option Sales Tax	35,344,456	0	0	0	35,344,456
<u>Statutory Local Taxes</u>					
Bank Excise Tax	16,691	0	0	5,329	22,020
Interstate Telecommunications Tax	7,749	0	0	0	7,749
Total Local Taxes	\$ 45,043,897	\$ 0	\$ 0	\$ 2,916,563	\$ 47,960,460
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 7,536	\$ 0	\$ 0	\$ 0	\$ 7,536
<u>Permits</u>					
Other Permits	2,604	0	0	0	2,604
Total Licenses and Permits	\$ 10,140	\$ 0	\$ 0	\$ 0	\$ 10,140
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 2,600	\$ 0	\$ 0	\$ 0	\$ 2,600
Tuition - Other	426,900	0	0	0	426,900
Lunch Payments - Children	0	0	735,402	0	735,402
Lunch Payments - Adults	0	0	166,299	0	166,299
Income from Breakfast	0	0	16,855	0	16,855
A la carte Sales	0	0	173,353	0	173,353
<u>Other Charges for Services</u>					
Other Charges for Services	3,350	0	0	0	3,350
Total Charges for Current Services	\$ 432,850	\$ 0	\$ 1,091,909	\$ 0	\$ 1,524,759
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 5,714	\$ 0	\$ 5,714
Refund of Telecommunication and Internet Fees (E-Rate)	97,701	0	0	0	97,701
Miscellaneous Refunds	77,902	0	0	0	77,902
Expenditure Credits	374	0	0	0	374
<u>Nonrecurring Items</u>					
Gain on Investments	10,941	0	0	0	10,941
Sale of Equipment	1,531	0	0	0	1,531
Sale of Property	1	0	0	0	1
Damages Recovered from Individuals	787	0	0	0	787
Contributions and Gifts	176,303	0	0	0	176,303
Total Other Local Revenues	\$ 365,540	\$ 0	\$ 5,714	\$ 0	\$ 371,254
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 752,999	\$ 0	\$ 0	\$ 0	\$ 752,999
<u>State Education Funds</u>					
Basic Education Program	43,719,040	0	0	0	43,719,040
Early Childhood Education	1,236,378	0	0	0	1,236,378
School Food Service	0	0	75,626	0	75,626

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	\$ 155,387	\$ 0	\$ 0	\$ 0	\$ 155,387
Career Ladder Program	538,338	0	0	0	538,338
Career Ladder - Extended Contract	112,800	0	0	0	112,800
Other Vocational	930	0	0	0	930
<u>Other State Revenues</u>					
Mixed Drink Tax	11,753	0	0	0	11,753
State Revenue Sharing - T.V.A.	1,195,584	0	0	0	1,195,584
Other State Grants	200,987	0	0	0	200,987
Total State of Tennessee	\$ 47,924,196	\$ 0	\$ 75,626	\$ 0	\$ 47,999,822
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 4,244,278	\$ 0	\$ 4,244,278
USDA - Commodities	0	0	400,270	0	400,270
Breakfast	0	0	2,402,361	0	2,402,361
USDA - Other	0	0	291,840	0	291,840
Vocational Education - Basic Grants to States	0	260,463	0	0	260,463
Title I Grants to Local Education Agencies	0	5,078,649	0	0	5,078,649
Special Education - Grants to States	0	3,993,562	0	0	3,993,562
Special Education Preschool Grants	0	48,869	0	0	48,869
English Language Acquisition Grants	0	48,318	0	0	48,318
Eisenhower Professional Development State Grants	0	519,501	0	0	519,501
Race-to-the-Top - ARRA	0	989,093	0	0	989,093
Other Federal through State	0	14,361	0	0	14,361
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	169,657	0	0	0	169,657
Total Federal Government	\$ 169,657	\$ 10,952,816	\$ 7,338,749	\$ 0	\$ 18,461,222
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 2,000,000	\$ 0	\$ 0	\$ 0	\$ 2,000,000
<u>Other</u>					
Other	84,378	0	0	0	84,378
Total Other Governments and Citizens Groups	\$ 2,084,378	\$ 0	\$ 0	\$ 0	\$ 2,084,378
Total	\$ 96,030,658	\$ 10,952,816	\$ 8,511,998	\$ 2,916,563	\$ 118,412,035

Exhibit K-7

Madison County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Secretary to Board	\$	36,881	
Board and Committee Members Fees		93,100	
Social Security		9,843	
Handling Charges and Administrative Costs		1,094	
State Retirement		5,292	
Employee and Dependent Insurance		3,768	
Life Insurance		36	
Travel		230	
Office Supplies		1,288	
Total County Commission			\$ 151,532

County Mayor/Executive

County Official/Administrative Officer	\$	99,973	
Educational Incentive - Other County Employees		3,000	
Other Salaries and Wages		41,629	
Social Security		10,459	
Handling Charges and Administrative Costs		1,881	
State Retirement		20,260	
Employee and Dependent Insurance		6,864	
Life Insurance		269	
Communication		1,943	
Data Processing Services		1,702	
Travel		5,219	
Office Supplies		1,121	
Other Supplies and Materials		2,788	
Total County Mayor/Executive			197,108

Personnel Office

Supervisor/Director	\$	74,069	
Educational Incentive - Other County Employees		4,500	
Other Salaries and Wages		44,599	
Social Security		8,521	
Handling Charges and Administrative Costs		3,762	
State Retirement		17,029	
Employee and Dependent Insurance		13,728	
Life Insurance		232	
Communication		1,220	
Data Processing Services		452	
Dues and Memberships		60	
Travel		881	
Other Contracted Services		36,441	
Office Supplies		980	
Total Personnel Office			206,474

County Attorney

Other Contracted Services	\$	50,000	
Total County Attorney			50,000

Election Commission

County Official/Administrative Officer	\$	73,370	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Deputy(ies)	\$	80,204	
Election Commission		4,480	
Election Workers		100,732	
Social Security		14,806	
Handling Charges and Administrative Costs		5,486	
State Retirement		17,661	
Employee and Dependent Insurance		20,592	
Life Insurance		296	
Communication		4,049	
Legal Notices, Recording, and Court Costs		5,883	
Maintenance and Repair Services - Equipment		34,087	
Postal Charges		2,470	
Printing, Stationery, and Forms		6,229	
Rentals		670	
Travel		2,672	
Office Supplies		5,072	
Total Election Commission			\$ 378,759

Register of Deeds

County Official/Administrative Officer	\$	73,370	
Deputy(ies)		160,630	
Educational Incentive - Official/Admin Officer		1,758	
Educational Incentive - Other County Employees		2,625	
Social Security		17,232	
Handling Charges and Administrative Costs		6,885	
State Retirement		25,965	
Employee and Dependent Insurance		23,340	
Life Insurance		410	
Data Processing Supplies		59,960	
Office Supplies		9,375	
Total Register of Deeds			381,550

Codes Compliance

Other Salaries and Wages	\$	36,072	
In-Service Training		274	
Social Security		2,439	
Handling Charges and Administrative Costs		1,881	
State Retirement		5,176	
Employee and Dependent Insurance		6,864	
Life Insurance		69	
Communication		1,708	
Contracts with Private Agencies		21,490	
Maintenance and Repair Services - Vehicles		221	
Other Contracted Services		3,460	
Gasoline		2,076	
Office Supplies		1,009	
Total Codes Compliance			82,739

County Buildings

Supervisor/Director	\$	47,074	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Custodial Personnel	\$	26,440	
Part-time Personnel		8,424	
Overtime Pay		2,047	
Social Security		5,961	
Handling Charges and Administrative Costs		2,975	
State Retirement		10,843	
Employee and Dependent Insurance		10,632	
Life Insurance		106	
Communication		1,196	
Maintenance and Repair Services - Buildings		75,128	
Maintenance and Repair Services - Vehicles		213	
Other Contracted Services		16,505	
Custodial Supplies		22,205	
Gasoline		2,786	
Utilities		671	
Building Improvements		10,909	
Heating and Air Conditioning Equipment		43,627	
Total County Buildings			\$ 287,742

Other Facilities

Custodial Personnel	\$	28,000	
Communication		60,927	
Maintenance and Repair Services - Buildings		106,476	
Pest Control		2,640	
Custodial Supplies		2,252	
Utilities		253,017	
Total Other Facilities			453,312

Preservation of Records

County Official/Administrative Officer	\$	10,903	
Assistant(s)		11,557	
Social Security		1,718	
Maintenance and Repair Services - Office Equipment		1,505	
Travel		494	
Disposal Fees		90	
Office Supplies		3,646	
Utilities		8,060	
Other Supplies and Materials		5,770	
Data Processing Equipment		2,500	
Total Preservation of Records			46,243

Risk Management

Supervisor/Director	\$	16,000	
Social Security		1,116	
Handling Charges and Administrative Costs		1,094	
State Retirement		2,296	
Employee and Dependent Insurance		2,084	
Life Insurance		56	
Travel		3,633	
Office Supplies		500	
Total Risk Management			26,779

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance

Accounting and Budgeting

Supervisor/Director	\$	87,106	
Educational Incentive - Other County Employees		15,675	
Other Salaries and Wages		559,231	
Board and Committee Members Fees		3,000	
Social Security		46,714	
Handling Charges and Administrative Costs		21,655	
State Retirement		92,750	
Employee and Dependent Insurance		77,808	
Life Insurance		1,220	
Audit Services		32,238	
Communication		6,477	
Data Processing Services		24,624	
Travel		7,540	
Office Supplies		18,002	
Utilities		13,197	
Office Equipment		877	
Total Accounting and Budgeting			\$ 1,008,114

Property Assessor's Office

County Official/Administrative Officer	\$	73,370	
Deputy(ies)		409,848	
Educational Incentive - Official/Admin Officer		1,758	
Educational Incentive - Other County Employees		750	
Board and Committee Members Fees		5,850	
In-Service Training		198	
Social Security		34,408	
Handling Charges and Administrative Costs		16,358	
State Retirement		69,342	
Employee and Dependent Insurance		63,572	
Life Insurance		879	
Audit Services		48,270	
Communication		2,630	
Data Processing Services		27,261	
Dues and Memberships		2,135	
Maintenance and Repair Services - Vehicles		839	
Travel		5,666	
Office Supplies		9,483	
Total Property Assessor's Office			772,617

Reappraisal Program

Part-time Personnel	\$	320	
Other Salaries and Wages		93,912	
Social Security		6,243	
Handling Charges and Administrative Costs		5,904	
State Retirement		13,476	
Employee and Dependent Insurance		17,496	
Life Insurance		223	
Data Processing Services		9,767	
Maintenance and Repair Services - Vehicles		5,323	
Gasoline		10,284	
Office Supplies		4,289	
Total Reappraisal Program			167,237

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	73,370	
Deputy(ies)		136,195	
Part-time Personnel		17,724	
Educational Incentive - Official/Admin Officer		1,648	
Educational Incentive - Other County Employees		3,375	
In-Service Training		300	
Social Security		16,694	
Handling Charges and Administrative Costs		5,118	
State Retirement		30,073	
Employee and Dependent Insurance		17,880	
Life Insurance		449	
Communication		206	
Data Processing Services		12,626	
Dues and Memberships		740	
Printing, Stationery, and Forms		9,623	
Travel		2,513	
Office Supplies		4,745	
Total County Trustee's Office			\$ 333,279

County Clerk's Office

County Official/Administrative Officer	\$	73,370	
Deputy(ies)		334,880	
Part-time Personnel		30,282	
Educational Incentive - Official/Admin Officer		1,758	
Social Security		30,905	
Handling Charges and Administrative Costs		15,474	
State Retirement		53,439	
Employee and Dependent Insurance		51,060	
Life Insurance		867	
Communication		103	
Dues and Memberships		200	
Maintenance Agreements		2,850	
Maintenance and Repair Services - Office Equipment		14,971	
Travel		1,161	
Data Processing Supplies		521	
Office Supplies		9,516	
Data Processing Equipment		3,500	
Total County Clerk's Office			624,857

Data Processing

Social Security	\$	918	
Other Contracted Services		12,000	
Data Processing Supplies		10,020	
Total Data Processing			22,938

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	80,707	
Deputy(ies)		613,411	
Part-time Personnel		7,938	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Educational Incentive - Official/Admin Officer	\$	1,758	
Educational Incentive - Other County Employees		6,900	
Jury and Witness Expense		57,526	
Social Security		50,058	
Handling Charges and Administrative Costs		23,357	
State Retirement		99,606	
Employee and Dependent Insurance		85,808	
Life Insurance		1,376	
Data Processing Services		28,604	
Operating Lease Payments		10,407	
Travel		2,711	
Data Processing Supplies		419	
Duplicating Supplies		1,469	
Office Supplies		21,269	
Data Processing Equipment		35,985	
Total Circuit Court			\$ 1,129,309

General Sessions Court

Judge(s)	\$	153,077	
Other Salaries and Wages		86,986	
Social Security		15,357	
Handling Charges and Administrative Costs		3,762	
State Retirement		34,449	
Employee and Dependent Insurance		13,728	
Life Insurance		447	
Travel		1,504	
Office Supplies		9,831	
Total General Sessions Court			319,141

Drug Court

Social Security	\$	230	
State Retirement		418	
Other Charges		15,711	
Total Drug Court			16,359

Chancery Court

County Official/Administrative Officer	\$	80,707	
Deputy(ies)		307,448	
Part-time Personnel		86,611	
Educational Incentive - Official/Admin Officer		1,718	
Educational Incentive - Other County Employees		3,000	
Social Security		33,826	
Handling Charges and Administrative Costs		14,894	
State Retirement		55,700	
Employee and Dependent Insurance		46,870	
Life Insurance		759	
Maintenance and Repair Services - Office Equipment		12,715	
Travel		3,590	
Data Processing Supplies		14,239	
Office Supplies		43,517	
Total Chancery Court			705,594

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Judge(s)	\$	153,077	
Part-time Personnel		7,998	
Other Salaries and Wages		81,323	
Social Security		16,415	
Handling Charges and Administrative Costs		1,881	
State Retirement		27,968	
Employee and Dependent Insurance		7,105	
Life Insurance		442	
Data Processing Services		1,575	
Dues and Memberships		1,000	
Janitorial Services		862	
Maintenance and Repair Services - Buildings		11,296	
Maintenance and Repair Services - Equipment		1,010	
Rentals		2,251	
Travel		3,366	
Other Contracted Services		5,300	
Custodial Supplies		991	
Office Supplies		2,563	
Periodicals		512	
Utilities		20,494	
Other Supplies and Materials		1,182	
Building Improvements		2,720	
Communication Equipment		244	
Data Processing Equipment		1,710	
Heating and Air Conditioning Equipment		1,000	
Total Juvenile Court			\$ 354,285

District Attorney General

Assistant(s)	\$	72,816	
Social Security		5,321	
Handling Charges and Administrative Costs		1,881	
State Retirement		10,449	
Employee and Dependent Insurance		6,864	
Life Insurance		132	
Other Charges		400	
Total District Attorney General			97,863

Office of Public Defender

Salary Supplements	\$	60,048	
Social Security		4,318	
Handling Charges and Administrative Costs		1,836	
State Retirement		8,617	
Employee and Dependent Insurance		6,576	
Life Insurance		109	
Travel		151	
Other Charges		400	
Total Office of Public Defender			82,055

Other Administration of Justice

Contracts with Government Agencies	\$	137,173	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Other Contracted Services	\$	61,683	
Other Charges		9,125	
Total Other Administration of Justice			\$ 207,981

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	80,707	
Deputy(ies)		3,441,076	
Part-time Personnel		79,697	
Educational Incentive - Other County Employees		6,000	
Overtime Pay		137,840	
Other Salaries and Wages		37,464	
In-Service Training		51,400	
Social Security		273,735	
Handling Charges and Administrative Costs		113,504	
State Retirement		497,133	
Employee and Dependent Insurance		397,476	
Life Insurance		6,946	
Communication		94,972	
Contracts with Private Agencies		28,231	
Data Processing Services		30,442	
Maintenance and Repair Services - Buildings		20,149	
Maintenance and Repair Services - Vehicles		132,852	
Pest Control		480	
Rentals		5,000	
Travel		40,486	
Custodial Supplies		2,681	
Gasoline		305,334	
Law Enforcement Supplies		25,505	
Office Supplies		31,658	
Uniforms		74,935	
Utilities		37,125	
Communication Equipment		70,000	
Law Enforcement Equipment		39,453	
Motor Vehicles		56,450	
Total Sheriff's Department			6,118,731

Special Patrols

Deputy(ies)	\$	487,731	
Overtime Pay		74,484	
Other Salaries and Wages		27,312	
Social Security		40,909	
Handling Charges and Administrative Costs		14,352	
State Retirement		79,153	
Employee and Dependent Insurance		54,610	
Life Insurance		788	
Maintenance and Repair Services - Vehicles		8,213	
Gasoline		29,335	
Uniforms		12,034	
Total Special Patrols			828,921

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Deputy(ies)	\$	3,968,929	
Maintenance Personnel		100,066	
Part-time Personnel		9,375	
Overtime Pay		219,991	
In-Service Training		53,400	
Social Security		310,726	
Handling Charges and Administrative Costs		141,499	
State Retirement		571,147	
Employee and Dependent Insurance		474,080	
Life Insurance		7,553	
Unemployment Compensation		6,527	
Communication		28,838	
Data Processing Services		6,951	
Maintenance and Repair Services - Equipment		43,240	
Medical and Dental Services		30,000	
Custodial Supplies		41,770	
Drugs and Medical Supplies		279,213	
Food Preparation Supplies		15,560	
Food Supplies		451,168	
Law Enforcement Supplies		93,218	
Office Supplies		24,818	
Prisoners Clothing		13,956	
Uniforms		53,801	
Other Supplies and Materials		23,199	
Total Jail			\$ 6,969,025

Workhouse

County Official/Administrative Officer	\$	14,505
Guards		1,044,143
Overtime Pay		61,907
In-Service Training		13,200
Social Security		81,595
Handling Charges and Administrative Costs		37,605
State Retirement		143,179
Employee and Dependent Insurance		118,890
Life Insurance		1,967
Communication		7,466
Data Processing Services		1,191
Maintenance and Repair Services - Buildings		46,828
Maintenance and Repair Services - Equipment		3,135
Maintenance and Repair Services - Vehicles		2,797
Pest Control		858
Custodial Supplies		8,263
Drugs and Medical Supplies		14,017
Food Preparation Supplies		4,161
Food Supplies		119,515
Gasoline		7,114
Law Enforcement Supplies		1,255
Office Supplies		4,164
Prisoners Clothing		2,670

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Uniforms	\$	9,381	
Utilities		59,835	
Other Supplies and Materials		9,212	
Total Workhouse			\$ 1,818,853

Juvenile Services

County Official/Administrative Officer	\$	73,370	
Deputy(ies)		68,115	
Accountants/Bookkeepers		47,530	
Clerical Personnel		56,311	
Part-time Personnel		17,808	
Social Security		18,872	
Handling Charges and Administrative Costs		8,138	
State Retirement		35,204	
Employee and Dependent Insurance		27,568	
Life Insurance		481	
Maintenance and Repair Services - Equipment		183	
Printing, Stationery, and Forms		746	
Rentals		6,652	
Data Processing Supplies		840	
Office Supplies		3,396	
Total Juvenile Services			365,214

Fire Prevention and Control

Supervisor/Director	\$	66,142	
Mechanic(s)		65,713	
Part-time Personnel		38,249	
Other Salaries and Wages		115,475	
In-Service Training		9,800	
Social Security		20,198	
Handling Charges and Administrative Costs		9,717	
State Retirement		30,903	
Employee and Dependent Insurance		35,768	
Life Insurance		417	
Communication		19,309	
Maintenance and Repair Services - Buildings		24,350	
Maintenance and Repair Services - Equipment		51,236	
Travel		707	
Equipment and Machinery Parts		98,931	
Gasoline		37,723	
Utilities		52,991	
Gravel and Chert		2,423	
Total Fire Prevention and Control			680,052

Civil Defense

Supervisor/Director	\$	66,142	
Part-time Personnel		1,500	
Overtime Pay		2,986	
Other Salaries and Wages		102,204	
Social Security		12,218	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Handling Charges and Administrative Costs	\$	5,817	
State Retirement		20,024	
Employee and Dependent Insurance		21,264	
Life Insurance		279	
Communication		19,312	
Dues and Memberships		590	
Operating Lease Payments		645	
Maintenance Agreements		2,704	
Maintenance and Repair Services - Buildings		7,327	
Maintenance and Repair Services - Equipment		7,911	
Maintenance and Repair Services - Vehicles		2,612	
Printing, Stationery, and Forms		16	
Travel		1,494	
Gasoline		7,916	
Office Supplies		822	
Utilities		23,010	
Other Supplies and Materials		16,580	
Building Improvements		945	
Total Civil Defense			\$ 324,318

Inspection and Regulation

County Official/Administrative Officer	\$	43,970	
Educational Incentive - Other County Employees		375	
Other Salaries and Wages		30,659	
In-Service Training		1,968	
Social Security		5,294	
Handling Charges and Administrative Costs		2,975	
State Retirement		10,709	
Employee and Dependent Insurance		10,632	
Life Insurance		157	
Communication		517	
Dues and Memberships		425	
Maintenance and Repair Services - Vehicles		443	
Travel		442	
Gasoline		2,598	
Office Supplies		1,561	
Total Inspection and Regulation			112,725

County Coroner/Medical Examiner

Supervisor/Director	\$	14,025	
Social Security		694	
State Retirement		1,661	
Employee and Dependent Insurance		179	
Contracts with Government Agencies		42,480	
Contracts with Public Carriers		6,392	
Pauper Burials		1,500	
Travel		1,755	
Other Contracted Services		46,650	
Other Charges		550	
Total County Coroner/Medical Examiner			115,886

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Other Salaries and Wages	\$	12,932	
Social Security		902	
State Retirement		1,856	
Employee and Dependent Insurance		1,684	
Total Other Public Safety			\$ 17,374

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	219,072	
Paraprofessionals		23,535	
Part-time Personnel		32,589	
Other Salaries and Wages		773,049	
Social Security		70,378	
Handling Charges and Administrative Costs		19,461	
State Retirement		135,788	
Employee and Dependent Insurance		67,801	
Life Insurance		1,850	
Communication		21,734	
Janitorial Services		37,243	
Maintenance Agreements		12,759	
Maintenance and Repair Services - Buildings		40,716	
Maintenance and Repair Services - Vehicles		7,987	
Postal Charges		3,548	
Printing, Stationery, and Forms		978	
Travel		14,914	
Drugs and Medical Supplies		74,544	
Gasoline		11,139	
Office Supplies		29,437	
Utilities		30,499	
Other Supplies and Materials		754	
Liability Insurance		6,436	
Data Processing Equipment		2,747	
Motor Vehicles		42	
Office Equipment		1,367	
Total Local Health Center			1,640,367

Rabies and Animal Control

Overtime Pay	\$	8,970	
Other Salaries and Wages		88,271	
Social Security		6,793	
Handling Charges and Administrative Costs		4,790	
State Retirement		13,954	
Employee and Dependent Insurance		15,568	
Life Insurance		174	
Unemployment Compensation		1,514	
Audit Services		5,069	
Communication		3,811	
Maintenance Agreements		141	
Maintenance and Repair Services - Buildings		10,242	
Maintenance and Repair Services - Vehicles		4,683	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Pest Control	\$	25	
Printing, Stationery, and Forms		456	
Travel		931	
Veterinary Services		6,135	
Animal Food and Supplies		4,112	
Drugs and Medical Supplies		1,607	
Gasoline		11,222	
Office Supplies		467	
Uniforms		3,590	
Utilities		4,638	
Total Rabies and Animal Control			\$ 197,163

Other Local Welfare Services

Contributions	\$	17,630	
Total Other Local Welfare Services			17,630

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$	29,077	
Part-time Personnel		8,022	
Other Salaries and Wages		96,937	
Social Security		9,479	
State Retirement		121,608	
Employee and Dependent Insurance		18,213	
Other Fringe Benefits		9,604	
Contributions		572,167	
Data Processing Services		9,047	
Maintenance and Repair Services - Buildings		6,434	
Postal Charges		22	
Rentals		19,463	
Travel		4,053	
Other Contracted Services		9,922	
Custodial Supplies		2,519	
Library Books/Media		50,465	
Office Supplies		2,537	
Utilities		20,002	
Liability Insurance		5,160	
Office Equipment		23,975	
Total Libraries			1,018,706

Parks and Fair Boards

Supervisor/Director	\$	75,222	
Part-time Personnel		15,463	
Overtime Pay		5,948	
Other Salaries and Wages		403,692	
Social Security		35,097	
Handling Charges and Administrative Costs		17,903	
State Retirement		66,255	
Employee and Dependent Insurance		64,776	
Life Insurance		890	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Communication	\$	8,452	
Legal Notices, Recording, and Court Costs		200	
Maintenance and Repair Services - Equipment		128,027	
Travel		3,963	
Remittance of Revenue Collected		5,088	
Gasoline		34,557	
Office Supplies		2,837	
Utilities		70,054	
Other Supplies and Materials		1,187	
Other Charges		8,045	
Total Parks and Fair Boards			\$ 947,656

Other Social, Cultural, and Recreational

Other Salaries and Wages	\$	15,122	
Social Security		684	
Other Supplies and Materials		50,218	
Total Other Social, Cultural, and Recreational			66,024

Agriculture and Natural Resources

Agriculture Extension Service

Other Salaries and Wages	\$	141,981	
Social Security		3,614	
Other Fringe Benefits		20,725	
Communication		589	
Contributions		10,570	
Office Supplies		8,123	
Total Agriculture Extension Service			185,602

Soil Conservation

Other Salaries and Wages	\$	77,763	
Social Security		5,520	
Handling Charges and Administrative Costs		1,881	
State Retirement		11,159	
Employee and Dependent Insurance		6,864	
Life Insurance		159	
Travel		2,250	
Total Soil Conservation			105,596

Flood Control

Contributions	\$	70,000	
Other Contracted Services		50,000	
Total Flood Control			120,000

Other Operations

Industrial Development

Contributions	\$	72,000	
Total Industrial Development			72,000

Airport

Part-time Personnel	\$	125,743	
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(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Other Salaries and Wages	\$	324,652	
Social Security		32,779	
State Retirement		28,010	
Employee and Dependent Insurance		40,899	
Unemployment Compensation		1,016	
Other Fringe Benefits		13,267	
Contributions		196,120	
Liability Insurance		17,500	
Total Airport			\$ 779,986

Veterans' Services

Part-time Personnel	\$	9,679	
Social Security		740	
Communication		250	
Travel		131	
Office Supplies		2,853	
Other Supplies and Materials		184	
Total Veterans' Services			13,837

Other Charges

Handling Charges and Administrative Costs	\$	19,361	
Disability Insurance		38,502	
Medical and Dental Services		251,029	
Excess Risk Insurance		16,531	
Medical Claims		175,200	
Total Other Charges			500,623

Contributions to Other Agencies

Contributions	\$	242,905	
Total Contributions to Other Agencies			242,905

Miscellaneous

Board and Committee Members Fees	\$	1,872	
Other Fringe Benefits		4,794	
Communication		104,002	
Consultants		1,520	
Contracts with Government Agencies		24,000	
Contracts with Other Public Agencies		1,774	
Data Processing Services		7,600	
Dues and Memberships		15,790	
Evaluation and Testing		1,297	
Legal Services		49,243	
Legal Notices, Recording, and Court Costs		18,121	
Postal Charges		109,844	
Remittance of Revenue Collected		83,367	
Other Contracted Services		58,966	
Utilities		170,928	
Excess Risk Insurance		14,271	
Liability Insurance		446,750	
Refunds		937	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Trustee's Commission	\$	441,005	
Fines, Assessments, and Penalties		69,388	
Other Charges		35,815	
Total Miscellaneous			\$ 1,661,284

Total General Fund \$ 33,024,345

Juvenile Services Fund

Public Safety

Juvenile Services

County Official/Administrative Officer	\$	61,965	
Supervisor/Director		122,240	
Accountants/Bookkeepers		40,794	
Social Workers		287,727	
Paraprofessionals		71,947	
Guards		203,720	
Clerical Personnel		98,332	
Overtime Pay		24,163	
Social Security		64,554	
Handling Charges and Administrative Costs		32,614	
State Retirement		104,933	
Employee and Dependent Insurance		110,669	
Life Insurance		1,523	
Disability Insurance		2,146	
Communication		14,953	
Data Processing Services		12,312	
Evaluation and Testing		87	
Maintenance and Repair Services - Buildings		34,777	
Maintenance and Repair Services - Equipment		10,203	
Maintenance and Repair Services - Vehicles		3,277	
Medical and Dental Services		15,482	
Printing, Stationery, and Forms		829	
Travel		11,786	
Other Contracted Services		37,708	
Custodial Supplies		2,868	
Data Processing Supplies		200	
Food Supplies		14,225	
Gasoline		3,460	
Instructional Supplies and Materials		3,000	
Office Supplies		2,559	
Utilities		34,535	
Other Supplies and Materials		3,115	
Excess Risk Insurance		771	
Liability Insurance		18,109	
Medical Claims		14,880	
Trustee's Commission		22,847	
Data Processing Equipment		10,375	
Office Equipment		1,940	
Other Equipment		2,459	
Total Juvenile Services			\$ 1,504,084

Total Juvenile Services Fund 1,504,084

(Continued)

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

<u>Solid Waste/Sanitation Fund</u>			
<u>Public Health and Welfare</u>			
<u>Convenience Centers</u>			
Truck Drivers	\$	58,825	
Part-time Personnel		280,760	
Social Security		25,706	
State Retirement		8,442	
Employee and Dependent Insurance		3,170	
Life Insurance		111	
Other Fringe Benefits		11,877	
Communication		8,958	
Evaluation and Testing		11	
Operating Lease Payments		9,912	
Maintenance and Repair Services - Buildings		1,568	
Maintenance and Repair Services - Equipment		15,961	
Maintenance and Repair Services - Vehicles		28,257	
Travel		5,152	
Gasoline		34,421	
Uniforms		2,709	
Utilities		14,874	
Other Supplies and Materials		7,228	
Trustee's Commission		12,460	
Other Charges		26,068	
Total Convenience Centers			\$ 556,470
<u>Landfill Operation and Maintenance</u>			
Contracts with Government Agencies	\$	273,739	
Other Contracted Services		185,376	
Total Landfill Operation and Maintenance			459,115
Total Solid Waste/Sanitation Fund			\$ 1,015,585
<u>Local Purpose Tax Fund</u>			
<u>Other Operations</u>			
<u>Miscellaneous</u>			
Contributions	\$	2,000,000	
Trustee's Commission		19,752	
Total Miscellaneous			\$ 2,019,752
Total Local Purpose Tax Fund			2,019,752
<u>Special Purpose Fund</u>			
<u>Public Safety</u>			
<u>Correctional Incentive Program Improvements</u>			
Probation Officer(s)	\$	224,055	
Social Security		16,197	
Handling Charges and Administrative Costs		8,635	
State Retirement		18,800	
Employee and Dependent Insurance		21,683	
Life Insurance		351	
Communication		17,766	
Evaluation and Testing		48,016	
Rentals		28,172	

(Continued)

Exhibit K-7

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

Special Purpose Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements (Cont.)

Travel	\$	26,031	
Office Supplies		6,796	
Utilities		3,223	
Motor Vehicles		30,179	
Total Correctional Incentive Program Improvements			\$ 449,904

Work Release Program

Other Salaries and Wages	\$	456,306	
Social Security		33,734	
Handling Charges and Administrative Costs		6,011	
State Retirement		51,037	
Employee and Dependent Insurance		24,710	
Life Insurance		842	
Communication		12,128	
Maintenance and Repair Services - Buildings		16,014	
Maintenance and Repair Services - Vehicles		47,864	
Rentals		71,852	
Travel		3,635	
Office Supplies		19,089	
Utilities		12,792	
Other Equipment		5,542	
Total Work Release Program			761,556

Other Emergency Management

Travel	\$	1,352	
Drugs and Medical Supplies		50,000	
Instructional Supplies and Materials		4,026	
Office Supplies		918	
Other Supplies and Materials		54,603	
In Service/Staff Development		5,554	
Communication Equipment		57,827	
Data Processing Equipment		94,072	
Office Equipment		1,247	
Total Other Emergency Management			269,599

Public Safety Grant Programs

Other Salaries and Wages	\$	35,256	
Social Security		2,276	
Handling Charges and Administrative Costs		1,881	
State Retirement		4,499	
Employee and Dependent Insurance		5,978	
Life Insurance		61	
Total Public Safety Grant Programs			49,951

Public Health and Welfare

Maternal and Child Health Services

Part-time Personnel	\$	87,924	
Other Salaries and Wages		1,485,753	
Social Security		112,174	
Handling Charges and Administrative Costs		48,623	

(Continued)

Exhibit K-7

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

Special Purpose Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services (Cont.)

State Retirement	\$	197,935	
Employee and Dependent Insurance		165,687	
Life Insurance		2,753	
Advertising		54,848	
Bank Charges		7,560	
Communication		47,647	
Maintenance Agreements		11,593	
Postal Charges		3,701	
Printing, Stationery, and Forms		8,131	
Travel		31,312	
Remittance of Revenue Collected		28,366	
Drugs and Medical Supplies		149,034	
Office Supplies		504,981	
Utilities		37,654	
Other Supplies and Materials		5,012	
Liability Insurance		3,342	
Other Charges		2,196	
Total Maternal and Child Health Services			\$ 2,996,226

Sanitation Education/Information

Other Salaries and Wages	\$	25,000	
Social Security		1,912	
Unemployment Compensation		210	
Gasoline		9,191	
Other Supplies and Materials		22,768	
Total Sanitation Education/Information			59,081

Other Operations

ARRA Grant # 10

Data Processing Equipment	\$	6,547	
Law Enforcement Equipment		1,410	
Motor Vehicles		300	
Total ARRA Grant # 10			8,257

Miscellaneous

Other Salaries and Wages	\$	150,466	
Social Security		10,902	
Handling Charges and Administrative Costs		4,069	
Employee and Dependent Insurance		5,208	
Life Insurance		277	
Refunds		812	
Trustee's Commission		4,946	
Total Miscellaneous			176,680

Total Special Purpose Fund \$ 4,771,254

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	15,100	
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(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Contracted Services	\$	2,680	
Office Supplies		1,405	
Trustee's Commission		161	
Total Drug Enforcement			\$ 19,346

Total Drug Control Fund \$ 19,346

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	5,360	
Total Chancery Court			\$ 5,360

Total Constitutional Officers - Fees Fund 5,360

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	112,451	
Clerical Personnel		62,045	
Educational Incentive - Other County Employees		3,000	
Social Security		13,106	
State Retirement		23,203	
Employee and Dependent Insurance		16,920	
Data Processing Services		1,646	
Dues and Memberships		4,780	
Legal Notices, Recording, and Court Costs		82	
Maintenance and Repair Services - Buildings		6,334	
Maintenance and Repair Services - Office Equipment		557	
Postal Charges		128	
Printing, Stationery, and Forms		415	
Travel		944	
Office Supplies		3,003	
Other Charges		1,291	
Total Administration			\$ 249,905

Highway and Bridge Maintenance

Materials Supervisor	\$	73,232	
Foremen		260,604	
Equipment Operators		376,982	
Truck Drivers		83,289	
Laborers		38,622	
Social Security		60,224	
State Retirement		114,330	
Employee and Dependent Insurance		114,625	
Asphalt - Cold Mix		37,465	
Asphalt - Hot Mix		9,695	
Asphalt - Liquid		619,128	
Concrete		437	
Crushed Stone		298,675	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Riprap	\$	27,328	
Pipe - Metal		32,537	
Road Signs		27,280	
Small Tools		724	
Uniforms		2,843	
Wood Products		1,597	
Gravel and Chert		135,527	
Chemicals		99,614	
Other Supplies and Materials		5,880	
Other Charges		7,473	
Total Highway and Bridge Maintenance			\$ 2,428,111

Operation and Maintenance of Equipment

Mechanic(s)	\$	84,486	
Social Security		5,966	
State Retirement		12,124	
Employee and Dependent Insurance		16,380	
Laundry Service		1,719	
Maintenance and Repair Services - Equipment		47,662	
Diesel Fuel		111,633	
Equipment Parts - Heavy		6,022	
Equipment and Machinery Parts		119,522	
Garage Supplies		1,785	
Gasoline		23,454	
Lubricants		4,609	
Small Tools		736	
Tires and Tubes		27,474	
Other Supplies and Materials		9,728	
Total Operation and Maintenance of Equipment			473,300

Other Charges

Communication	\$	19,120	
Contracts with Private Agencies		300	
Natural Gas		19,304	
Liability Insurance		87,925	
Trustee's Commission		59,047	
Other Charges		19	
Total Other Charges			185,715

Employee Benefits

Handling Charges and Administrative Costs	\$	19,802	
Employee and Dependent Insurance		31,022	
Disability Insurance		2,097	
Evaluation and Testing		105	
Medical and Dental Services		46,110	
Excess Risk Insurance		3,738	
Medical Claims		49,032	
Total Employee Benefits			151,906

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Engineering Services	\$	49,881	
Riprap		19,301	
Bridge Construction		575,246	
Building Improvements		69,297	
Highway Equipment		313,376	
Motor Vehicles		83,224	
Total Capital Outlay			\$ 1,110,325

Total Highway/Public Works Fund \$ 4,599,262

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	2,925,000	
Principal on Notes		1,600,000	
Total General Government			\$ 4,525,000

Interest on Debt

General Government

Interest on Bonds	\$	2,609,606	
Interest on Notes		80,000	
Total General Government			2,689,606

Other Debt Service

General Government

Trustee's Commission	\$	140,595	
Other Debt Service		2,600	
Total General Government			143,195

Total General Debt Service Fund 7,357,801

General Capital Projects Fund

General Government

Election Commission

Building Improvements	\$	37,000	
Data Processing Equipment		7,315	
Total Election Commission			\$ 44,315

Codes Compliance

Motor Vehicles	\$	17,655	
Total Codes Compliance			17,655

County Buildings

Maintenance and Repair Services - Buildings	\$	50,000	
Building Improvements		41,483	
Total County Buildings			91,483

Preservation of Records

Office Equipment	\$	12,699	
Total Preservation of Records			12,699

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Finance

Accounting and Budgeting

Data Processing Equipment	\$ 4,250	
Total Accounting and Budgeting		\$ 4,250

County Trustee's Office

Building Improvements	\$ 3,382	
Data Processing Equipment	7,500	
Total County Trustee's Office		10,882

Administration of Justice

Circuit Court

Building Improvements	\$ 34,943	
Total Circuit Court		34,943

Chancery Court

Building Improvements	\$ 26,812	
Total Chancery Court		26,812

Public Safety

Sheriff's Department

Contracts with Government Agencies	\$ 179,484	
Communication Equipment	14,671	
Motor Vehicles	152,160	
Total Sheriff's Department		346,315

Juvenile Services

Other Equipment	\$ 1,450	
Total Juvenile Services		1,450

Fire Prevention and Control

Other Capital Outlay	\$ 476,500	
Total Fire Prevention and Control		476,500

Civil Defense

Communication Equipment	\$ 46,182	
Total Civil Defense		46,182

Public Health and Welfare

Local Health Center

Motor Vehicles	\$ 25,000	
Total Local Health Center		25,000

Rabies and Animal Control

Motor Vehicles	\$ 19,492	
Total Rabies and Animal Control		19,492

Convenience Centers

Building Improvements	\$ 12,005	
Site Development	7,644	
Solid Waste Equipment	22,185	
Total Convenience Centers		41,834

(Continued)

Exhibit K-7

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Social, Cultural, and Recreational Services</u>			
<u>Libraries</u>			
Other Capital Outlay	\$	20,000	
Total Libraries			\$ 20,000
<u>Parks and Fair Boards</u>			
Building Improvements	\$	19,197	
Site Development		44,689	
Total Parks and Fair Boards			63,886
<u>Agriculture and Natural Resources</u>			
<u>Agriculture Extension Service</u>			
Building Improvements	\$	36,923	
Total Agriculture Extension Service			36,923
<u>Other Operations</u>			
<u>Airport</u>			
Airport Improvement	\$	36,875	
Total Airport			36,875
<u>Miscellaneous</u>			
Trustee's Commission	\$	27,081	
Other Equipment		10,456	
Total Miscellaneous			37,537
Total General Capital Projects Fund			\$ 1,395,033
<u>Community Development/Industrial Park Fund</u>			
<u>Other Operations</u>			
<u>Industrial Development</u>			
Contributions	\$	75,000	
Other Contracted Services		6,084	
Trustee's Commission		358	
Total Industrial Development			\$ 81,442
Total Community Development/Industrial Park Fund			81,442
<u>Highway Capital Projects Fund</u>			
<u>Highways</u>			
<u>Capital Outlay</u>			
Refunds	\$	1,694	
Bridge Construction		22,136	
Total Capital Outlay			\$ 23,830
Total Highway Capital Projects Fund			23,830
Total Governmental Funds - Primary Government			\$ 55,817,094

Exhibit K-8

Madison County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Madison County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	33,140,705	
Career Ladder Program		273,753	
Career Ladder Extended Contracts		104,000	
Homebound Teachers		103,075	
Educational Assistants		1,051,033	
Speech Pathologist		29,076	
Certified Substitute Teachers		625,699	
Social Security		2,534,286	
State Retirement		3,372,974	
Life Insurance		71,480	
Medical Insurance		3,326,284	
Dental Insurance		124,096	
Other Fringe Benefits		564,887	
Other Contracted Services		135,340	
Instructional Supplies and Materials		623,470	
Textbooks		246,004	
Other Supplies and Materials		32,500	
Other Charges		10,808	
Regular Instruction Equipment		217,317	
Total Regular Instruction Program			\$ 46,586,787

Special Education Program

Teachers	\$	5,634,714	
Career Ladder Program		55,735	
Homebound Teachers		78,898	
Educational Assistants		604,995	
Speech Pathologist		546,586	
Certified Substitute Teachers		121,783	
Social Security		482,323	
State Retirement		601,383	
Life Insurance		12,693	
Medical Insurance		634,668	
Dental Insurance		27,808	
Contracts with Private Agencies		375,681	
Other Contracted Services		221,543	
Instructional Supplies and Materials		55,944	
Other Supplies and Materials		20,605	
Special Education Equipment		35,252	
Total Special Education Program			9,510,611

Vocational Education Program

Teachers	\$	2,532,005	
Career Ladder Program		22,500	
Other Salaries and Wages		298,106	
Certified Substitute Teachers		49,595	
Social Security		206,496	
State Retirement		253,302	
Life Insurance		5,341	
Medical Insurance		223,408	

(Continued)

Exhibit K-8

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.)

Vocational Education Program (Cont.)

Dental Insurance	\$	9,909	
Instructional Supplies and Materials		74,083	
Textbooks		142,931	
Vocational Instruction Equipment		102,183	
Total Vocational Education Program			\$ 3,919,859

Other

Supervisor/Director	\$	67,199	
Social Security		5,116	
State Retirement		5,990	
Life Insurance		129	
Dental Insurance		294	
Travel		177	
Other Contracted Services		11,668	
Office Supplies		3,115	
Other Supplies and Materials		40,535	
In Service/Staff Development		980	
Total Other			135,203

Support Services

Attendance

Supervisor/Director	\$	125,024	
Career Ladder Program		1,000	
Other Salaries and Wages		60,828	
Social Security		13,261	
State Retirement		19,028	
Life Insurance		339	
Medical Insurance		16,398	
Dental Insurance		227	
Travel		4,375	
Other Contracted Services		33,762	
Other Supplies and Materials		3,067	
In Service/Staff Development		2,027	
Total Attendance			279,336

Health Services

Medical Personnel	\$	326,868	
Social Security		21,273	
State Retirement		32,926	
Life Insurance		638	
Medical Insurance		59,113	
Dental Insurance		2,714	
Travel		5,869	
Other Contracted Services		5,000	
Other Supplies and Materials		14,391	
In Service/Staff Development		4,526	
Total Health Services			473,318

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	22,200	
Guidance Personnel		2,024,395	
Psychological Personnel		361,779	
Social Workers		41,445	
Clerical Personnel		30,280	
Other Salaries and Wages		20,878	
Social Security		176,870	
State Retirement		220,336	
Life Insurance		4,623	
Medical Insurance		194,274	
Dental Insurance		7,561	
Contracts with Government Agencies		224,531	
Travel		9,819	
Other Contracted Services		110,495	
Total Other Student Support			\$ 3,449,486

Regular Instruction Program

Supervisor/Director	\$	320,506	
Career Ladder Program		42,100	
Librarians		1,195,807	
Instructional Computer Personnel		109,776	
Clerical Personnel		66,927	
Other Salaries and Wages		97,170	
Social Security		130,347	
State Retirement		167,566	
Life Insurance		3,314	
Medical Insurance		147,859	
Dental Insurance		7,060	
Travel		52,438	
Other Contracted Services		76,049	
Instructional Supplies and Materials		29,688	
Library Books/Media		100,000	
Office Supplies		2,123	
Other Supplies and Materials		134,112	
In Service/Staff Development		68,571	
Other Charges		4,200	
Total Regular Instruction Program			2,755,613

Special Education Program

Supervisor/Director	\$	152,197	
Career Ladder Program		4,000	
Clerical Personnel		30,280	
Other Salaries and Wages		129,749	
Social Security		22,288	
State Retirement		33,839	
Life Insurance		593	
Medical Insurance		28,696	
Dental Insurance		982	
Maintenance and Repair Services - Equipment		2,584	

(Continued)

Exhibit K-8

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.)

Special Education Program (Cont.)

Travel	\$	63,200	
Other Supplies and Materials		41,140	
In Service/Staff Development		22,016	
Total Special Education Program			\$ 531,564

Vocational Education Program

Supervisor/Director	\$	67,199	
Secretary(ies)		30,909	
Social Security		7,002	
State Retirement		8,140	
Life Insurance		173	
Medical Insurance		6,487	
Dental Insurance		204	
Maintenance and Repair Services - Equipment		1,297	
Travel		5,718	
Other Supplies and Materials		1,095	
Other Charges		1,130	
Total Vocational Education Program			129,354

Other Programs

Supervisor/Director	\$	66,657	
Teachers		71,526	
Bus Drivers		12,143	
Educational Assistants		30,683	
Other Salaries and Wages		235,631	
Certified Substitute Teachers		280	
Social Security		30,234	
State Retirement		44,154	
Life Insurance		243	
Medical Insurance		6,650	
Dental Insurance		591	
On-Behalf Payments to OPEB		752,999	
Communication		2,266	
Postal Charges		300	
Printing, Stationery, and Forms		2,670	
Travel		10,595	
Other Contracted Services		31,551	
Diesel Fuel		5,996	
Other Supplies and Materials		100,893	
In Service/Staff Development		12,584	
Other Charges		13,963	
Maintenance Equipment		32,688	
Transportation Equipment		4,955	
Total Other Programs			1,470,252

Board of Education

Secretary to Board	\$	3,600	
Board and Committee Members Fees		29,700	
Social Security		2,542	

(Continued)

Exhibit K-8

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 (Cont.)

State Retirement	\$	513	
Unemployment Compensation		131,059	
Audit Services		50,715	
Contributions		682	
Dues and Memberships		13,331	
Legal Services		48,606	
Other Contracted Services		395	
Premiums on Corporate Surety Bonds		175	
Trustee's Commission		700,456	
Workers' Compensation Insurance		773,315	
In Service/Staff Development		21,375	
Other Charges		40,079	
Total Board of Education			\$ 1,816,543

Director of Schools

County Official/Administrative Officer	\$	136,791	
Assistant(s)		79,405	
Career Ladder Program		1,000	
Secretary(ies)		145,873	
Other Salaries and Wages		23,654	
Social Security		26,911	
State Retirement		31,963	
Life Insurance		585	
Medical Insurance		25,028	
Dental Insurance		1,108	
Advertising		2,171	
Communication		183,442	
Dues and Memberships		4,488	
Operating Lease Payments		64,000	
Maintenance and Repair Services - Equipment		19,476	
Postal Charges		9,551	
Travel		5,400	
Office Supplies		5,299	
Other Supplies and Materials		1,079	
In Service/Staff Development		4,384	
Other Charges		2,533	
Total Director of Schools			774,141

Office of the Principal

Principals	\$	2,135,255	
Career Ladder Program		30,000	
Career Ladder Extended Contracts		3,325	
Assistant Principals		1,141,650	
Secretary(ies)		1,246,137	
Other Salaries and Wages		382,402	
Social Security		352,586	
State Retirement		495,799	
Life Insurance		9,076	
Medical Insurance		382,842	

(Continued)

Exhibit K-8

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.)

Dental Insurance	\$	18,592	
Travel		13,424	
Other Supplies and Materials		100,901	
Other Charges		10,467	
Total Office of the Principal			\$ 6,322,456

Fiscal Services

Supervisor/Director	\$	96,904	
Accountants/Bookkeepers		90,859	
Secretary(ies)		35,708	
Social Security		16,349	
State Retirement		26,565	
Life Insurance		425	
Medical Insurance		10,383	
Dental Insurance		701	
Contributions		355,106	
Travel		83	
Other Contracted Services		1,602	
Office Supplies		2,366	
In Service/Staff Development		2,471	
Total Fiscal Services			639,522

Human Services/Personnel

Supervisor/Director	\$	172,299	
Clerical Personnel		31,150	
Other Salaries and Wages		69,853	
Social Security		19,963	
State Retirement		33,673	
Life Insurance		523	
Medical Insurance		10,383	
Dental Insurance		1,468	
Advertising		755	
Travel		63	
Other Contracted Services		2,504	
Office Supplies		1,796	
Other Supplies and Materials		20,139	
In Service/Staff Development		630	
Other Charges		325	
Administration Equipment		130	
Total Human Services/Personnel			365,654

Operation of Plant

Custodial Personnel	\$	1,260,533	
Overtime Pay		8,786	
Other Salaries and Wages		29,000	
Social Security		90,315	
State Retirement		132,226	
Life Insurance		2,223	
Medical Insurance		145,083	

(Continued)

Exhibit K-8

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 (Cont.)

Dental Insurance	\$	5,681	
Travel		614	
Other Contracted Services		635,278	
Custodial Supplies		245,295	
Electricity		2,386,305	
Natural Gas		528,623	
Water and Sewer		286,321	
Building and Contents Insurance		726,871	
Plant Operation Equipment		3,726	
Total Operation of Plant			\$ 6,486,880

Maintenance of Plant

Secretary(ies)	\$	61,027	
Overtime Pay		16,287	
Other Salaries and Wages		1,604,038	
Social Security		118,410	
State Retirement		221,659	
Life Insurance		3,096	
Medical Insurance		175,661	
Dental Insurance		7,813	
Maintenance and Repair Services - Buildings		8,370	
Maintenance and Repair Services - Equipment		8,516	
Travel		182	
Other Supplies and Materials		811,101	
In Service/Staff Development		753	
Maintenance Equipment		15,508	
Total Maintenance of Plant			3,052,421

Transportation

Supervisor/Director	\$	76,103	
Mechanic(s)		304,984	
Bus Drivers		2,066,579	
Overtime Pay		30,258	
Other Salaries and Wages		489,403	
Social Security		210,215	
State Retirement		329,623	
Life Insurance		4,133	
Medical Insurance		289,667	
Dental Insurance		15,631	
Maintenance and Repair Services - Vehicles		6,795	
Travel		2,379	
Other Contracted Services		6,038	
Diesel Fuel		1,002,602	
Gasoline		138,080	
Office Supplies		9,290	
Tires and Tubes		158,880	
Vehicle Parts		380,591	
Other Supplies and Materials		9,859	
In Service/Staff Development		8,065	

(Continued)

Exhibit K-8

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.)

Other Charges	\$	39,225	
Transportation Equipment		13,300	
Total Transportation			\$ 5,591,700

Central and Other

Supervisor/Director	\$	80,687	
Other Salaries and Wages		216,395	
Social Security		21,329	
State Retirement		38,144	
Life Insurance		517	
Medical Insurance		23,330	
Dental Insurance		487	
Maintenance and Repair Services - Equipment		654	
Travel		728	
Other Contracted Services		148,456	
Other Supplies and Materials		17,269	
In Service/Staff Development		19,877	
Other Equipment		47,348	
Total Central and Other			615,221

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		76	
State Retirement		89	
Total Food Service			1,165

Community Services

Other Salaries and Wages	\$	82,390	
Social Security		6,202	
State Retirement		3,754	
Medical Insurance		2,064	
Other Supplies and Materials		2,093	
Total Community Services			96,503

Early Childhood Education

Supervisor/Director	\$	2,000	
Teachers		769,980	
Clerical Personnel		21,493	
Educational Assistants		281,718	
Certified Substitute Teachers		29,233	
Social Security		76,676	
State Retirement		111,244	
Life Insurance		2,014	
Medical Insurance		127,540	
Dental Insurance		4,418	
Other Contracted Services		572	
Instructional Supplies and Materials		44,973	
In Service/Staff Development		18,618	
Other Charges		794	
Total Early Childhood Education			1,491,273

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$ 25,387	
Total Regular Capital Outlay		\$ 25,387

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 776,401	
Total Education		<u>776,401</u>

Total General Purpose School Fund		\$ 97,296,650
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 886,651	
Clerical Personnel	16,070	
Educational Assistants	261,395	
Other Salaries and Wages	159,702	
Certified Substitute Teachers	11,340	
Social Security	93,500	
State Retirement	118,790	
Life Insurance	2,344	
Medical Insurance	86,501	
Dental Insurance	4,581	
Tuition	49,400	
Other Contracted Services	102,634	
Instructional Supplies and Materials	570,476	
Other Charges	64,233	
Regular Instruction Equipment	<u>433,500</u>	
Total Regular Instruction Program		\$ 2,861,117

Alternative Instruction Program

Other Contracted Services	\$ 339,026	
Total Alternative Instruction Program		339,026

Special Education Program

Teachers	\$ 133,167	
Educational Assistants	1,926,678	
Speech Pathologist	85,409	
Certified Substitute Teachers	875	
Social Security	152,197	
State Retirement	237,801	
Life Insurance	3,813	
Medical Insurance	185,176	
Dental Insurance	12,229	
Contracts with Private Agencies	7,141	
Other Contracted Services	101,630	
Instructional Supplies and Materials	57,923	
Other Supplies and Materials	43,934	
Special Education Equipment	<u>14,477</u>	
Total Special Education Program		2,962,450

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Educational Assistants	\$	15,406	
Other Salaries and Wages		39,146	
Social Security		2,930	
State Retirement		6,779	
Life Insurance		100	
Medical Insurance		8,864	
Dental Insurance		294	
Employer Medicare		700	
Vocational Instruction Equipment		135,000	
Total Vocational Education Program			\$ 209,219

Support Services

Health Services

Medical Personnel	\$	169,650	
Social Security		11,545	
State Retirement		21,705	
Life Insurance		321	
Medical Insurance		21,668	
Dental Insurance		1,186	
Total Health Services			226,075

Other Student Support

Other Salaries and Wages	\$	24,947	
Social Security		1,908	
State Retirement		3,453	
Maintenance and Repair Services - Equipment		756	
Travel		43,471	
Total Other Student Support			74,535

Regular Instruction Program

Supervisor/Director	\$	86,176	
Instructional Computer Personnel		1,221,726	
Secretary(ies)		39,107	
Clerical Personnel		28,779	
Other Salaries and Wages		781,676	
Certified Substitute Teachers		21,665	
In-Service Training		63,700	
Social Security		162,704	
State Retirement		198,942	
Life Insurance		3,400	
Medical Insurance		103,764	
Dental Insurance		4,064	
Consultants		97,473	
Travel		7,799	
Other Contracted Services		231,538	
Other Supplies and Materials		49,895	
In Service/Staff Development		483,397	
Other Charges		2,812	
Other Equipment		7,350	
Total Regular Instruction Program			3,595,967

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Assessment Personnel	\$	113,227	
Secretary(ies)		28,779	
Other Salaries and Wages		347,020	
In-Service Training		16,272	
Social Security		35,077	
State Retirement		57,807	
Life Insurance		867	
Medical Insurance		48,796	
Dental Insurance		3,191	
Maintenance and Repair Services - Equipment		4,213	
Other Contracted Services		131,147	
Other Supplies and Materials		7,827	
In Service/Staff Development		46,464	
Other Equipment		2,733	
Total Special Education Program			\$ 843,420

Vocational Education Program

Travel	\$	4,900	
Total Vocational Education Program			4,900

Transportation

Clerical Personnel	\$	22,316	
Social Security		1,601	
State Retirement		3,180	
Life Insurance		40	
Medical Insurance		2,368	
Contracts with Vehicle Owners		6,848	
Total Transportation			36,353

Total School Federal Projects Fund \$ 11,153,062

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	70,790	
Accountants/Bookkeepers		96,301	
Cafeteria Personnel		2,537,876	
Other Salaries and Wages		190,472	
Social Security		206,725	
State Retirement		343,575	
Life Insurance		4,582	
Medical Insurance		223,201	
Dental Insurance		16,682	
Unemployment Compensation		6,616	
Other Fringe Benefits		7,864	
Communication		11,226	
Maintenance and Repair Services - Equipment		48,145	
Transportation - Other than Students		23,538	
Travel		13,867	

(Continued)

Exhibit K-8

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.)

Other Contracted Services	\$	122,832	
Food Supplies		3,712,039	
Uniforms		16,071	
USDA - Commodities		400,270	
Other Supplies and Materials		378,432	
Trustee's Commission		907	
In Service/Staff Development		11,926	
Food Service Equipment		150,626	
Total Food Service			\$ 8,594,563

Total Central Cafeteria Fund \$ 8,594,563

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Engineering Services	\$	3,625	
Trustee's Commission		57,162	
Building Improvements		751,826	
Maintenance Equipment		67,401	
Regular Instruction Equipment		988,008	
Transportation Equipment		849,231	
Total Education Capital Projects			\$ 2,717,253

Total Education Capital Projects Fund 2,717,253

Total Governmental Funds - Madison County School Department \$ 119,761,528

Exhibit K-9

Madison County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Other Statutory Local Taxes	\$ 0	\$ 5,488	\$ 5,488
Current Property Tax	0	250,986	250,986
Prior Year's Property Tax	0	6,578	6,578
Interest and Penalty	0	1,057	1,057
Local Option Sales Tax	12,415,740	51,761	12,467,501
Hotel/Motel Tax	787,425	0	787,425
Total Cash Receipts	<u>\$ 13,203,165</u>	<u>\$ 315,870</u>	<u>\$ 13,519,035</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 13,065,619	\$ 307,463	\$ 13,373,082
Trustee's Commission	132,028	5,800	137,828
Total Cash Disbursements	<u>\$ 13,197,647</u>	<u>\$ 313,263</u>	<u>\$ 13,510,910</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 5,518	\$ 2,607	\$ 8,125
Cash Balance, July 1, 2012	52,729	4,061	56,790
Cash Balance, June 30, 2013	<u>\$ 58,247</u>	<u>\$ 6,668</u>	<u>\$ 64,915</u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Madison County's basic financial statements, and have issued our report thereon dated November 27, 2013. Our report includes a reference to other auditors who audited the financial statements of the 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 of the financial statements, we considered Madison County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Madison County's internal control. Accordingly, we do not express an opinion on the effectiveness of Madison County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-001(A-E), 2013-002, and 2013-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001(F), 2013-004, 2013-005, 2013-006, 2013-007, 2013-008, 2013-009, and 2013-010.

Madison County's Responses to Findings

Madison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Madison County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part

of an audit performed in accordance with *Government Auditing Standards* in considering Madison County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 27, 2013

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Madison County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Madison County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Madison County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide legal determination of Madison County's compliance.

Opinion on Each Major Federal Program

In our opinion, Madison County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Madison County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madison County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madison County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

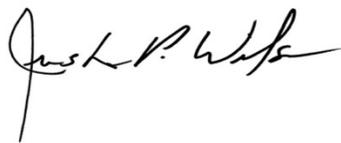
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Madison County's basic financial statements. We issued our report thereon dated November 27, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 27, 2013

JPW/sb

Madison County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Recovery Act of 2009: Capital Improvement and Maintenance	10.687	(2)	\$ 8,258
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	2,402,361
National School Lunch Program	10.555	N/A	4,536,118 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	400,270 (3)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG1237191	<u>592,533</u>
Total U.S. Department of Agriculture			<u>\$ 7,939,540</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	\$ 37,464
Passed-through State Department of Children's Services:			
Juvenile Accountability Block Grants	16.523	(2)	65,645
Passed-through State Office of Criminal Justice Programs:			
Crime Victim Assistance	16.575	(2)	<u>33,731</u>
Total U.S. Department of Justice			<u>\$ 136,840</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 364,243
State and Community Highway Safety	20.600	Z13GHS190	<u>38,626</u>
Total U.S. Department of Transportation			<u>\$ 402,869</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 5,224,578
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	3,975,430
Special Education - Preschool Grants	84.173	N/A	50,991
Special Education - Grants to States, Recovery Act	84.391	N/A	146
Career and Technical Education - Basic Grants to States	84.048	(2)	260,298
Safe and Drug-free Schools and Communities - National Programs	84.184	(2)	51,948
Assistive Technology - State Grants for Protection and Advocacy	84.343	(2)	34,868
English Language Acquisition State Grants	84.365	(2)	48,318
Improving Teacher Quality State Grants	84.367	(2)	517,392
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	989,093
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	<u>33,762</u>
Total U.S. Department of Education			<u>\$ 11,186,824</u>

(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:			
Passed-through State Department of Health:			
Public Health Emergency Preparedness	93.069	GG1236829	\$ 660,291
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG1236873	23,987
Family Planning - Services	93.217	GU1235699	205,350
Immunization Cooperative Agreements	93.268	(2)	88,614
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG1238853	31,881
HIV Prevention Activities - Health Department Based	93.940	GG1237940	205,609
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG1237940	87,244
Preventive Health and Health Services Block Grant	93.991	GG1235352	45,527
Total U.S. Department of Health and Human Services			<u>\$ 1,348,503</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 88,000
Homeland Security Grant Program	97.067	(2)	318,368
Total U.S. Department of Homeland Security			<u>\$ 406,368</u>
Total Expenditures of Federal Awards			<u>\$ 21,420,944</u>
		<u>Contract Number</u>	
State Grants:			
Child and Family Intervention Services - State Department of Children's Services	N/A	(2)	\$ 124,094
State Supplemental Juvenile Improvement Funds - State Commission on Children and Youth	N/A	(2)	9,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	99,384
Certified Voting Equipment Grant - Tennessee Secretary of State	N/A	(2)	16,850
Coordinated School Health - State Department of Education	N/A	(2)	65,749
ACT/Explore - State Department of Education	N/A	(2)	13,708
ConneCTenn - State Department of Education	N/A	(2)	42,028
Arts Student Ticket Subsidy - State Department of Education	N/A	(2)	10,467
Early Childhood Education - State Department of Education	N/A	(2)	1,236,378
Lottery for Education: After School Program - State Department of Education	N/A	(2)	110,768
Safe Schools - State Department of Education	N/A	(2)	49,277
School to Work - State Department of Human Services	N/A	(2)	30,475
High Schools that Work - State Department of Education	N/A	(2)	930
Litter Program - State Department of Transportation	N/A	(2)	60,186
Drug Court Grant - State Department of Finance and Administration	N/A	(2)	50,057
Help Us Grow Successfully (HUGS) Services - State Department of Health	N/A	GG1234904	66,109
Administering Environmental Health Programs - State Department of Health	N/A	GU1339402	160,945
TennCare Outreach - State Department of Health	N/A	GG1235515	163,415
Grant in Aid - State Department of Health	N/A	GR1339500	72,300
Tuberculosis Control, Prevention and Outreach Services - State Department of Health	N/A	GG1235404	58,838
TennCare School Based Dental Prevention Program - State Department of Health	N/A	GG1236180	241,520
Total State Grants			<u>\$ 2,682,478</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is \$4,936,388.

Madison County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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, 2012, which have not been corrected.

OFFICE OF FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.03	197	Some purchase orders were issued after the purchases were made
12.04	197	Expenditures exceeded appropriations

MADISON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Madison County is unmodified.
2. The audit of the financial statements of Madison County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Madison County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that were 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 States, Special Education – Preschool Grants, and Special Education – Grants to States, Recovery Act (CFDA Nos. 84.027, 84.173, and 84.391); State Fiscal Stabilization Fund (SFSE) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Public Health Emergency Preparedness (CFDA No. 93.069) were determined to be major programs.
8. A \$642,628 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 finance director and trustee provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 2013-001

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

(A. through E. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; F. – Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 183 disbursements totaling \$1,197,618 from a population of 20,409 vendor checks totaling \$88,993,163. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and management's failure to correct the deficiencies noted in the prior-year audit report.

- A. Our sample revealed that purchase orders were not issued in two of 96 applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchase commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. In 32 of 96 applicable instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- C. Invoices on file were summary statements that did not include supporting documentation in 25 of 183 applicable purchases. Therefore, we could not determine from the summary statements what goods or services had been purchased. The failure to maintain adequate documentation increases the risks of unauthorized purchases.
- D. In seven of 183 applicable instances, interest and/or service charges were incurred due to the late payment of invoices. The accounting and purchasing system should be designed to ensure that invoices are paid timely.
- E. In 52 of 183 applicable instances, purchases were coded to accounts that did not reflect the true nature of the expenditures. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

- F. The county has adopted the State of Tennessee policy and procedures governing travel reimbursements for employees; however, this policy was not followed in six of 17 applicable instances. In these instances, employees were given travel advances for the estimated total per diem and mileage and did not subsequently file claims documenting the actual costs as required by the policy. If claims are not filed to support the payment of travel advances, it increases the risk that improper payments could be made.

RECOMMENDATION

The Finance Department should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments. Supporting documentation of all disbursements should be maintained. All invoices should be paid on a timely basis to avoid the assessment of interest and service charges. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. The county should adhere to its policies when reimbursing employees for travel.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

- A. We concur. We found one instance where a purchase order number was referenced on the invoice, but the purchase order was not attached to the transaction documentation. In the future, we will require that everything must have a purchase order even though some things in the past have not had purchase orders (examples: communication, utilities, etc.).
- B. This happened primarily in one department. The department has changed who issues purchase orders, and this seems to have corrected the problem.
- C. In the past, summary statements were okay for documentation. For example, cell phone documentation is very large. We will be asking for disk backup in the future to cut down on the size of a transaction document.
- D. In some instances, departments did not approve the purchase until it was too late to process and mail. We are exploring the possibility of wiring payments through the trustee to eliminate this problem. Madison County will receive a rebate if e-payables are accepted. Also, departments have been notified of this problem.
- E. This happened primarily in one department. The department has changed who issues purchase orders, and this seems to have corrected the problem.
- F. The County Commission adopted a new travel policy on September 16, 2013. This policy allows for travel advances that are not used or substantiated to be deducted from an employee's compensation if not repaid.

FINDING 2013-002

TIME SHEETS WERE NOT ALWAYS SIGNED BY EMPLOYEES OR SUPERVISORS

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

During our examination of payroll transactions, we selected a sample of 20 disbursements from a population of 15,287 payroll checks to obtain reasonable assurance that payroll was properly documented. Our examination revealed the following deficiencies, which were the result of a lack of management oversight.

- A. In five instances, time sheets were not signed by employees. Employees should sign time sheets as verification that the time reported is correct. If employees do not review and sign their time sheets, it increases the risk that time worked will be reported and paid incorrectly.
- B. In five instances, supervisors did not sign employees' time sheets as evidence of review and approval. Sound business practices dictate that payroll time records should be properly reviewed and approved. If supervisors do not review and approve time records, risks increase that improper payments could result.

RECOMMENDATION

Employees should sign their time sheets as verification that the time reported is correct. Supervisors should sign the employees' time sheets as evidence of review and approval.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

All of the instances in question came from one department. All of these employees were salaried, and the time sheets did not come to the Finance Office until one week after payroll was paid. So at the earliest, the next check could be stopped. Departments instruct the payroll department on whom and how much is to be paid to salaried workers. This issue will be discussed by the Financial Management Committee.

FINDING 2013-003

A CELLULAR PHONE POLICY HAD NOT BEEN ADOPTED

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

The county had cellular phones available for employees to use for business purposes. However, the County Commission had not adopted written guidelines governing the use of these phones. Sound business practices dictate that management should provide written guidance by identifying those who are entitled to use the cellular phones and the purposes for which the phones can be used. This deficiency is the result of a lack of management oversight. The lack of a formal policy increases the risk of abuse.

RECOMMENDATION

The County Commission should adopt written guidelines governing the use of cellular phones. These guidelines should identify those who are entitled to use the phones and the purposes for which the phones can be used.

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

The County Commission will be asked to formulate a cellular phone policy to give departments guidance on who should get cellular phones and how they should be used.

FINDING 2013-004 **EXPENDITURES EXCEEDED APPROPRIATIONS IN THE LOCAL PURPOSE TAX FUND**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded total appropriations approved by the County Commission in the Local Purpose Tax Fund by \$1,752. 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.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

This over-expenditure was due to the trustee’s commission. At the end of May, 67 percent of the budgeted trustee’s commission was left; however, the county clerk then received \$252,495 more in business tax revenue than anticipated for this fund.

FINDING 2013-005 **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$206,796 AT JUNE 30, 2013**
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2013, the School Federal Projects Fund had a cash overdraft of \$206,796. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. Sound business practices dictate that expenditures be held within available funds. The cash overdraft was liquidated subsequent to June 30, 2013.

RECOMMENDATION

The Finance Department should not issue warrants exceeding cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The State Department of Education was to supply \$296,000 for the School Federal Projects Fund payroll in June 2013, but they had problems and did not get the funds to us until July 8, 2013. This caused our cash deficit. The State Department of Education informed us that several school districts had this problem at year-end. The state has not made all federal projects reimbursable (including payroll). But the State Department of Education has allowed the county to draft a resolution to transfer money from the General Purpose School Fund to the School Federal Projects Fund for cash flow needs to be repaid at any time. A transfer of up to \$750,000 was authorized August 19, 2013.

FINDING 2013-006

FINANCE DEPARTMENT COLLECTIONS WERE NOT RECEIPTED, DEPOSITED, AND DISBURSED PROPERLY

(Noncompliance Under *Government Auditing Standards*)

The Finance Department charges fees for copies made in their offices. The following deficiencies in the collection and deposit of these fees were noted during our examination of the Finance Department. These deficiencies can be attributed to a lack of management oversight.

- A. Official prenumbered receipts were not always issued for collections at the Finance Department. Section 9-2-103, *Tennessee Code Annotated (TCA)*, requires official prenumbered receipts to be issued for all collections. Since receipts were not always issued, we could not verify total collections for the Finance Department. The absence of official prenumbered receipts for all collections increases the risks of fraud and misappropriation.
- B. Collections from the Finance Department were not deposited with the county trustee within three days of collection as required by Section 5-8-207, *TCA*. This statute requires county officials to deposit public funds within three days of collection. In addition, employees at the Finance Department did not maintain a set amount of cash on hand. Sound business practices dictate that collections be deposited intact and that a set amount of cash on hand be maintained to enhance internal controls. Since funds were not deposited within three days of collection and deposits were not made intact, it was extremely difficult to trace collections to deposits.

- C. We were advised by staff at the Finance Department that they had occasionally purchased kitchen supplies from available cash on hand. Documentation was provided for three of these purchases, but we were unable to determine if there were any other cash disbursements. Section 5-8-207, *TCA*, provides that disbursements should be made by official prenumbered checks. In addition, Section 5-9-401, *TCA*, provides that all disbursements should be appropriated by the Madison County Commission.

We were unable to determine the exact amount of Finance Department cash collections and disbursements because of inadequate records. Due to the above-noted deficiencies, there could be other collections that have not been accounted for properly and have not yet been detected. However, due to the limited amount of fees charged by the department, in our opinion these collections would be immaterial to the financial statements.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections. To strengthen internal controls over cash collections and deposits, personnel at the Finance Department should deposit all collections with the county trustee intact within three days of collection. Disbursements should be made by warrants issued by the Finance Department from funds appropriated by the County Commission and supported by adequate documentation.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. Since such a small amount of money was involved, proper procedures were not followed. From March 2009 until May 2013, an estimated \$140.35 was unaccounted. An estimated \$39.14 was unaccounted for from March 2007 until March 2009 for a total of \$179.46 over six years. No matter the amount, controls need to be followed. A written policy signed by the finance director and the Financial Management Committee chairman was made in May 2013. This policy greatly reduced charges and added controls over cash security, depositing and reconciling. The internal auditor reconciles this cash monthly and reports to the finance director.

FINDING 2013-007

THE RABIES CONTROL OFFICE DID NOT COLLECT DEPOSITS FOR ADOPTED PETS IN COMPLIANCE WITH STATE STATUTE

(Noncompliance Under *Government Auditing Standards*)

The Madison County Rabies Control Office did not collect the deposits for adopted dogs and cats that had not been spayed or neutered as required by Section 44-17-503, *Tennessee Code Annotated*. This statute requires the collection of a deposit of not less than \$25 from the new owner prior to the adoption of a dog or cat that has not been spayed or neutered. Upon providing confirmation of the spaying or neutering within a specified time period, the new owner shall receive a refund of the deposit. This state statute also requires any forfeited deposits to be used to conduct programs to spay or neuter dogs in the community where the agency is located. This deficiency exists due to a lack of management oversight.

RECOMMENDATION

The Rabies Control Office should collect the deposit for adopted pets that have not been spayed or neutered in compliance with state statute.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

In October, account numbers were established for the revenue and expenditures for the adoption fee. The County Commission approved the appropriation at the October 21st meeting. Effective November 1, 2013, the Rabies Control Office began collecting the adoption fee.

OFFICE OF COUNTY MAYOR

FINDING 2013-008

A CASH SHORTAGE OF \$4,508.75 EXISTED IN THE JACKSON-MADISON COUNTY REGIONAL HEALTH DEPARTMENT AS OF NOVEMBER 30, 2011
(Noncompliance Under *Government Auditing Standards*)

As of August 7, 2013, our office issued a special report on the Jackson-Madison County Regional Health Department for the period July 1, 2009, through November 30, 2011. This report disclosed that the former emergency response director fueled his personal vehicle with the department's Fuelman gas card, used the county procurement card for his own personal use, and received unauthorized travel reimbursements resulting in a total cash shortage of \$4,508.75. This report is available at www.comptroller.tn.gov. This individual pled guilty to official misconduct and theft of property (over \$1,000) on November 18, 2013.

OFFICE OF TRUSTEE

FINDING 2013-009

SOME COUNTY FUNDS WERE NOT INVESTED IN ACCORDANCE WITH STATE STATUTE
(Noncompliance Under *Government Auditing Standards*)

During the year, the trustee invested idle funds with a local bank that were used to purchase certificates of deposit at various other federally insured banks. However, funds were also held throughout the year in a money market portfolio account as these certificates of deposit were liquidated and reinvested. This account was not an investment type permitted by Section 5-8-301, *Tennessee Code Annotated (TCA)*. This statute provides that county funds be invested in: (a) bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies; (b) certificates of deposit and other evidence of deposits at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations; (c) certain repurchase agreements; (d) the state investment pool; (e) certain bonds issued by states and political subdivisions; (f) nonconvertible debt

securities of certain federal government sponsored enterprises; and (g) the county's own debt issued in accordance with Title 9, Chapter 21, *TCA*. The balance invested in the money market portfolio account totaled \$506,091 on June 30, 2013. After this was brought to the trustee's attention in November 2013, the money market portfolio account was closed and the funds were deposited into an account with the local bank.

RECOMMENDATION

The trustee should sufficiently monitor investment activity to ensure that investments are authorized by state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

After meeting with the president and the representative of the Trust Department of the bank that holds all the funds of the county, I decided to invest \$5 million in certificates of deposits (CDs) with a laddered maturity up to a maximum of two years in order to increase the return on those idle funds. We agreed that their Trust Department would purchase the CDs and keep them within the FDIC insured amount. They would hold the CDs and send me a statement on a monthly basis. I discussed with them and they were fully aware of the state statute that provides for investment of idle funds. For the purpose of holding monthly interest payments and temporarily holding CD proceeds before repurchase, they used the Goldman Sachs Financial Square Government Fund. This fund serves in a trustee capacity and as a fiduciary for managing funds. Also, the fund serves as an efficient way to invest in U.S. government securities instead of investing directly. Its portfolio consists of U.S. Government Securities, U.S. Treasury obligations, and repurchase agreements. The state statute allows for direct investment in all of these. Therefore, I believed that the fund met the criteria of allowable investments under the state statute. I have changed the account at the request of the state auditor.

AUDITOR'S COMMENT

The trustee provided information on the Goldman Sachs Financial Square Government Fund that indicated it is a money market portfolio account, which invests primarily in government securities, as well as some other items. However, the county's funds were invested in the money market account rather than directly in any government securities and losses in the fund are possible. Therefore, this fund was not an allowable investment under the state statute.

OFFICE OF COUNTY CLERK

FINDING 2013-010

**A FORMER DEPUTY CLERK DIVERTED \$4,248.13 OF
CASH TRANSACTIONS FROM THE OFFICE**

(Noncompliance Under *Government Auditing Standards*)

On October 16, 2013, our office issued a special report on the Madison County Clerk's Office for the period July 1, 2010, through July 24, 2012. This report disclosed that a former deputy clerk diverted and later replaced \$4,248.13 in cash transactions for title registrations. This report is available at www.comptroller.tn.gov. The former deputy clerk was indicted by the Madison County Grand Jury for official misconduct and theft of property (over \$1,000) on November 4, 2013.

**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, 2013

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