

ANNUAL FINANCIAL REPORT
MADISON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2018**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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State Auditors***

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

MADISON COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Madison County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Madison County as of and for the year ended June 30, 2018.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ The office had accounting deficiencies.
- ◆ The School Department's Education Capital Projects Fund appropriations exceeded estimated available funds.
- ◆ The office had deficiencies related to time and attendance records.
- ◆ The payroll software did not have adequate application controls.
- ◆ An investigation of the Finance Department disclosed two county employees improperly received county funds totaling \$8,282.

INTRODUCTORY SECTION

Madison County Officials
June 30, 2018

Officials

Jimmy Harris, County Mayor
Bart Walls, Highway Engineer
Dr. Eric Jones, 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
Anjanette Byers, Register of Deeds
John Mehr, Sheriff
Mike Nichols, Finance Director

Board of County Commissioners

Gary Deaton, Chairman	William Martin
Jimmy Arnold	Luther Mercer
Katie Brantley	Gerry Neese
Claudell Brown, Jr.	James Pearson
Scott Brown	Harold Petty
Cyndi Bryant	William Ragon
Jay Bush	Joe Roland
Traci Carney	Larry Sipes
Jason Compton	Billy Spain
Jim Ed Hart	Doug Stephenson
Arthur Johnson, Jr.	Mike Taylor
Barbara Johnson	Savannah Williamson
Larry Lowrance	

Board of Education

Bob Alvey, Chairman
Kevin Alexander
Wayne Arnold
Dave Bratcher
Jim Campbell
David Clift
Janice Hampton
Dr. Joe Mays
George Neely

Financial Management Committee

Arthur Johnson, Jr., Chairman
Jimmy Harris, County Mayor
Bart Walls, Highway Engineer
Dr. Eric Jones, Director of Schools
Gary Deaton
Luther Mercer
Billy Spain

(Continued)

Madison County Officials (Cont.)

Audit Committee

Larry Lowrance, Chairman

Scott Brown

Jason Compton

Anita Hamilton

Marcus Love

William Sipes, Jr.

Doug Stephenson

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Madison County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9 to the financial statements, which describes restatements reducing the beginning net position of the Governmental Activities and Discretely Presented Madison County School Department by \$1,429,771 and \$2,684,383, respectively. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets,

and schedules of county and school changes in the total OPEB liability and related ratios - other postemployment benefits plans on pages 109-115 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and General Debt Service and General Capital funds, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), miscellaneous schedules, and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

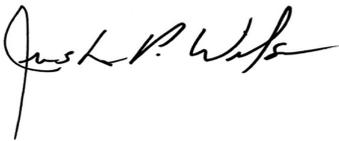
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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 General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison County's 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 1, 2018

JPW/yu

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Madison County Government (the county), we offer readers of the county's financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2018.

Accounting principles generally accepted in the United States of America for governmental entities are established by the Governmental Accounting Standards Board (GASB). The county follows all GASB standards as well as other authoritative literature known collectively within the accounting profession as "generally accepted accounting principles."

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and required supplementary information. The MD&A represents management's examination of the county's financial condition and performance.

FINANCIAL HIGHLIGHTS

Management believes that the county's financial condition is strong. The county as a whole is within its budget, and continues to implement procedures and controls to improve the accuracy and effectiveness of its financial reporting. The following are some key financial highlights:

- Total assets and deferred outflows of resources at year-end exceeded liabilities and deferred inflows of resources by \$49,839,098 (i.e., net position).
- Total revenues of the governmental funds were \$83,795,259, an increase of \$14,470,352 from fiscal year 2017.
- Total expenditures of the governmental funds were \$81,796,259 an increase of \$19,161,512 from fiscal year 2017. The major increase is the accrued cost of the jail.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The Annual Financial Report consists of three sections: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. These statements are organized so the reader can understand the county as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the county's finances in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. Because these statements are designed to give a broad overview, they use highly summarized information.

The Statement of Net Position presents information on all of the county's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The Statement of Activities presents information illustrating the changes in the county's net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the county that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, known as business-type activities. The governmental activities of the county include: general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways/public works; education; and interest on long-term debt. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

The government-wide financial statements not only include the county, known as the primary government, but also legally separate entities for which the county is financially accountable. These entities, Madison County School Department and Madison County Emergency Communications District, are listed as component units and are reported separately from the financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The county, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the county can be divided into two categories: governmental and fiduciary.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund

balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Madison County maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Highway/Public Works, General Debt Service, General Capital Projects, and Education Capital Projects funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the nonmajor governmental funds combining statements elsewhere in this report.

Proprietary fund. Madison County uses an internal service fund to account for its self-insured employee health insurance program. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's programs.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. "Notes" is the traditional term applied to this information; however the term is misleading in that the notes can vary in length from one paragraph to several pages. Please refer to the table of contents to locate these notes.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension information and other postemployment benefits information. This required information has been presented in the required supplementary information section of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Madison County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,839,098 at the close of the most recent fiscal year for the governmental activities. The Constitution for the State of Tennessee allows only the local legislative body authorization to issue debt. Therefore, whenever the Madison County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by the Madison County Government. As of June 30, 2018, Madison County had outstanding debt totaling \$38,929,300 for capital purposes for the Madison County Board of Education, but the capital assets are reported in the financial statements of the Madison County Board of Education. As a result, the county has incurred the related liability without a corresponding increase in the county's capital assets, thereby significantly decreasing its unrestricted net position.

Madison County Net Position

	Governmental Activities	
	2018	2017
Assets:		
Current and Other Assets	\$ 122,347,084	\$ 73,977,222
Capital Assets	52,998,769	50,994,227
Total Assets	\$ 175,345,853	\$ 124,971,449
Deferred Outflows of Resources:		
Deferred Charge on Refunding	\$ 0	\$ 185,630
Pension Changes in Experience	123,851	243,757
Pension Changes in Investment Earning	8,944	2,718,625
Pension after Deferrals	1,517,350	0
Pension Contributions after Measurement Date	2,280,255	2,302,570
Total Deferred Outflows of Resources	\$ 3,930,400	\$ 5,450,582
Liabilities:		
Other Liabilities	\$ 9,259,857	\$ 11,533,742
Long-term Liabilities Outstanding	75,007,406	32,594,182
Total Liabilities	\$ 84,267,263	\$ 44,127,924
Deferred Inflows of Resources:		
Deferred Current Property Taxes	\$ 43,351,593	\$ 35,347,903
Pension Changes in Experience	1,818,299	1,676,335
Total Deferred Inflows of Resources	\$ 45,169,892	\$ 37,024,238
Net Position:		
Net Investment in Capital Assets	\$ 19,201,544	\$ 48,725,221
Restricted	51,816,727	17,004,494
Unrestricted	(21,179,173)	(16,459,846)
Total Net Position	\$ 49,839,098	\$ 49,269,869

A large portion of the county's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Madison County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although Madison County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the county's net position (\$51,816,727) represents resources that are subject to external restrictions on how they may be used.

Madison County Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	13,603,920	13,264,302
Operating Grants and Contributions	7,106,104	6,526,282
Capital Grants and Contributions	3,265,630	948,038
General Revenues:		
Property Taxes	48,721,275	38,988,799
Other Taxes	4,861,799	4,628,055
Grants and Contributions Not Restricted to Specific Programs	5,346,528	4,574,370
Unrestricted Investment Income	369,532	156,513
Miscellaneous	520,471	238,548
Total Revenues	\$ 83,795,259	\$ 69,324,907
Expenses:		
General Government	\$ 11,305,157	\$ 5,694,738
Finance	4,248,888	4,638,708
Administration of Justice	3,928,148	4,129,262
Public Safety	29,023,860	28,380,020
Public Health and Welfare	6,958,425	7,197,366
Social, Cultural, and Recreational Services	2,749,920	2,836,600
Agriculture and Natural Resources	532,028	462,077
Highway/Public Works	4,156,494	5,556,597
Education	17,500,896	2,500,000
Interest on Long-term Debt	1,392,443	1,239,379
Total Expenses	\$ 81,796,259	\$ 62,634,747
Change in Net Position	\$ 1,999,000	\$ 6,690,160
Net Position, July 1	49,269,869	42,579,709
Restatement - OPEB	(1,429,771)	0
Net Position, June 30	\$ 49,839,098	\$ 49,269,869

Capital Assets and Debt Administration

Capital assets. The county's investment in capital assets for its governmental activities as of June 30, 2018, totaled \$52,998,769 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other capital assets (includes equipment), and infrastructure (roads, highway, and bridges). The major increases in assets and long-term liabilities were mostly caused by the large borrowing for the jail and school improvements.

Long-term debt. For a county the size of Madison, debt is relatively low. The county borrowed \$43,805,000 in fiscal year 2017 for the partial funding of school and jail expansion. Moody's, Madison County's credit rating agency, says, "Madison County's credit position is very strong, has manageable debt, and has a moderate pension liability." It is rated Aa2. All debt is backed by full faith and credit of the county.

Madison County's Outstanding Debt As of June 30, 2018

	<u>Governmental Activities</u>
Notes Payable through General Debt Service Fund	\$ 9,915,000
Bonds Payable through General Debt Service Fund	<u>\$ 58,875,000</u>
Total Long-term Debt	<u><u>\$ 68,790,000</u></u>

ECONOMIC FACTORS

Private business activity of Madison County citizens fuel the progress of governmental activity. A few of the drivers of Madison County's economy are listed below:

- A. Agriculture: From the University of Tennessee for 2015, "total direct agricultural output was estimated at 1.8 billion. With multiplier effects, agricultural outputs had a total estimated economic impact of 2.4 billion. This means, for every dollar of direct output from agriculture, the total economic impact on the county's economy is \$1.37.
- B. Workforce: From the Jackson, TN Chamber, 300,000 people make up Jackson's workforce. Jackson is Madison County's largest city. Half of the workforce commutes to Jackson for work, which means they leave sales tax money without having to provide all government services.
- C. Manufacturing: With over 70 manufacturing and distributor's facilities in the county, the county continues on a steady growth pattern from these companies. Many of the companies have been in Madison County for decades.

- D. Location: (1) Located on I-40 with 10 interchanges and easy access to I-55. (2) Major highways include US 70 and US 412 providing east-west routes. US 45 and US 45 bypass provide north-south routes. State routes include Highways 18, 198, and 223. (3) Madison County is within one-day's drive of 76 percent of the United States population. (4) CSX, Norfolk-Southern, and West Tennessee Railroad serve Madison County. (5) McKellar-Sipes Regional Airport offers multiple daily flights to St. Louis, Missouri, and Atlanta, Georgia, with plans for expansion. (6) The World FedEx headquarters is located in nearby Memphis, TN, which means lower transportation costs and faster delivery times for Madison County's industries.
- E. Healthcare: Madison County is home to West Tennessee Healthcare, which is a public organization that owns seven hospitals, two medical centers, an outpatient surgical facility, along with other healthcare related facilities and services. They employ over 7,000 employees, and their services are a major draw to our community.
- F. Education: Madison County is home to Union University; University of Memphis at Lambuth; University of Tennessee at Martin, Jackson Center; Lane College; Tennessee College of Applied Technology-Jackson; Jackson State Community College; and West Tennessee Business College. Also, there are several other institutions located nearby. Also, Madison County has several private schools, which attract several thousands of students. This gives parents choices in their children's education. Choice, in economic terms, is usually good.

The largest problem with the economy of Madison County is the perception that public schools are not good. With public schools education the vast majority of the workforce, public education must produce quality workers for Madison County's growing economy. Dr. Eric Jones, Director of Schools, has developed a 10-year plan to re-vamp some buildings and curriculum. This plan, even though it's in the beginning stages, seems to have the support of a majority of elected officials. His plan can probably be done without a tax increase. Lower taxes are usually good for the economy.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Madison County's finances for all those with an interest in the county's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mike Nichols, Finance Director
Suite 100
1981 Hollywood
Jackson, Tennessee 38305

BASIC FINANCIAL STATEMENTS

Exhibit A

Madison County, Tennessee
Statement of Net Position
June 30, 2018

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Madison County School Department</u>
<u>ASSETS</u>		
Cash	\$ 48,444	\$ 0
Equity in Pooled Cash and Investments	70,004,246	32,866,720
Accounts Receivable	1,428,158	150,316
Allowance for Uncollectibles	(56,032)	0
Due from Other Governments	5,221,648	8,269,026
Due from Primary Government	0	792,447
Property Taxes Receivable	45,684,541	9,608,120
Allowance for Uncollectible Property Taxes	(1,207,497)	(189,535)
Cash Shortage	5,406	0
Restricted Assets	0	318,171
Net Pension Asset - Agent Plan	1,218,170	649,126
Net Pension Asset - Teacher Retirement Plan	0	360,112
Net Pension Asset - Teacher Legacy Pension Plan	0	412,101
Capital Assets:		
Assets Not Depreciated:		
Land	7,196,300	2,091,562
Construction in Progress	2,197,084	3,399,979
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	14,733,696	59,873,233
Infrastructure	21,169,724	234,636
Other Capital Assets	7,701,965	5,977,917
Total Assets	<u>\$ 175,345,853</u>	<u>\$ 124,813,931</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 123,851	\$ 327,061
Pension Changes in Investment Earnings	8,944	67,322
Pension Changes in Assumptions	0	4,330,431
Pension Other Deferrals	1,517,350	48,109
Pension Contributions After Measurement Date	2,280,255	5,586,252
OPEB Contributions After Measurement Date	0	1,262,570
Total Deferred Outflows of Resources	<u>\$ 3,930,400</u>	<u>\$ 11,621,745</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 711,020	\$ 364,566
Accrued Payroll	391,341	0
Payroll Deductions Payable	172,795	4,066,729
Contracts Payable	45	1,563,286
Retainage Payable	0	82,278
Due to Component Units	792,447	0
Accrued Interest Payable	444,209	0
Noncurrent Liabilities:		
Due Within One Year	6,748,000	243,100
Due in More Than One Year	75,007,406	15,010,693
Total Liabilities	<u>\$ 84,267,263</u>	<u>\$ 21,330,652</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Madison County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 43,351,593	\$ 9,300,866
Pension Change in Experience	1,818,299	9,503,920
Pension Changes in Investment Earnings	0	19,377
Pension Other Deferrals	0	965,382
OPEB Changes in Assumptions	0	527,662
Total Deferred Inflows of Resources	<u>\$ 45,169,892</u>	<u>\$ 20,317,207</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 19,201,544	\$ 71,577,327
Restricted for:		
General Government	419,030	0
Finance	62,963	0
Administration of Justice	355,883	0
Public Safety	1,015,917	0
Public Health and Welfare	827,943	0
Highways/Public Works	9,088,423	0
Capital Outlay	29,914,873	11,461,745
Debt Service	8,913,525	0
Education	0	98,797
Operation of Non-instructional Services	0	4,446,500
Pensions	1,218,170	1,421,339
OPEB	0	318,171
Unrestricted	<u>(21,179,173)</u>	<u>5,463,938</u>
Total Net Position	<u>\$ 49,839,098</u>	<u>\$ 94,787,817</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit Madison County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 11,305,157	\$ 1,312,880	\$ 217,681	\$ 0	\$ (9,774,596)	\$ 0
Finance	4,248,888	3,195,605	748	0	(1,052,535)	0
Administration of Justice	3,928,148	3,295,669	24,310	0	(608,169)	0
Public Safety	29,023,860	3,910,561	771,184	181,261	(24,160,854)	0
Public Health and Welfare	6,958,425	1,425,538	2,983,270	0	(2,549,617)	0
Social, Cultural, and Recreational Services	2,749,920	270,851	0	0	(2,479,069)	0
Agriculture and Natural Resources	532,028	79,726	0	0	(452,302)	0
Highways/Public Works	4,156,494	113,090	3,108,911	3,084,369	2,149,876	0
Education	17,500,896	0	0	0	(17,500,896)	0
Interest on Long-term Debt	1,392,443	0	0	0	(1,392,443)	0
Total Primary Government	\$ 81,796,259	\$ 13,603,920	\$ 7,106,104	\$ 3,265,630	\$ (57,820,605)	\$ 0
Component Unit:						
Madison County School Department	\$ 119,420,008	\$ 689,678	\$ 17,233,054	\$ 16,750,896	\$ 0	\$ (84,746,380)
Total Component Unit	\$ 119,420,008	\$ 689,678	\$ 17,233,054	\$ 16,750,896	\$ 0	\$ (84,746,380)

(Continued)

Exhibit B

Madison County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Total Activities	Madison County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 38,965,267	\$ 5,190,352
Property Taxes Levied for Debt Service					9,756,008	0
Local Option Sales Taxes					1,100,383	35,356,088
Hotel/Motel Tax					1,950,846	0
Litigation Tax					297	0
Business Tax					998,052	0
Mixed Drink Tax					499,883	1,679,596
Wholesale Beer Tax					265,923	0
Other Local Taxes					46,415	0
Other Local Revenues					0	36,506
Grants and Contributions Not Restricted to Specific Programs					5,346,528	63,059,592
Unrestricted Investment Income					369,532	0
Miscellaneous					520,471	102,954
Total General Revenues					\$ 59,819,605	\$ 105,425,088
Change in Net Position						
Change in Net Position					\$ 1,999,000	\$ 20,678,708
Net Position, July 1, 2017					49,269,869	76,793,492
Restatements - See Note I.D.9.					(1,429,771)	(2,684,383)
Net Position, June 30, 2018					\$ 49,839,098	\$ 94,787,817

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, 2018

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 38,444	\$ 48,444
Equity in Pooled Cash and Investments	7,414,711	10,120,473	12,033,188	30,800,099	7,953,897	68,322,368
Accounts Receivable	945,379	65,256	268,813	56,269	92,441	1,428,158
Allowance for Uncollectibles	(56,032)	0	0	0	0	(56,032)
Due from Other Governments	901,731	3,606,646	0	0	713,271	5,221,648
Due from Other Funds	68,384	0	0	0	0	68,384
Property Taxes Receivable	26,640,972	1,769,344	11,615,434	3,317,276	2,341,515	45,684,541
Allowance for Uncollectible Property Taxes	(665,017)	(45,831)	(274,305)	(80,604)	(141,740)	(1,207,497)
Cash Shortage	5,406	0	0	0	0	5,406
Total Assets	\$ 35,265,534	\$ 15,515,888	\$ 23,643,130	\$ 34,093,040	\$ 10,997,828	\$ 119,515,420
<u>LIABILITIES</u>						
Accounts Payable	\$ 195,425	\$ 185,226	\$ 0	\$ 54,251	\$ 47,239	\$ 482,141
Accrued Payroll	313,179	16,353	0	0	61,809	391,341
Payroll Deductions Payable	118,344	17,770	0	0	36,681	172,795
Contracts Payable	0	45	0	0	0	45
Due to Other Funds	3,265	29,240	0	0	40,314	72,819
Due to Component Units	42,447	0	0	0	750,000	792,447
Total Liabilities	\$ 672,660	\$ 248,634	\$ 0	\$ 54,251	\$ 936,043	\$ 1,911,588
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 25,391,928	\$ 1,681,652	\$ 11,115,383	\$ 3,168,020	\$ 1,994,610	\$ 43,351,593
Deferred Delinquent Property Taxes	471,384	33,787	182,220	55,414	165,641	908,446

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total	
	General	Highway / Public Works	General Debt Service	Capital Projects		Other Govern- mental Funds
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Other Deferred/Unavailable Revenue	\$ 373,367	\$ 255,900	\$ 0	\$ 0	\$ 0	\$ 629,267
Total Deferred Inflows of Resources	\$ 26,236,679	\$ 1,971,339	\$ 11,297,603	\$ 3,223,434	\$ 2,160,251	\$ 44,889,306

FUND BALANCES

Restricted:

Restricted for General Government	\$ 152,408	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152,408
Restricted for Finance	62,963	0	0	0	0	62,963
Restricted for Administration of Justice	355,883	0	0	0	0	355,883
Restricted for Public Safety	198,626	0	0	0	792,761	991,387
Restricted for Public Health and Welfare	0	0	0	0	809,740	809,740
Restricted for Other Operations	0	0	0	0	143,714	143,714
Restricted for Highways/Public Works	0	8,526,230	0	0	672,545	9,198,775
Restricted for Capital Outlay	0	0	0	29,859,459	0	29,859,459
Restricted for Debt Service	0	0	9,175,514	0	0	9,175,514

Committed:

Committed for General Government	692,811	0	0	76,800	3,198,897	3,968,508
Committed for Finance	0	0	0	41,470	0	41,470
Committed for Administration of Justice	0	0	0	18,531	0	18,531
Committed for Public Safety	0	0	0	45,938	320,593	366,531
Committed for Public Health and Welfare	0	0	0	24,750	449,093	473,843
Committed for Social, Cultural, and Recreational Services	0	0	0	2,075	0	2,075
Committed for Highways/Public Works	0	4,769,685	0	0	0	4,769,685
Committed for Capital Outlay	0	0	0	746,332	1,514,191	2,260,523
Committed for Debt Service	0	0	3,170,013	0	0	3,170,013

Assigned:

Assigned for General Government	20,744	0	0	0	0	20,744
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(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>						
Assigned (Cont.):						
Assigned for Finance	\$ 44,010	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,010
Assigned for Administration of Justice	13,953	0	0	0	0	13,953
Assigned for Public Safety	142,998	0	0	0	0	142,998
Assigned for Public Health and Welfare	12,669	0	0	0	0	12,669
Assigned for Social, Cultural, and Recreational Services	32,112	0	0	0	0	32,112
Assigned for Other Operations	11,788	0	0	0	0	11,788
Unassigned	6,615,230	0	0	0	0	6,615,230
Total Fund Balances	<u>\$ 8,356,195</u>	<u>\$ 13,295,915</u>	<u>\$ 12,345,527</u>	<u>\$ 30,815,355</u>	<u>\$ 7,901,534</u>	<u>\$ 72,714,526</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 35,265,534</u>	<u>\$ 15,515,888</u>	<u>\$ 23,643,130</u>	<u>\$ 34,093,040</u>	<u>\$ 10,997,828</u>	<u>\$ 119,515,420</u>

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

Exhibit C-2

Madison County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2018

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)		\$ 72,714,526
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 7,196,300	
Add: construction in progress	2,197,084	
Add: buildings and improvements net of accumulated depreciation	14,733,696	
Add: infrastructure net of accumulated depreciation	21,169,724	
Add: other capital assets net of accumulated depreciation	<u>7,701,965</u>	52,998,769
(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.		1,457,434
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (9,915,000)	
Less: bonds payable	(58,875,000)	
Less: compensated absences payable	(2,423,447)	
Less: net OPEB liability	(5,078,265)	
Less: accrued interest payable	(444,209)	
Less: other deferred revenue - premium on debt	<u>(5,463,694)</u>	(82,199,615)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 3,930,400	
Less: deferred inflows of resources related to pensions	<u>(1,818,299)</u>	2,112,101
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,218,170
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,537,713</u>
Net position of governmental activities (Exhibit A)		<u>\$ 49,839,098</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, 2018

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Education Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 29,729,278	\$ 1,918,720	\$ 10,366,253	\$ 3,045,297	\$ 0
Licenses and Permits	508,265	0	0	0	0
Fines, Forfeitures, and Penalties	574,862	0	0	0	0
Charges for Current Services	766,708	0	0	0	0
Other Local Revenues	388,454	6,557	363,334	80,608	0
Fees Received From County Officials	5,958,714	0	0	0	0
State of Tennessee	1,660,670	6,138,821	0	106,764	0
Federal Government	187,988	0	113,082	0	0
Other Governments and Citizens Groups	2,195,115	0	941,666	0	0
Total Revenues	\$ 41,970,054	\$ 8,064,098	\$ 11,784,335	\$ 3,232,669	\$ 0
<u>Expenditures</u>					
Current:					
General Government	\$ 2,421,137	\$ 0	\$ 0	\$ 77,978	\$ 0
Finance	3,492,301	0	0	677,679	0
Administration of Justice	3,552,513	0	0	10,375	0
Public Safety	23,133,413	0	0	4,311,405	0
Public Health and Welfare	2,080,321	0	0	125,338	0
Social, Cultural, and Recreational Services	2,538,665	0	0	189,015	0
Agriculture and Natural Resources	504,871	0	0	0	0
Other Operations	3,253,986	0	0	59,228	0
Highways	0	3,881,810	0	0	0
Debt Service:					
Principal on Debt	0	0	7,195,000	0	0
Interest on Debt	0	0	1,215,657	0	0
Other Debt Service	0	0	346,695	65,901	19,476

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Education Capital Projects
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,750,896
Total Expenditures	\$ 40,977,207	\$ 3,881,810	\$ 8,757,352	\$ 5,516,919	\$ 16,770,372
Excess (Deficiency) of Revenues Over Expenditures	\$ 992,847	\$ 4,182,288	\$ 3,026,983	\$ (2,284,250)	\$ (16,770,372)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 26,105,000	\$ 8,700,000
Notes Issued	0	0	0	2,250,000	6,750,000
Premiums on Debt Sold	0	0	0	3,963,590	1,320,372
Insurance Recovery	273,873	2,754	0	0	0
Transfers In	29,203	0	225,000	125,000	0
Transfers Out	(225,000)	(29,203)	(125,000)	0	0
Total Other Financing Sources (Uses)	\$ 78,076	\$ (26,449)	\$ 100,000	\$ 32,443,590	\$ 16,770,372
Net Change in Fund Balances	\$ 1,070,923	\$ 4,155,839	\$ 3,126,983	\$ 30,159,340	\$ 0
Fund Balance, July 1, 2017	7,285,272	9,140,076	9,218,544	656,015	0
Fund Balance, June 30, 2018	\$ 8,356,195	\$ 13,295,915	\$ 12,345,527	\$ 30,815,355	\$ 0

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<hr/>			
<u>Revenues</u>			
Local Taxes	\$ 9,886,826	\$	54,946,374
Licenses and Permits	0		508,265
Fines, Forfeitures, and Penalties	73,530		648,392
Charges for Current Services	1,343,514		2,110,222
Other Local Revenues	78,086		917,039
Fees Received From County Officials	0		5,958,714
State of Tennessee	3,966,208		11,872,463
Federal Government	273,849		574,919
Other Governments and Citizens Groups	429,395		3,566,176
Total Revenues	<u>\$ 16,051,408</u>	<u>\$</u>	<u>81,102,564</u>
<u>Expenditures</u>			
Current:			
General Government	\$	0	\$ 2,499,115
Finance		0	4,169,980
Administration of Justice		2,553	3,565,441
Public Safety		3,187,191	30,632,009
Public Health and Welfare		4,562,790	6,768,449
Social, Cultural, and Recreational Services		0	2,727,680
Agriculture and Natural Resources		0	504,871
Other Operations		7,477,002	10,790,216
Highways		0	3,881,810
Debt Service:			
Principal on Debt		0	7,195,000
Interest on Debt		0	1,215,657
Other Debt Service		0	432,072

(Continued)

Exhibit C-3

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

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
<hr/>			
<u>Expenditures (Cont.)</u>			
Capital Projects	\$	0	\$ 16,750,896
Total Expenditures	<u>\$</u>	<u>15,229,536</u>	<u>\$ 91,133,196</u>
 Excess (Deficiency) of Revenues Over Expenditures			
	<u>\$</u>	<u>821,872</u>	<u>\$ (10,030,632)</u>
 <u>Other Financing Sources (Uses)</u>			
Bonds Issued	\$	0	\$ 34,805,000
Notes Issued		0	9,000,000
Premiums on Debt Sold		0	5,283,962
Insurance Recovery		12,980	289,607
Transfers In		0	379,203
Transfers Out		0	(379,203)
Total Other Financing Sources (Uses)	<u>\$</u>	<u>12,980</u>	<u>\$ 49,378,569</u>
 Net Change in Fund Balances	\$	834,852	\$ 39,347,937
Fund Balance, July 1, 2017		<u>7,066,682</u>	<u>33,366,589</u>
 Fund Balance, June 30, 2018	<u>\$</u>	<u>7,901,534</u>	<u>\$ 72,714,526</u>

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, 2018

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)		\$ 39,347,937
(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	\$ 5,832,532	
Less: current-year depreciation expense	<u>(3,816,894)</u>	2,015,638
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(11,096)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 1,537,713	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(1,269,944)</u>	267,769
(4) 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 net effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on bonds	\$ 7,110,000	
Add: principal payments on notes	85,000	
Less: bond proceeds	(34,805,000)	
Less: note proceeds	(9,000,000)	
Less: change in premium on debts issued	(5,082,445)	
Less: change in deferred amount on refunding debt	<u>(185,630)</u>	(41,878,075)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (176,786)	
Change in compensated absences payable	338,394	
Change in net OPEB liability	257,415	
Change in net pension asset - agent plan	2,659,353	
Change in deferred outflows related to pensions	(1,334,552)	
Change in deferred inflows related to pensions	<u>(141,964)</u>	1,601,860
(6) Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>654,967</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,999,000</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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 29,729,278	\$ 0	\$ 0	\$ 29,729,278	\$ 29,185,730	\$ 29,185,730	\$ 543,548
Licenses and Permits	508,265	0	0	508,265	405,688	405,688	102,577
Fines, Forfeitures, and Penalties	574,862	0	0	574,862	592,293	606,594	(31,732)
Charges for Current Services	766,708	0	0	766,708	587,592	606,060	160,648
Other Local Revenues	388,454	0	0	388,454	195,939	281,651	106,803
Fees Received From County Officials	5,958,714	0	0	5,958,714	5,622,866	5,622,866	335,848
State of Tennessee	1,660,670	0	0	1,660,670	582,753	812,123	848,547
Federal Government	187,988	0	0	187,988	112,060	137,963	50,025
Other Governments and Citizens Groups	2,195,115	0	0	2,195,115	1,473,028	2,198,299	(3,184)
Total Revenues	\$ 41,970,054	\$ 0	\$ 0	\$ 41,970,054	\$ 38,757,949	\$ 39,856,974	\$ 2,113,080
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 206,796	\$ (949)	\$ 211	\$ 206,058	\$ 205,671	\$ 208,319	\$ 2,261
County Mayor/Executive	232,270	(4,792)	1,446	228,924	237,045	238,255	9,331
Personnel Office	199,316	(583)	0	198,733	205,442	214,268	15,535
County Attorney	87,764	(4,167)	0	83,597	50,000	87,764	4,167
Election Commission	358,175	(23,887)	924	335,212	381,767	383,357	48,145
Register of Deeds	349,255	(1,735)	3,158	350,678	358,668	363,588	12,910
Codes Compliance	7,575	(7,575)	0	0	0	0	0
County Buildings	337,018	(13,689)	6,482	329,811	343,550	372,442	42,631
Other Facilities	491,933	(2,403)	8,523	498,053	393,167	516,236	18,183
Preservation of Records	83,456	(241)	0	83,215	89,965	90,815	7,600
Risk Management	67,579	(1,135)	0	66,444	71,012	71,222	4,778
<u>Finance</u>							
Accounting and Budgeting	916,527	(342)	31,595	947,780	986,068	979,056	31,276
Property Assessor's Office	717,139	(3,250)	0	713,889	710,668	722,008	8,119
Reappraisal Program	413,513	(942)	2,426	414,997	430,968	432,718	17,721
County Trustee's Office	418,530	(432)	0	418,098	425,802	432,092	13,994
County Clerk's Office	667,323	(522)	225	667,026	705,637	702,863	35,837

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Data Processing	\$ 358,587	\$ (6,698)	\$ 9,764	\$ 361,653	\$ 354,332	\$ 381,912	\$ 20,259
Other Finance	682	0	0	682	0	0	(682)
<u>Administration of Justice</u>							
Circuit Court	1,314,807	(2,067)	0	1,312,740	1,341,409	1,384,719	71,979
General Sessions Court	366,127	(794)	794	366,127	388,382	395,202	29,075
Drug Court	11,807	(354)	0	11,453	18,000	12,725	1,272
Chancery Court	790,741	(1,915)	8,331	797,157	856,831	867,431	70,274
Juvenile Court	418,727	(2,314)	4,762	421,175	447,054	460,799	39,624
Juvenile Court Clerk	449,898	(363)	66	449,601	453,403	459,413	9,812
District Attorney General	60,462	0	0	60,462	76,669	77,049	16,587
Office of Public Defender	92,199	0	0	92,199	112,244	94,372	2,173
Other Administration of Justice	47,745	(275)	0	47,470	100,000	100,283	52,813
<u>Public Safety</u>							
Sheriff's Department	8,986,090	(60,048)	110,760	9,036,802	8,628,727	9,206,501	169,699
Special Patrols	660,121	(1,500)	1,436	660,057	751,931	692,240	32,183
Drug Enforcement	778,771	(991)	1,886	779,666	763,613	799,556	19,890
Jail	8,772,611	(13,830)	11,315	8,770,096	8,813,331	8,978,657	208,561
Workhouse	1,638,542	(1,261)	7,174	1,644,455	1,564,231	1,665,459	21,004
Work Release Program	31,471	0	0	31,471	30,015	34,425	2,954
Fire Prevention and Control	1,217,710	(327)	10,129	1,227,512	1,204,023	1,265,383	37,871
Civil Defense	406,988	(559)	44	406,473	380,601	421,529	15,056
Disaster Relief	230,402	(23,471)	0	206,931	0	207,065	134
Inspection and Regulation	277,018	(358)	35	276,695	284,712	288,432	11,737
County Coroner/Medical Examiner	133,627	0	220	133,847	165,400	165,600	31,753
Other Public Safety	62	0	0	62	0	62	0
<u>Public Health and Welfare</u>							
Local Health Center	1,819,796	(20,272)	10,769	1,810,293	1,882,213	1,900,539	90,246
Rabies and Animal Control	242,895	(8,296)	1,900	236,499	271,794	271,794	35,295
Other Local Welfare Services	17,630	0	0	17,630	17,630	17,630	0

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Libraries	\$ 1,267,089	\$ 0	\$ 0	\$ 1,267,089	\$ 1,278,244	\$ 1,278,244	\$ 11,155
Parks and Fair Boards	1,171,500	(40,977)	31,578	1,162,101	1,204,733	1,265,440	103,339
Other Social, Cultural, and Recreational	100,076	(9,486)	534	91,124	126,759	137,409	46,285
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	307,065	0	0	307,065	279,375	337,561	30,496
Soil Conservation	115,606	0	0	115,606	127,439	124,209	8,603
Flood Control	82,200	0	0	82,200	82,200	82,200	0
<u>Other Operations</u>							
Tourism	54,000	0	0	54,000	54,000	54,000	0
Industrial Development	72,000	0	0	72,000	72,000	72,000	0
Airport	234,319	0	0	234,319	250,880	252,980	18,661
Veterans' Services	86,915	(175)	206	86,946	82,303	91,125	4,179
Other Charges	565,182	0	0	565,182	632,000	632,000	66,818
Contributions to Other Agencies	210,000	0	0	210,000	216,000	216,000	6,000
Employee Benefits	840	0	0	840	0	0	(840)
Miscellaneous	2,030,730	(1,097)	11,581	2,041,214	2,332,739	2,172,831	131,617
Total Expenditures	\$ 40,977,207	\$ (264,072)	\$ 278,274	\$ 40,991,409	\$ 41,240,647	\$ 42,679,779	\$ 1,688,370
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 992,847	\$ 264,072	\$ (278,274)	\$ 978,645	\$ (2,482,698)	\$ (2,822,805)	\$ 3,801,450
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 273,873	\$ 0	\$ 0	\$ 273,873	\$ 0	\$ 268,124	\$ 5,749
Transfers In	29,203	0	0	29,203	852,136	247,030	(217,827)
Transfers Out	(225,000)	0	0	(225,000)	0	(230,275)	5,275
Total Other Financing Sources	\$ 78,076	\$ 0	\$ 0	\$ 78,076	\$ 852,136	\$ 284,879	\$ (206,803)
Net Change in Fund Balance							
Fund Balance, July 1, 2017	\$ 1,070,923	\$ 264,072	\$ (278,274)	\$ 1,056,721	\$ (1,630,562)	\$ (2,537,926)	\$ 3,594,647
	7,285,272	(264,072)	0	7,021,200	6,328,057	7,018,926	2,274
Fund Balance, June 30, 2018							
	\$ 8,356,195	\$ 0	\$ (278,274)	\$ 8,077,921	\$ 4,697,495	\$ 4,481,000	\$ 3,596,921

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,918,720	\$ 0	\$ 0	\$ 1,918,720	\$ 1,926,658	\$ 1,926,658	\$ (7,938)
Other Local Revenues	6,557	0	0	6,557	15,000	15,000	(8,443)
State of Tennessee	6,138,821	0	0	6,138,821	4,331,361	5,424,602	714,219
Federal Government	0	0	0	0	323,785	323,785	(323,785)
Total Revenues	\$ 8,064,098	\$ 0	\$ 0	\$ 8,064,098	\$ 6,596,804	\$ 7,690,045	\$ 374,053
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 290,909	\$ (275)	\$ 0	\$ 290,634	\$ 456,111	\$ 456,111	\$ 165,477
Highway and Bridge Maintenance	2,403,753	0	56	2,403,809	3,396,723	3,396,723	992,914
Operation and Maintenance of Equipment	315,653	0	4,322	319,975	587,375	590,129	270,154
Other Charges	203,878	0	4,900	208,778	218,909	218,909	10,131
Employee Benefits	100,669	0	0	100,669	194,400	194,400	93,731
Capital Outlay	566,948	(224,910)	3,234,715	3,576,753	2,719,197	3,888,686	311,933
Total Expenditures	\$ 3,881,810	\$ (225,185)	\$ 3,243,993	\$ 6,900,618	\$ 7,572,715	\$ 8,744,958	\$ 1,844,340
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,182,288	\$ 225,185	\$ (3,243,993)	\$ 1,163,480	\$ (975,911)	\$ (1,054,913)	\$ 2,218,393
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,754	\$ 0	\$ 0	\$ 2,754	\$ 0	\$ 2,754	\$ 0
Transfers Out	(29,203)	0	0	(29,203)	(29,203)	(29,203)	0
Total Other Financing Sources	\$ (26,449)	\$ 0	\$ 0	\$ (26,449)	\$ (29,203)	\$ (26,449)	\$ 0
Net Change in Fund Balance	\$ 4,155,839	\$ 225,185	\$ (3,243,993)	\$ 1,137,031	\$ (1,005,114)	\$ (1,081,362)	\$ 2,218,393
Fund Balance, July 1, 2017	9,140,076	(225,185)	0	8,914,891	7,664,880	8,914,891	0
Fund Balance, June 30, 2018	\$ 13,295,915	\$ 0	\$ (3,243,993)	\$ 10,051,922	\$ 6,659,766	\$ 7,833,529	\$ 2,218,393

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, 2018

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 1,681,878
Due from Other Funds	4,435
Total Assets	<u>\$ 1,686,313</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 228,879
Total Liabilities	<u>\$ 228,879</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 1,457,434</u>
Net Position	<u>\$ 1,457,434</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, 2018

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 6,009,292
Total Operating Revenues	<u>\$ 6,009,292</u>
<u>Operating Expenses</u>	
Excess Risk Insurance	\$ 491,167
Medical Claims	4,451,310
Other Charges	415,829
Total Operating Expenses	<u>\$ 5,358,306</u>
Operating Income (Loss)	<u>\$ 650,986</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 3,981
Total Nonoperating Revenues	<u>\$ 3,981</u>
Change in Net Position	\$ 654,967
Net Position, July 1, 2017	<u>802,467</u>
Net Position, June 30, 2018	<u><u>\$ 1,457,434</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, 2018

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 6,009,097
Excess Risk Insurance Payments	(491,167)
Payments for Medical Claims	(4,701,892)
Payments for Administrative Costs	(415,829)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 400,209</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 3,981
Net Cash Provided By (Used In) Investing Activities	<u>\$ 3,981</u>
Increase (Decrease) in Cash	\$ 404,190
Cash, July 1, 2017	<u>1,277,688</u>
Cash, June 30, 2018	<u><u>\$ 1,681,878</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 650,986
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
(Increase) Decrease in Due from Other Funds	(195)
Increase (Decrease) in Accounts Payable	<u>(250,582)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 400,209</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Equity in Pooled Cash and Investments Per Net Position	<u>\$ 1,681,878</u>
Cash, June 30, 2018	<u><u>\$ 1,681,878</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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,570,380
Equity in Pooled Cash and Investments	287,828
Accounts Receivable	115,501
Due from Other Governments	<u>3,788,025</u>
Total Assets	<u>\$ 8,761,734</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,055,401
Due to Litigants, Heirs, and Others	4,577,549
Other Current Liabilities	<u>128,784</u>
Total Liabilities	<u>\$ 8,761,734</u>

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

MADISON COUNTY, TENNESSEE
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MADISON COUNTY, TENNESSEE
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MADISON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 financial statements of the Madison County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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 financial statements of the Madison County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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. Net debt issues totaling \$16,750,896 were contributed by the county to the School Department during the year ended June 30, 2018.

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 120 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.

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

Education Capital Projects Fund – This fund accounts for debt issued by Madison County that is subsequently contributed to the discretely presented Madison County School Department for construction and renovation projects.

Additionally, Madison County reports the following fund types:

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.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Charges for services and federal funds are the foundational revenues of this fund.

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 type:

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 amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All Health Department and property taxes receivables are shown with an allowance for uncollectibles. Health Department receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.31 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.

Retainage payable in the School Department's Education Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the Education Capital Projects Fund.

3. Restricted Assets

Restricted Assets consist of amounts held in trust by the Tennessee School Board Association (TSBA) OPEB Trust for the benefit of the discretely presented Madison County School Department. These funds are held and invested by the trust pursuant to an irrevocable agreement and may only be used to reimburse the Madison County School Department for postemployment benefits paid from School Department funds. To date, the Madison County School Department has not requested any amounts to be reimbursed by the trust. Trust documents provide that the funds are not subject to the claims of general creditors of the School Department.

Since the payment of postemployment benefits has not been administered through this trust, the trust is not considered to be in compliance with paragraph 4 of Governmental Accounting Standards Board Statement No. 75. OPEB liabilities of the School Department are therefore reported gross and have not been reduced by balances of the

trust. The trust is reported as an asset and restricted fund balance of the School Department's General Purpose School Fund.

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 acquisition 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. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the pension changes in experience and investment

earnings, pension changes in proportionate share of contributions, and employer contributions made to the pension and OPEB plans after the measurement date.

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

6. Compensated Absences

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 are 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, other postemployment benefits, and pension liabilities, 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, 2018, Madison County had \$38,929,300 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. Restatements

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1,

2017, Madison County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the Primary Government and the Discretely Presented Madison County School Department by \$1,429,771 and \$2,684,383, respectively, have been recognized to account for the transitional requirements.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Madison County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Madison County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Madison County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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

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 Highway Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the 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, 2018, Madison County had significant outstanding encumbrances in budgeted funds as follows:

<u>Fund</u>	<u>Amount</u>
Primary Government:	
General	\$ 278,274
Highway/Public Works	3,243,993
General Capital Projects	<u>209,564</u>
Total	<u>\$ 3,522,267</u>
Discretely Presented School Department:	
General Purpose School	\$ 433,357
Central Cafeteria	680,760
Education Capital Projects	<u>2,460,032</u>
Total	<u>\$ 3,574,149</u>

B. Cash Shortage – Prior and Current Years

The audit of Madison County for the 2013-14 year reported a cash shortage of \$23,178.25 in the Office of County Clerk due to the theft of cash and checks from an office safe in December 2014. On January 6, 2015, an office employee admitted to Sheriff’s Department investigators that she stole the funds and burned the checks. The former employee plead guilty to the theft on July 14, 2015, and was ordered to pay restitution totaling \$700. The actual missing checks (\$19,472.94) that were stolen were not located; however, the county clerk recovered some of these checks by contacting individual payors and having them reissue their checks to the county. As of June 30, 2017, \$22,525.61 had been recovered from the collection of individual checks and from cash seized by the Sheriff’s Department during the arrest of the former employee. On November 20, 2017, the County Commission approved the write-off of the remaining shortage balance of \$652.64. As of June 30, 2018, the remaining restitution totaling \$700 is outstanding as of the date of this report.

During the year, the Finance Department had a cash shortage of \$8,282, with \$5,406 remaining as of June 30, 2018. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. **Appropriations Exceeded Estimated Available Funds**

The budget and subsequent amendments approved by the County Commission for the School Department's Education Capital Projects Fund resulted in appropriations exceeding estimated funding by \$405,845.

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, 2018, Madison County had the following investments carried at amortized cost using a Stable Net Asset Value or fair value within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Madison County and the discretely presented Madison County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value or Amortized Cost
Investments at Amortized Cost:			
State Treasurer's Investment Pool	2 to 113	N/A	\$ 50,125,853
Investments at Fair Value:			
Federal Home Loan Mortgage Corporation	N/A	6-30-21 to 8-17-21	<u>970,940</u>
Total			<u><u>\$ 51,096,793</u></u>

Investment by fair value level	Fair Value 6-30-18	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Federal Home Loan Mortgage Corporation	<u>\$ 970,940</u>	<u>\$ 970,940</u>
Total	<u><u>\$ 970,940</u></u>	<u><u>\$ 970,940</u></u>

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

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, 2018, Madison County's investment in the Federal Home Loan Mortgage Corporation was rated Aaa by Moody's Investor's Service and AAA by Fitch Ratings.

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. More than five percent of the county's investments are in the Federal Home Loan Mortgage Corporation. These investments represent all of the county's investments.

OPEB Trust

Legal Provisions. The Madison County School Department is a member of the Tennessee School Board OPEB Trust. The School Department has placed funds into the irrevocable trust as authorized by the Other Postemployment Benefit Trust Act of 2006, Section 8-50-1201, et. seq., *Tennessee Code Annotated*. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of postemployment benefits of that member's employees. Trust documents provide that the funds are not subject to the claims of general creditors of the School Department.

The trust is authorized to make investments in securities as authorized by each member's investment committee. The Madison County School Department has authorized investments in equity investments, fixed income investments, and cash and equivalents.

Investment Balances. At June 30, 2018, the Madison County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
Cash, Bank Deposit Program, and Money Market Funds	N/A	N/A	\$ 6,122
Exchange Traded and Closed End Funds	N/A	N/A	111,257
Mutual Funds	N/A	N/A	200,792
			\$ 318,171
Total			

Investment by fair value level	Fair Value 6-30-18	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Cash, Bank Deposit Program, and Money Market Funds	\$ 6,122	\$ 6,122
Exchange Traded and Closed End Funds	111,257	111,257
Mutual Funds	200,792	200,792
Total	\$ 318,171	\$ 318,171

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

Risks and Uncertainties

The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Madison County School Department does not have a formal investment policy that limits trust 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. The Madison County School Department does not have a formal investment policy that limits the credit ratings of individual investments made by the trust.

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 School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Madison County School Department to pay postemployment benefits of the School Department employees.

For further information concerning the School Departments investments with the TSBA, audited financial statements of the TSBA OPEB Trust may be obtained from the TSBA administrative office at 525 Brick Church Park Drive, Nashville, TN 37207.

B. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 7,196,300	\$ 0	\$ 0	\$ 7,196,300
Construction in Progress	671,549	1,993,952	468,417	2,197,084
Total Capital Assets Not Depreciated	\$ 7,867,849	\$ 1,993,952	\$ 468,417	\$ 9,393,384
Capital Assets Depreciated:				
Buildings and Improvements	\$ 28,255,391	\$ 544,503	\$ 0	\$ 28,799,894
Roads and Bridges	61,245,903	1,042,368	0	62,288,271
Other Capital Assets	23,086,841	2,720,126	241,819	25,565,148
Total Capital Assets Depreciated	\$ 112,588,135	\$ 4,306,997	\$ 241,819	\$ 116,653,313
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 13,367,326	\$ 698,872	\$ 0	\$ 14,066,198
Roads and Bridges	39,417,814	1,700,733	0	41,118,547
Other Capital Assets	16,676,617	1,417,289	230,723	17,863,183
Total Accumulated Depreciation	\$ 69,461,757	\$ 3,816,894	\$ 230,723	\$ 73,047,928
Total Capital Assets Depreciated, Net	\$ 43,126,378	\$ 490,103	\$ 11,096	\$ 43,605,385
Governmental Activities Capital Assets, Net	\$ 50,994,227	\$ 2,484,055	\$ 479,513	\$ 52,998,769

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

Governmental Activities:

General Government	\$ 129,204
Finance	73,343
Administration of Justice	172,340
Public Safety	1,319,247
Public Health and Welfare	211,875
Social, Cultural, and Recreational Services	73,240
Agriculture and Natural Resources	9,565
Highways/Public Works	<u>1,828,080</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 3,816,894</u>

Discretely Presented Madison County School Department**Governmental Activities:**

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets Not Depreciated:			
Land	\$ 2,091,562	\$ 0	\$ 2,091,562
Construction in Progress	0	3,399,979	3,399,979
Total Capital Assets Not Depreciated	<u>\$ 2,091,562</u>	<u>\$ 3,399,979</u>	<u>\$ 5,491,541</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 119,816,610	\$ 2,980,569	\$ 122,797,179
Infrastructure	702,413	0	702,413
Other Capital Assets	18,686,231	1,537,699	20,223,930
Total Capital Assets Depreciated	<u>\$ 139,205,254</u>	<u>\$ 4,518,268</u>	<u>\$ 143,723,522</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 60,334,308	\$ 2,589,638	\$ 62,923,946
Infrastructure	400,610	67,167	467,777
Other Capital Assets	13,272,647	973,366	14,246,013
Total Accumulated Depreciation	<u>\$ 74,007,565</u>	<u>\$ 3,630,171</u>	<u>\$ 77,637,736</u>
Total Capital Assets Depreciated, Net	<u>\$ 65,197,689</u>	<u>\$ 888,097</u>	<u>\$ 66,085,786</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,289,251</u>	<u>\$ 4,288,076</u>	<u>\$ 71,577,327</u>

There were no decreases in capital assets to report during the year ended June 30, 2018. Depreciation expense was charged to functions of the discretely presented Madison County School Department as follows:

Governmental Activities:

Instruction	\$ 2,261,105
Support Services	1,114,195
Operation of Non-instructional Services	<u>254,871</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 3,630,171</u></u>

C. Construction Commitments

At June 30, 2018, the Highway Department had uncompleted construction contracts of approximately \$3,243,993 for road and bridge construction, and the School Department's Education Capital Projects Fund had uncompleted construction contracts of \$76,898 for paving projects, \$183,430 for drainage projects, and \$2,095,853 for roofing and HVAC projects. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 39,181
General	Highway/Public Works	29,203
Employee Insurance	General	3,265
"	Highway/Public Works	37
"	Nonmajor governmental	1,133
Discretely Presented		
School Department:		
General Purpose School	Central Cafeteria	1,061
"	Nonmajor governmental	7,081

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	\$ 42,447
General Purpose School	Nonmajor governmental	750,000

Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In			Purpose
	General Fund	General Service Fund	General Capital Projects Fund	
General Fund	\$ 0	\$ 225,000	\$ 0	Debt payments
Highway/Public Works Fund	29,203	0	0	Finance Department operations
General Debt Service Fund	0	0	125,000	Capital outlay
Total	\$ 29,203	\$ 225,000	\$ 125,000	

Discretely Presented Madison County School Department

Transfer Out	Transfer In		Purpose
	Education Capital Projects Fund		
General Purpose School Fund	\$ 1,700,000		Capital outlay
Total	\$ 1,700,000		

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. Operating Leases

The discretely presented Madison County School Department rents copiers and software under operating leases considered to be noncancelable. The rental expenditures for the year ended June 30, 2018, were \$241,435. There are no provisions for contingent or sublease rentals in the agreements. The future minimum lease payments for these leases are as follows:

Year Ending June 30	Amount
2019	\$ 185,383
2020	15,348
2021	<u>15,348</u>
Total	<u>\$ 216,079</u>

F. 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 and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 16 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2018, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds	1.1 to 5.25 %	5-1-28	\$ 45,625,000	\$ 41,125,000
General Obligation Bonds - Refunding	3 to 4.8	6-30-23	17,750,000	17,750,000
Capital Outlay Notes	2.48 to 2.51	4-1-29	10,000,000	9,915,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2018, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 4,255,000	\$ 2,601,724	\$ 6,856,724
2020	7,985,000	2,528,732	10,513,732
2021	8,350,000	2,174,895	10,524,895
2022	8,715,000	1,802,525	10,517,525
2023	6,370,000	1,449,406	7,819,406
2024-2028	23,200,000	3,440,000	26,640,000
Total	<u>\$ 58,875,000</u>	<u>\$ 13,997,282</u>	<u>\$ 72,872,282</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 811,000	\$ 248,592	\$ 1,059,592
2020	828,000	228,260	1,056,260
2021	850,000	207,502	1,057,502
2022	868,000	186,193	1,054,193
2023	890,000	164,432	1,054,432
2024-2028	4,758,000	477,482	5,235,482
2029	910,000	22,841	932,841
Total	<u>\$ 9,915,000</u>	<u>\$ 1,535,302</u>	<u>\$ 11,450,302</u>

There is \$12,345,527 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$599, based on the 2010 federal census. Total debt per capita, including bonds, the note, and unamortized debt premiums, totaled \$755, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Bonds	Notes	Compensated Absences
Balance, July 1, 2017	\$ 31,180,000	\$ 1,000,000	\$ 2,761,841
Additions	34,805,000	9,000,000	2,184,170
Reductions	(7,110,000)	(85,000)	(2,522,564)
Balance, June 30, 2018	\$ 58,875,000	\$ 9,915,000	\$ 2,423,447
Balance Due Within One Year	\$ 4,255,000	\$ 811,000	\$ 1,682,000

	Net OPEB Liability*
Balance, July 1, 2017	\$ 5,335,680
Additions	489,553
Reductions	(746,968)
Balance, June 30, 2018	\$ 5,078,265
Balance Due Within One Year	\$ 0

*Restated Balance - See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 76,291,712
Less: Balance Due Within One Year	(6,748,000)
Add: Unamortized Premium on Debt	5,463,694
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 75,007,406

Compensated absences and the net OPEB liability 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 obligations activity for the discretely presented Madison County School Department for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Compensated Absences	Net OPEB Liability*
Balance, July 1, 2017	\$ 311,844	\$ 15,453,237
Additions	436,707	1,194,788
Reductions	(403,105)	(1,739,678)
Balance, June 30, 2018	<u>\$ 345,446</u>	<u>\$ 14,908,347</u>
Balance Due Within One Year	<u>\$ 243,100</u>	<u>\$ 0</u>

*Restated Balance - See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 15,253,793
Less: Balance Due Within One Year	<u>(243,100)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 15,010,693</u>

Compensated absences and the net OPEB liability will be paid from the employing funds, primarily the General Purpose School and Central Cafeteria funds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Madison County School Department. These payments are made by the state to the Local Education Group Insurance. The plan is 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 for the year ended June 30, 2018, were \$748,980. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

During the year, Madison County borrowed \$2,945,000 from the General Debt Service Fund to provide temporary operating funds for the General (\$2,000,000) and General Capital Projects (\$945,000) funds. These loans were retired prior to June 30, 2018, as required by state statutes. Madison County also had unpaid short-term financing from 2016-17 that was not retired as required by state statute. This balance was repaid during the current year. Short-term debt activity for the year ended June 30, 2018, was as follows:

	Balance 7-1-17	Issued	Paid	Balance 6-30-18
Tax Anticipation Notes	\$ 0	\$ 2,945,000	\$ (2,945,000)	\$ 0
Revenue Anticipation Notes	250,000	0	(250,000)	\$ 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 \$100,000 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 2017-18 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
2016-17	\$ 217,680	\$ 5,320,485	\$ (5,058,704)	\$ 479,461
2017-18	479,461	4,451,310	(4,701,892)	228,879

Workers' Compensation Insurance

Madison County has elected to implement and administer 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 LGWCF for its workers' compensation insurance coverage. The LGWCF 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

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

D. Change in Administration

On June 30, 2017, Dr. Verna Ruffin left the Office of Director of Schools and was succeeded by Dr. Eric Jones on July 1, 2017.

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 budgeting and financing of the above joint ventures only to the extent of representation by its appointed board or commission members. Madison County contributed \$68,500 to the Airport Authority for its operations in addition to processing the airport's payroll during the year ended June 30, 2018. 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 Organizations

The West Tennessee Railroad Authority (WTRA) was created by Gibson County in conjunction with the counties of Chester, 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.

The Gibson County Railroad Authority (GCRA) was created by the county, in conjunction with Madison County and the cities of Trenton, Humboldt, Dyer, Rutherford, and Kenton. The GCRA's board includes the mayors of Gibson and Madison counties; the city mayors of Trenton, Humboldt, Dyer, Rutherford, and Kenton; and one at-large member from each of these areas. However, the counties and cities do not have any ongoing financial interest or responsibility for the entity.

G. Retirement Commitments

1. Tennessee Consolidated Retirement Plan (TCRS)

Primary Government

General Information About the Pension Plan

Madison County closed the retirement plan for new hires effective July 1, 2012. Employees hired prior to July 1, 2012, remain on the plan.

Plan Description. Employees of Madison County, non-certified employees of the discretely presented Madison County School Department, and employees of the Madison County Airport are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 64.65 percent, the non-certified employees of the discretely presented School Department comprised 34.45 percent, and employees of the Madison County Airport comprised 0.90 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	797
Inactive Employees Entitled to But Not Yet Receiving Benefits	747
Active Employees	706
Total	2,250

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are noncontributory. Madison County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Madison County was \$3,505,315 based on a rate of 14.28 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Madison County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Madison County's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
Short-term Securities	0.00	1
		100
Total		100

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25

percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Madison County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 129,967,213	\$ 127,701,915	\$ 2,265,298
Changes for the Year:			
Service Cost	\$ 2,184,793	\$ 0	\$ 2,184,793
Interest	9,698,497	0	9,698,497
Differences Between Expected and Actual Experience	(1,407,887)	0	(1,407,887)
Changes in Assumptions	3,129,363	0	3,129,363
Contributions-Employer	0	3,471,879	(3,471,879)
Contributions-Employees	0	0	0
Net Investment Income	0	14,342,408	(14,342,408)
Benefit Payments, Including Refunds of Employee Contributions	(5,677,430)	(5,677,430)	0
Administrative Expense	0	(61,023)	61,023
Other Changes	0	1,054	(1,054)
Net Changes	\$ 7,927,336	\$ 12,076,888	\$ (4,149,552)
Balance, June 30, 2017	\$ 137,894,549	\$ 139,778,803	\$ (1,884,254)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	64.65%	\$ 89,148,826	\$ 90,366,996	\$ (1,218,170)
Airport	0.90%	1,241,051	1,258,009	(16,958)
School Department	34.45%	47,504,672	48,153,798	(649,126)
Total		\$ 137,894,549	\$ 139,778,803	\$ (1,884,254)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Madison County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
--	-------------------------	--------------------------------------	-------------------------

Net Pension Liability (Asset) \$ 15,600,878 \$ (1,884,254) \$ (16,524,947)

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

Pension Expense. For the year ended June 30, 2018, Madison County recognized pension expense of \$1,603,877.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Madison County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 191,572	\$ 2,812,527
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	13,834	0
Changes in Assumptions	2,347,022	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	3,505,315	N/A
Total	<u>\$ 6,057,743</u>	<u>\$ 2,812,527</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 3,930,400	\$ 1,818,299
Airport	57,165	25,312
School Department	2,070,178	968,916
Total	<u>\$ 6,057,743</u>	<u>\$ 2,812,527</u>

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

Year Ending June 30	Amount
2019	\$ (846,695)
2020	882,011
2021	674,531
2022	(969,946)
2023	0
Thereafter	0

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

Discretely Presented Madison County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Madison County, non-certified employees of the discretely presented Madison County School Department, and employees of the Madison County Airport are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 64.65 percent, the non-certified employees of the discretely presented School Department comprised 34.45 percent, and employees of the Madison County Airport comprised .90 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Madison County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The

Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018, to the Teacher

Retirement Plan were \$477,913, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$360,112) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department’s proportion of the net pension liability (asset) was based on the School Department’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department’s proportion was 1.364917 percent. The proportion as of June 30, 2016, was 1.474128 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$164,161.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 12,621	\$ 27,083
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	19,377
Changes in Assumptions	31,638	0
Changes in Proportion of Net Pension Liability (Asset)	12,751	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	477,913	N/A
Total	\$ 534,923	\$ 46,460

The School Department's employer contributions of \$477,913, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (900)
2020	(900)
2021	(2,009)
2022	(6,993)
2023	2,144
Thereafter	19,208

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return

(expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity Developed Market	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income Real Estate	5.79		20	
	2.01		20	
	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset)	\$ 71,847	\$ (360,112)	\$ (676,962)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Madison County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Madison County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$3,917,473, which is 9.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$412,101) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department’s proportion of the net pension liability (asset) was based on the School Department’s long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department’s proportion was 1.259538 percent. The proportion measured at June 30, 2016, was 1.302192 percent.

Negative Pension Expense. For the year ended June 30, 2018, the School Department recognized negative pension expense of \$255,998.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 248,443	\$ 8,507,921
Changes in Assumptions	3,490,244	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	62,556	0
Changes in Proportion of Net Pension Liability (Asset)	35,358	965,382
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	3,917,473	N/A
Total	<u>\$ 7,754,074</u>	<u>\$ 9,473,303</u>

The School Department’s employer contributions of \$3,917,473 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (3,209,546)
2020	1,006,311
2021	(1,322,798)
2022	(2,110,669)
2023	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income Real Estate	5.79	20
	2.01	20
	4.32	10
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 36,977,087 \$ (412,101) \$ (31,316,726)

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

2. Deferred Compensation

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.

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their

salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$599,477 and teachers contributed \$123,722 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Madison County and the discretely presented Madison County School Department provide OPEB benefits to its retirees under various OPEB plans. These include OPEB provided through state administered public entity risk pools and self-insured health plans. For reporting purposes the plans are all considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). All of the plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Self-Insured Postemployment Benefits Plan

Primary Government

Madison County provides OPEB benefits to its employees through a self-insured health plan.

Plan Description. The county participates in a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for its retirees. Employees are eligible for OPEB benefits if they retire at age 55 with at least five year of service or any age with at least 30 years of service. Coverage ends at age 65. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the County Commission. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Benefits Provided. The plan provides healthcare, dental, and life insurance benefits to retirees and their dependents.

The benefit terms provide for the county to pay a percentage of healthcare costs depending on years of service with the county. The county pays 75 percent of the healthcare cost for employees with over 30 years of service and 65 percent for employees with 20-29 years of service. A retiree who is at least age 55 with five year of service is required to pay 100 percent of the premium. Employees are eligible to participate in the healthcare plan until they reach age 65. Surviving spouses of eligible retirees may be able to continue coverage until they reach Medicare eligibility.

The benefit terms provide for eligible retirees to receive vision and dental benefits for life by paying 100 percent of the premium cost.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	17
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	621
Total	<u>638</u>

Total OPEB Liability

The county's total OPEB liability of \$5,078,265 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2%
Discount Rate	3%
Healthcare Cost Trend Rate	5.55%
Retirees share of Benefit-related Cost	25% to 100% depending on years of service

The discount rate was based on the Bond Buyer GO-20 bond index.

Mortality rates were based on RHP-14 Total Table with Projection MP-2017.

The actuarial assumptions used in the June 30, 2018, valuation were based on plan data and costs presented by the county with concurrence by the actuary.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2017	<u>\$ 5,335,680</u>
Changes for the Year:	
Service Cost	\$ 319,886
Interest	169,667
Difference Between Expected and Actual	(682,060)
Benefit Payments	<u>(64,908)</u>
Net Changes	<u>\$ (257,415)</u>
Balance June 30, 2018	<u>\$ 5,078,265</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the county recognized OPEB expense of \$427,548. At June 30, 2018, the county reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the discount rate of three percent, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (two percent) or one percentage point higher (four percent) than the current rate:

	1% Decrease	Current Discount Rate 3%	1% Increase
Total OPEB Liability	\$ 5,626,147	\$ 5,078,265	\$ 4,588,675

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the healthcare cost trend rate of 5.55 percent, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower (4.55%) or one percentage point higher (6.55%) than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
	4.55%	5.55%	6.55%

Total OPEB Liability \$ 4,469,391 \$ 5,078,265 \$ 5,801,828

OPEB Provided through State Administered Public Entity Risk Pool

Discretely Presented Madison County School Department

The School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified employees of the School Department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The School Department’s total OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2017 TCRS actuarial valuation; 3.44% to 8.2%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing 33-year period to an ultimate trend of rate of 3.53 percent with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit	
Related Cost	Discussed below

The discount rate was 3.56 percent, based on the daily rate of Fidelity’s 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Changes in Assumptions. The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Madison County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Madison County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that

considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. During the year, Madison County provided direct subsidies of \$34 to \$891 per month toward the cost of the insurance plan selected by the retiree. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	165
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	1,652
Total	<u><u>1,817</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$1,262,570 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Madison County School Department 70.076%</u>	<u>State of TN 29.924%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2016	\$ 15,453,237	\$ 6,598,873	\$ 22,052,110
Changes for the Year:			
Service Cost	\$ 738,760	\$ 315,467	\$ 1,054,227
Interest	456,028	194,734	650,762
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(590,479)	(252,148)	(842,627)
Benefit Payments	(1,149,199)	(490,733)	(1,639,932)
Net Changes	<u>\$ (544,890)</u>	<u>\$ (232,680)</u>	<u>\$ (777,570)</u>
Balance June 30, 2017	<u>\$ 14,908,347</u>	<u>\$ 6,366,193</u>	<u>\$ 21,274,540</u>

The Madison County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Madison County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$483,377 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Madison County School Department's proportionate share of the collective OPEB liability was 70.076% and the State of Tennessee's share was 29.924%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$1,615,348, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	527,662
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	<u>1,262,570</u>	<u>0</u>
Total	<u>\$ 1,262,570</u>	<u>\$ 527,662</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (62,817)
2020	(62,817)
2021	(62,817)
2022	(62,817)
2023	(62,817)
Thereafter	(213,577)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
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Proportionate Share of the Collective Total OPEB Liability	\$ 15,839,621	\$ 14,908,347	\$ 14,027,855
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 6.5 to 2.71%	Current Rate 7.5 to 3.71%	1% Increase 8.5 to 4.71%
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Proportionate Share of the Collective Total OPEB Liability	\$ 13,545,571	\$ 14,908,347	\$ 16,503,948
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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 also 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 \$25,000 for the Office of County Mayor, Office of Highway Engineer, and for the discretely presented School Department are required to be competitively bid.

K. Subsequent Event

On October 5, 2018, the county's General Debt Service Fund issued a \$2,000,000 tax anticipation note to the General Fund for temporary operating funds.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Madison County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 2,503,861	\$ 2,546,359	\$ 2,320,142	\$ 2,184,793
Interest	8,528,421	9,078,436	9,360,868	9,698,497
Differences Between Actual and Expected Experience	957,864	(2,479,699)	(1,529,465)	(1,407,887)
Change in Assumptions	0	0	0	3,129,363
Benefit Payments, Including Refunds of Employee Contributions	(4,443,515)	(4,954,709)	(5,351,522)	(5,677,430)
Net Change in Total Pension Liability	\$ 7,546,631	\$ 4,190,387	\$ 4,800,023	\$ 7,927,336
Total Pension Liability, Beginning	113,430,172	120,976,803	125,167,190	129,967,213
Total Pension Liability, Ending (a)	\$ 120,976,803	\$ 125,167,190	\$ 129,967,213	\$ 137,894,549
Plan Fiduciary Net Position				
Contributions - Employer	\$ 4,523,436	\$ 3,938,838	\$ 3,717,662	\$ 3,471,879
Contributions - Employee	2,017	300	652	0
Net Investment Income	17,536,366	3,782,858	3,321,558	14,342,408
Benefit Payments, Including Refunds of Employee Contributions	(4,443,515)	(4,954,709)	(5,351,522)	(5,677,430)
Administrative Expense	(43,681)	(47,023)	(61,810)	(61,023)
Other	0	0	0	1,054
Net Change in Plan Fiduciary Net Position	\$ 17,574,623	\$ 2,720,264	\$ 1,626,540	\$ 12,076,888
Plan Fiduciary Net Position, Beginning	105,780,488	123,355,111	126,075,375	127,701,915
Plan Fiduciary Net Position, Ending (b)	\$ 123,355,111	\$ 126,075,375	\$ 127,701,915	\$ 139,778,803
Net Pension Liability (Asset), Ending (a - b)	\$ (2,378,308)	\$ (908,185)	\$ 2,265,298	\$ (1,884,254)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.97%	100.73%	98.26%	101.37%
Covered Payroll	\$ 31,522,191	\$ 28,410,764	\$ 26,853,345	\$ 25,031,554
Net Pension Liability (Asset) as a Percentage of Covered Payroll	7.54%	3.20%	8.44%	7.53%

Note: ten years of data will be presented when available.

Note: data presented includes the primary government, the non-certified employees of the discretely presented School Department, and the Madison County Airport.

Exhibit F-2

Madison County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 4,523,436	\$ 3,938,838	\$ 3,717,662	\$ 3,471,879	\$ 3,505,315
Less Contributions in Relation to the Actuarially Determined Contribution	(4,523,436)	(3,938,838)	(3,717,662)	(3,471,879)	(3,505,315)
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contribution Deficiency (Excess)	\$ 31,522,191	\$ 28,410,764	\$ 26,853,345	\$ 25,031,554	\$ 24,547,024
Covered Payroll	14.35%	13.86%	13.84%	13.87%	14.28%
Contributions as a Percentage of Covered Payroll					

Note: ten years of data will be presented when available.

Note: data presented includes primary government, non-certified employees of the discretely presented School Department, and Madison County Airport.

Exhibit F-3

Madison County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Madison County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018
Contractually Required Contribution	\$ 127,275	\$ 259,449	358,339	477,913
Less Contributions in Relation to the Contractually Required Contribution	(127,275)	(259,449)	(358,339)	(477,913)
Contribution Deficiency (Excess)	\$ 0	\$ 0	0	0
Covered Payroll	\$ 3,181,880	\$ 6,486,246	9,038,854	11,947,825
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	3.96%	4.00%

Note: ten years of data will be presented when available.

Exhibit F-4

Madison County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Madison County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 4,769,001	\$ 4,387,063	\$ 4,249,389	\$ 4,024,974	\$ 3,917,473
Less Contributions in Relation to the Contractually Required Contribution	(4,769,001)	(4,387,063)	(4,249,389)	(4,024,974)	(3,917,473)
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Covered Payroll	\$ 53,704,969	\$ 48,529,483	\$ 47,006,484	\$ 44,443,645	\$ 43,144,026
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.06%	9.08%

Note: ten years of data will be presented when available.

Exhibit F-5

Madison County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Retirement Plan of TCRS
Discretely Presented Madison County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Liability/Asset	1.499811%	1.474128%	1.364917%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (61,608)	\$ (153,461)	\$ (360,112)
Covered Payroll	\$ 3,181,880	\$ 6,486,246	\$ 9,038,854
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(3.98)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-6

Madison County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Madison County School Department
For the Fiscal Year Ended June 30 *

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Liability/Asset	1.368282%	1.296365%	1.302192%	1.259538%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (222,339)	\$ 531,035	\$ 8,137,980	\$ (412,101)
Covered Payroll	\$ 53,704,969	\$ 48,529,483	\$ 47,006,484	\$ 44,443,645
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41)%	1.09%	17.31%	(.93)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-7

Madison County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Self-Insurance Plan
Primary Government
For the Fiscal Year Ended June 30 *

Self-Insurance Plan

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 319,886
Interest	169,667
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(682,060)
Changes in Assumptions or Other Inputs	0
Benefit Payments	<u>(64,908)</u>
Net Change in Total OPEB Liability	\$ (257,415)
Total OPEB Liability, Beginning	<u>5,335,680</u>
Total OPEB Liability, Ending	<u><u>\$ 5,078,265</u></u>
Covered Employee Payroll	\$ 15,970,104
Net OPEB Liability as a Percentage of Covered Employee Payroll	31.80%

Note 1: Ten years of data will be presented when available.

Note 2: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-8

Madison County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Madison County School Department
For the Fiscal Year Ended June 30 *

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 1,054,227
Interest	650,762
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(842,627)
Benefit Payments	<u>(1,639,932)</u>
Net Change in Total OPEB Liability	\$ <u>(777,570)</u>
Total OPEB Liability, Beginning	<u>22,052,110</u>
 Total OPEB Liability, Ending	 <u>\$ 21,274,540</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 6,366,193
Employer Proportionate Share of the Total OPEB Liability	14,908,347
 Covered Employee Payroll	 \$ 63,477,191
Net OPEB Liability as a Percentage of Covered Employee Payroll	23.49%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

MADISON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.5 percent

**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.

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for local tax collections to be contributed to the School Department to cover the revenue shortfall that resulted when the City of Jackson ended some of their optional funding.

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 of deeds, 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.

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, 2018

	Special Revenue Funds					
	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Other Special Revenue
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	514,746	347,301	3,791,480	860,812	126,975	125,847
Accounts Receivable	24,929	64,520	0	0	0	2,255
Due from Other Governments	68,815	41,000	0	603,456	0	0
Property Taxes Receivable	1,281,831	821,930	0	0	0	237,754
Allowance for Uncollectible Property Taxes	(33,239)	(22,970)	0	0	0	(85,531)
Total Assets	<u>\$ 1,857,082</u>	<u>\$ 1,251,781</u>	<u>\$ 3,791,480</u>	<u>\$ 1,464,268</u>	<u>\$ 126,975</u>	<u>\$ 280,325</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 47,239	\$ 0	\$ 0
Accrued Payroll	14,331	6,442	0	41,036	0	0
Payroll Deductions Payable	19,554	1,632	0	15,495	0	0
Due to Other Funds	166	0	0	967	0	0
Due to Component Units	0	0	750,000	0	0	0
Total Liabilities	<u>\$ 34,051</u>	<u>\$ 8,074</u>	<u>\$ 750,000</u>	<u>\$ 104,737</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 1,218,199	\$ 776,411	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Delinquent Property Taxes	24,530	18,203	0	0	0	122,908
Total Deferred Inflows of Resources	<u>\$ 1,242,729</u>	<u>\$ 794,614</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 122,908</u>

(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	Other Special Revenue
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 259,709	\$ 0	\$ 0	\$ 406,077	\$ 126,975	\$ 0
Restricted for Public Health and Welfare	0	0	0	809,740	0	0
Restricted for Other Operations	0	0	0	143,714	0	0
Restricted for Highways/Public Works	0	0	0	0	0	0
Committed:						
Committed for General Government	0	0	3,041,480	0	0	157,417
Committed for Public Safety	320,593	0	0	0	0	0
Committed for Public Health and Welfare	0	449,093	0	0	0	0
Committed for Capital Outlay	0	0	0	0	0	0
Total Fund Balances	<u>\$ 580,302</u>	<u>\$ 449,093</u>	<u>\$ 3,041,480</u>	<u>\$ 1,359,531</u>	<u>\$ 126,975</u>	<u>\$ 157,417</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,857,082</u>	<u>\$ 1,251,781</u>	<u>\$ 3,791,480</u>	<u>\$ 1,464,268</u>	<u>\$ 126,975</u>	<u>\$ 280,325</u>

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Constitu- tional Officers - Fees</u>	<u>Total</u>	<u>Community Development/ Industrial Park</u>	<u>Highway Capital Projects</u>	<u>Total</u>	
<u>ASSETS</u>						
Cash	\$ 38,444	\$ 38,444	\$ 0	\$ 0	\$ 0	\$ 38,444
Equity in Pooled Cash and Investments	0	5,767,161	1,514,191	672,545	2,186,736	7,953,897
Accounts Receivable	737	92,441	0	0	0	92,441
Due from Other Governments	0	713,271	0	0	0	713,271
Property Taxes Receivable	0	2,341,515	0	0	0	2,341,515
Allowance for Uncollectible Property Taxes	0	(141,740)	0	0	0	(141,740)
Total Assets	\$ 39,181	\$ 8,811,092	\$ 1,514,191	\$ 672,545	\$ 2,186,736	\$ 10,997,828
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 47,239	\$ 0	\$ 0	\$ 0	\$ 47,239
Accrued Payroll	0	61,809	0	0	0	61,809
Payroll Deductions Payable	0	36,681	0	0	0	36,681
Due to Other Funds	39,181	40,314	0	0	0	40,314
Due to Component Units	0	750,000	0	0	0	750,000
Total Liabilities	\$ 39,181	\$ 936,043	\$ 0	\$ 0	\$ 0	\$ 936,043
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 1,994,610	\$ 0	\$ 0	\$ 0	\$ 1,994,610
Deferred Delinquent Property Taxes	0	165,641	0	0	0	165,641
Total Deferred Inflows of Resources	\$ 0	\$ 2,160,251	\$ 0	\$ 0	\$ 0	\$ 2,160,251

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Constitu- tional Officers - Fees</u>	<u>Total</u>	<u>Community Development/ Industrial Park</u>	<u>Highway Capital Projects</u>	<u>Total</u>	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 792,761	\$ 0	\$ 0	\$ 0	\$ 792,761
Restricted for Public Health and Welfare	0	809,740	0	0	0	809,740
Restricted for Other Operations	0	143,714	0	0	0	143,714
Restricted for Highways/Public Works	0	0	0	672,545	672,545	672,545
Committed:						
Committed for General Government	0	3,198,897	0	0	0	3,198,897
Committed for Public Safety	0	320,593	0	0	0	320,593
Committed for Public Health and Welfare	0	449,093	0	0	0	449,093
Committed for Capital Outlay	0	0	1,514,191	0	1,514,191	1,514,191
Total Fund Balances	\$ 0	\$ 5,714,798	\$ 1,514,191	\$ 672,545	\$ 2,186,736	\$ 7,901,534
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 39,181	\$ 8,811,092	\$ 1,514,191	\$ 672,545	\$ 2,186,736	\$ 10,997,828

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, 2018

	Special Revenue Funds					
	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	Other Special Revenue
<u>Revenues</u>						
Local Taxes	\$ 1,363,135	\$ 1,009,141	\$ 970,229	\$ 0	\$ 0	\$ 6,544,321
Fines, Forfeitures, and Penalties	0	0	0	0	73,530	0
Charges for Current Services	550	259,868	0	1,080,543	0	0
Other Local Revenues	201	51,281	0	0	0	0
State of Tennessee	9,000	0	0	3,957,208	0	0
Federal Government	186,588	0	0	87,261	0	0
Other Governments and Citizens Groups	166,393	0	0	263,002	0	0
Total Revenues	<u>\$ 1,725,867</u>	<u>\$ 1,320,290</u>	<u>\$ 970,229</u>	<u>\$ 5,388,014</u>	<u>\$ 73,530</u>	<u>\$ 6,544,321</u>
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	1,757,837	0	0	1,408,856	20,498	0
Public Health and Welfare	0	1,242,163	0	3,320,627	0	0
Other Operations	0	0	759,679	219,599	0	6,386,904
Total Expenditures	<u>\$ 1,757,837</u>	<u>\$ 1,242,163</u>	<u>\$ 759,679</u>	<u>\$ 4,949,082</u>	<u>\$ 20,498</u>	<u>\$ 6,386,904</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>\$ (31,970)</u>	<u>\$ 78,127</u>	<u>\$ 210,550</u>	<u>\$ 438,932</u>	<u>\$ 53,032</u>	<u>\$ 157,417</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 12,980	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 12,980</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (18,990)	\$ 78,127	\$ 210,550	\$ 438,932	\$ 53,032	\$ 157,417
Fund Balance, July 1, 2017	599,292	370,966	2,830,930	920,599	73,943	0
Fund Balance, June 30, 2018	<u>\$ 580,302</u>	<u>\$ 449,093</u>	<u>\$ 3,041,480</u>	<u>\$ 1,359,531</u>	<u>\$ 126,975</u>	<u>\$ 157,417</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 9,886,826	\$ 0	\$ 0	\$ 0	\$ 9,886,826
Fines, Forfeitures, and Penalties	0	73,530	0	0	0	73,530
Charges for Current Services	2,553	1,343,514	0	0	0	1,343,514
Other Local Revenues	0	51,482	26,604	0	26,604	78,086
State of Tennessee	0	3,966,208	0	0	0	3,966,208
Federal Government	0	273,849	0	0	0	273,849
Other Governments and Citizens Groups	0	429,395	0	0	0	429,395
Total Revenues	\$ 2,553	\$ 16,024,804	\$ 26,604	\$ 0	\$ 26,604	\$ 16,051,408
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 2,553	\$ 2,553	\$ 0	\$ 0	\$ 0	\$ 2,553
Public Safety	0	3,187,191	0	0	0	3,187,191
Public Health and Welfare	0	4,562,790	0	0	0	4,562,790
Other Operations	0	7,366,182	110,820	0	110,820	7,477,002
Total Expenditures	\$ 2,553	\$ 15,118,716	\$ 110,820	\$ 0	\$ 110,820	\$ 15,229,536
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 906,088	\$ (84,216)	\$ 0	\$ (84,216)	\$ 821,872
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 12,980	\$ 0	\$ 0	\$ 0	\$ 12,980
Total Other Financing Sources (Uses)	\$ 0	\$ 12,980	\$ 0	\$ 0	\$ 0	\$ 12,980
Net Change in Fund Balances	\$ 0	\$ 919,068	\$ (84,216)	\$ 0	\$ (84,216)	\$ 834,852
Fund Balance, July 1, 2017	0	4,795,730	1,598,407	672,545	2,270,952	7,066,682
Fund Balance, June 30, 2018	\$ 0	\$ 5,714,798	\$ 1,514,191	\$ 672,545	\$ 2,186,736	\$ 7,901,534

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,363,135	\$ 0	\$ 0	\$ 1,363,135	\$ 1,326,000	\$ 1,326,000	\$ 37,135
Charges for Current Services	550	0	0	550	0	0	550
Other Local Revenues	201	0	0	201	0	67	134
State of Tennessee	9,000	0	0	9,000	9,000	9,000	0
Federal Government	186,588	0	0	186,588	190,323	190,323	(3,735)
Other Governments and Citizens Groups	166,393	0	0	166,393	81,670	81,670	84,723
Total Revenues	\$ 1,725,867	\$ 0	\$ 0	\$ 1,725,867	\$ 1,606,993	\$ 1,607,060	\$ 118,807
<u>Expenditures</u>							
<u>Public Safety</u>							
Juvenile Services	\$ 1,757,837	\$ (146)	\$ 7,750	\$ 1,765,441	\$ 1,850,795	\$ 1,873,368	\$ 107,927
Total Expenditures	\$ 1,757,837	\$ (146)	\$ 7,750	\$ 1,765,441	\$ 1,850,795	\$ 1,873,368	\$ 107,927
Excess (Deficiency) of Revenues Over Expenditures	\$ (31,970)	\$ 146	\$ (7,750)	\$ (39,574)	\$ (243,802)	\$ (266,308)	\$ 226,734
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 12,980	\$ 0	\$ 0	\$ 12,980	\$ 0	\$ 12,980	\$ 0
Total Other Financing Sources	\$ 12,980	\$ 0	\$ 0	\$ 12,980	\$ 0	\$ 12,980	\$ 0
Net Change in Fund Balance	\$ (18,990)	\$ 146	\$ (7,750)	\$ (26,594)	\$ (243,802)	\$ (253,328)	\$ 226,734
Fund Balance, July 1, 2017	599,292	(146)	0	599,146	551,536	599,146	0
Fund Balance, June 30, 2018	\$ 580,302	\$ 0	\$ (7,750)	\$ 572,552	\$ 307,734	\$ 345,818	\$ 226,734

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,009,141	\$ 0	\$ 0	\$ 1,009,141	\$ 993,171	\$ 993,171	\$ 15,970
Charges for Current Services	259,868	0	0	259,868	253,932	253,932	5,936
Other Local Revenues	51,281	0	0	51,281	33,483	33,483	17,798
Total Revenues	<u>\$ 1,320,290</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,320,290</u>	<u>\$ 1,280,586</u>	<u>\$ 1,280,586</u>	<u>\$ 39,704</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Convenience Centers	\$ 695,059	\$ (14,989)	\$ 11,845	\$ 691,915	\$ 740,611	\$ 752,611	\$ 60,696
Landfill Operation and Maintenance	547,104	0	14,405	561,509	597,664	597,664	36,155
Total Expenditures	<u>\$ 1,242,163</u>	<u>\$ (14,989)</u>	<u>\$ 26,250</u>	<u>\$ 1,253,424</u>	<u>\$ 1,338,275</u>	<u>\$ 1,350,275</u>	<u>\$ 96,851</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 78,127</u>	<u>\$ 14,989</u>	<u>\$ (26,250)</u>	<u>\$ 66,866</u>	<u>\$ (57,689)</u>	<u>\$ (69,689)</u>	<u>\$ 136,555</u>
Net Change in Fund Balance	\$ 78,127	\$ 14,989	\$ (26,250)	\$ 66,866	\$ (57,689)	\$ (69,689)	\$ 136,555
Fund Balance, July 1, 2017	370,966	(14,989)	0	355,977	379,838	355,087	890
Fund Balance, June 30, 2018	<u>\$ 449,093</u>	<u>\$ 0</u>	<u>\$ (26,250)</u>	<u>\$ 422,843</u>	<u>\$ 322,149</u>	<u>\$ 285,398</u>	<u>\$ 137,445</u>

Exhibit G-5

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 970,229	\$ 1,000,000	\$ 1,000,000	\$ (29,771)
Total Revenues	\$ 970,229	\$ 1,000,000	\$ 1,000,000	\$ (29,771)
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 759,679	\$ 20,000	\$ 885,000	\$ 125,321
Total Expenditures	\$ 759,679	\$ 20,000	\$ 885,000	\$ 125,321
Excess (Deficiency) of Revenues Over Expenditures	\$ 210,550	\$ 980,000	\$ 115,000	\$ 95,550
Net Change in Fund Balance	\$ 210,550	\$ 980,000	\$ 115,000	\$ 95,550
Fund Balance, July 1, 2017	2,830,930	2,365,500	2,830,930	0
Fund Balance, June 30, 2018	\$ 3,041,480	\$ 3,345,500	\$ 2,945,930	\$ 95,550

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,080,543	\$ 0	\$ 0	\$ 1,080,543	\$ 1,298,368	\$ 1,133,406	\$ (52,863)
State of Tennessee	3,957,208	0	0	3,957,208	4,017,551	4,048,326	(91,118)
Federal Government	87,261	0	0	87,261	69,905	128,860	(41,599)
Other Governments and Citizens Groups	263,002	0	0	263,002	201,505	211,005	51,997
Total Revenues	\$ 5,388,014	\$ 0	\$ 0	\$ 5,388,014	\$ 5,587,329	\$ 5,521,597	\$ (133,583)
<u>Expenditures</u>							
<u>Public Safety</u>							
Correctional Incentive Program Improvements	\$ 487,408	\$ (665)	\$ 0	\$ 486,743	\$ 562,681	\$ 582,127	\$ 95,384
Work Release Program	781,605	0	0	781,605	899,559	899,559	117,954
Other Emergency Management	65,272	(6,149)	0	59,123	69,905	128,860	69,737
Public Safety Grants Program	74,571	0	0	74,571	70,000	95,275	20,704
<u>Public Health and Welfare</u>							
Maternal and Child Health Services	3,278,139	(79,659)	13,242	3,211,722	3,726,354	3,604,016	392,294
Sanitation Education/Information	42,488	(610)	1,009	42,887	57,325	71,021	28,134
<u>Other Operations</u>							
Miscellaneous	219,599	0	0	219,599	207,505	223,005	3,406
Total Expenditures	\$ 4,949,082	\$ (87,083)	\$ 14,251	\$ 4,876,250	\$ 5,593,329	\$ 5,603,863	\$ 727,613
Excess (Deficiency) of Revenues Over Expenditures	\$ 438,932	\$ 87,083	\$ (14,251)	\$ 511,764	\$ (6,000)	\$ (82,266)	\$ 594,030
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,275	\$ (5,275)
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,275	\$ (5,275)
Net Change in Fund Balance	\$ 438,932	\$ 87,083	\$ (14,251)	\$ 511,764	\$ (6,000)	\$ (76,991)	\$ 588,755
Fund Balance, July 1, 2017	920,599	(87,083)	0	833,516	926,587	839,265	(5,749)
Fund Balance, June 30, 2018	\$ 1,359,531	\$ 0	\$ (14,251)	\$ 1,345,280	\$ 920,587	\$ 762,274	\$ 583,006

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 73,530	\$ 30,890	\$ 30,890	\$ 42,640
Total Revenues	\$ 73,530	\$ 30,890	\$ 30,890	\$ 42,640
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 20,498	\$ 6,123	\$ 24,186	\$ 3,688
Total Expenditures	\$ 20,498	\$ 6,123	\$ 24,186	\$ 3,688
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,032	\$ 24,767	\$ 6,704	\$ 46,328
Net Change in Fund Balance	\$ 53,032	\$ 24,767	\$ 6,704	\$ 46,328
Fund Balance, July 1, 2017	73,943	70,657	73,943	0
Fund Balance, June 30, 2018	\$ 126,975	\$ 95,424	\$ 80,647	\$ 46,328

Exhibit G-8

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,544,321	\$ 6,170,730	\$ 6,404,819	\$ 139,502
Total Revenues	\$ 6,544,321	\$ 6,170,730	\$ 6,404,819	\$ 139,502
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 6,386,904	\$ 125,000	\$ 6,393,000	\$ 6,096
Total Expenditures	\$ 6,386,904	\$ 125,000	\$ 6,393,000	\$ 6,096
Excess (Deficiency) of Revenues Over Expenditures	\$ 157,417	\$ 6,045,730	\$ 11,819	\$ 145,598
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (6,000,000)	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ (6,000,000)	\$ 0	\$ 0
Net Change in Fund Balance	\$ 157,417	\$ 45,730	\$ 11,819	\$ 145,598
Fund Balance, July 1, 2017	0	0	0	0
Fund Balance, June 30, 2018	\$ 157,417	\$ 45,730	\$ 11,819	\$ 145,598

Exhibit G-9

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 26,604	\$ 20,604	\$ 20,604	\$ 6,000
State of Tennessee	0	0	245,980	(245,980)
Total Revenues	<u>\$ 26,604</u>	<u>\$ 20,604</u>	<u>\$ 266,584</u>	<u>\$ (239,980)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 110,820	\$ 100,300	\$ 452,300	\$ 341,480
Total Expenditures	<u>\$ 110,820</u>	<u>\$ 100,300</u>	<u>\$ 452,300</u>	<u>\$ 341,480</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (84,216)</u>	<u>\$ (79,696)</u>	<u>\$ (185,716)</u>	<u>\$ 101,500</u>
Net Change in Fund Balance	\$ (84,216)	\$ (79,696)	\$ (185,716)	\$ 101,500
Fund Balance, July 1, 2017	<u>1,598,407</u>	<u>1,495,984</u>	<u>1,598,407</u>	<u>0</u>
Fund Balance, June 30, 2018	<u>\$ 1,514,191</u>	<u>\$ 1,416,288</u>	<u>\$ 1,412,691</u>	<u>\$ 101,500</u>

Major Governmental Funds

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.

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 projects

Exhibit H-1

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,366,253	\$ 10,133,624	\$ 10,133,624	\$ 232,629
Other Local Revenues	363,334	493,161	151,494	211,840
Federal Government	113,082	0	116,667	(3,585)
Other Governments and Citizens Groups	941,666	0	941,666	0
Total Revenues	\$ 11,784,335	\$ 10,626,785	\$ 11,343,451	\$ 440,884
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 7,131,250	\$ 8,757,233	\$ 7,131,250	\$ 0
Education	63,750	0	63,750	0
<u>Interest on Debt</u>				
General Government	1,147,849	0	1,178,997	31,148
Education	67,808	0	161,250	93,442
<u>Other Debt Service</u>				
General Government	346,695	0	381,985	35,290
Total Expenditures	\$ 8,757,352	\$ 8,757,233	\$ 8,917,232	\$ 159,880
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,026,983	\$ 1,869,552	\$ 2,426,219	\$ 600,764
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 225,000	\$ 941,666	\$ 225,000	\$ 0
Transfers Out	(125,000)	0	(125,000)	0
Total Other Financing Sources	\$ 100,000	\$ 941,666	\$ 100,000	\$ 0
Net Change in Fund Balance	\$ 3,126,983	\$ 2,811,218	\$ 2,526,219	\$ 600,764
Fund Balance, July 1, 2017	9,218,544	9,141,282	9,218,544	0
Fund Balance, June 30, 2018	\$ 12,345,527	\$ 11,952,500	\$ 11,744,763	\$ 600,764

Exhibit H-2

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,045,297	\$ 0	\$ 0	\$ 3,045,297	\$ 2,938,095	\$ 2,938,095	\$ 107,202
Other Local Revenues	80,608	0	0	80,608	0	147,173	(66,565)
State of Tennessee	106,764	0	0	106,764	0	206,080	(99,316)
Total Revenues	\$ 3,232,669	\$ 0	\$ 0	\$ 3,232,669	\$ 2,938,095	\$ 3,291,348	\$ (58,679)
<u>Expenditures</u>							
<u>General Government</u>							
Register of Deeds	\$ 4,243	\$ 0	\$ 0	\$ 4,243	\$ 4,300	\$ 4,300	\$ 57
County Buildings	20,000	0	76,800	96,800	20,000	96,800	0
Other Facilities	53,735	(53,735)	0	0	0	0	0
<u>Finance</u>							
Accounting and Budgeting	382,309	(68,767)	0	313,542	100,000	350,000	36,458
Data Processing	295,370	(43,858)	41,471	292,983	294,776	294,776	1,793
<u>Administration of Justice</u>							
Chancery Court	10,375	0	18,531	28,906	30,000	30,000	1,094
<u>Public Safety</u>							
Sheriff's Department	1,269,432	(350)	42,268	1,311,350	786,547	1,340,840	29,490
Jail	2,135,869	0	0	2,135,869	210,000	2,338,267	202,398
Juvenile Services	27,783	0	1,815	29,598	32,650	32,650	3,052
Fire Prevention and Control	858,754	0	1,854	860,608	780,000	860,608	0
Civil Defense	19,567	0	0	19,567	20,000	20,000	433
<u>Public Health and Welfare</u>							
Local Health Center	53,177	0	24,750	77,927	86,000	86,000	8,073
Rabies and Animal Control	19,162	0	0	19,162	20,500	20,500	1,338
Convenience Centers	52,999	(33,000)	0	19,999	20,000	20,000	1
<u>Social, Cultural, and Recreational Services</u>							
Libraries	13,277	(6,356)	0	6,921	16,700	16,700	9,779
Parks and Fair Boards	175,738	0	2,075	177,813	140,100	183,000	5,187
<u>Other Operations</u>							
Miscellaneous	59,228	0	0	59,228	50,457	60,457	1,229

(Continued)

Exhibit H-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Debt Service</u>							
General Government	\$ 65,901	\$ 0	\$ 0	\$ 65,901	\$ 0	\$ 65,901	\$ 0
Total Expenditures	\$ 5,516,919	\$ (206,066)	\$ 209,564	\$ 5,520,417	\$ 2,612,030	\$ 5,820,799	\$ 300,382
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,284,250)	\$ 206,066	\$ (209,564)	\$ (2,287,748)	\$ 326,065	\$ (2,529,451)	\$ 241,703
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 26,105,000	\$ 0	\$ 0	\$ 26,105,000	\$ 2,250,000	\$ 0	\$ 26,105,000
Notes Issued	2,250,000	0	0	2,250,000	0	2,250,000	0
Premiums on Debt Sold	3,963,590	0	0	3,963,590	0	0	3,963,590
Transfers In	125,000	0	0	125,000	0	125,000	0
Total Other Financing Sources	\$ 32,443,590	\$ 0	\$ 0	\$ 32,443,590	\$ 2,250,000	\$ 2,375,000	\$ 30,068,590
Net Change in Fund Balance	\$ 30,159,340	\$ 206,066	\$ (209,564)	\$ 30,155,842	\$ 2,576,065	\$ (154,451)	\$ 30,310,293
Fund Balance, July 1, 2017	656,015	(206,066)	0	449,949	285,710	449,294	655
Fund Balance, June 30, 2018	\$ 30,815,355	\$ 0	\$ (209,564)	\$ 30,605,791	\$ 2,861,775	\$ 294,843	\$ 30,310,948

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 of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Other Agency Fund – The Other Agency Fund is used to account for 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, 2018

	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	\$ 4,570,380	\$ 0	\$ 0	\$ 4,570,380
Equity in Pooled Cash and Investments	190,622	0	55,973	34,311	0	0	6,922	287,828
Accounts Receivable	77,001	0	0	38,500	0	0	0	115,501
Due from Other Governments	3,761,993	21,944	0	0	0	3,841	247	3,788,025
Total Assets	<u>\$ 4,029,616</u>	<u>\$ 21,944</u>	<u>\$ 55,973</u>	<u>\$ 72,811</u>	<u>\$ 4,570,380</u>	<u>\$ 3,841</u>	<u>\$ 7,169</u>	<u>\$ 8,761,734</u>
<u>LIABILITIES</u>								
Due to Other Taxing Units	\$ 4,029,616	\$ 21,944	\$ 0	\$ 0	\$ 0	\$ 3,841	\$ 0	\$ 4,055,401
Due to Litigants, Heirs, and Others	0	0	0	0	4,570,380	0	7,169	4,577,549
Other Current Liabilities	0	0	55,973	72,811	0	0	0	128,784
Total Liabilities	<u>\$ 4,029,616</u>	<u>\$ 21,944</u>	<u>\$ 55,973</u>	<u>\$ 72,811</u>	<u>\$ 4,570,380</u>	<u>\$ 3,841</u>	<u>\$ 7,169</u>	<u>\$ 8,761,734</u>

Exhibit I-2

Madison County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 72,880	\$ 20,861,653	\$ 20,743,911	\$ 190,622
Accounts Receivable	82,223	77,001	82,223	77,001
Due from Other Governments	3,008,375	3,761,993	3,008,375	3,761,993
Total Assets	\$ 3,163,478	\$ 24,700,647	\$ 23,834,509	\$ 4,029,616
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,163,478	\$ 24,700,647	\$ 23,834,509	\$ 4,029,616
Total Liabilities	\$ 3,163,478	\$ 24,700,647	\$ 23,834,509	\$ 4,029,616
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 677	\$ 397,942	\$ 398,619	\$ 0
Due from Other Governments	22,181	21,944	22,181	21,944
Total Assets	\$ 22,858	\$ 419,886	\$ 420,800	\$ 21,944
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 22,858	\$ 419,886	\$ 420,800	\$ 21,944
Total Liabilities	\$ 22,858	\$ 419,886	\$ 420,800	\$ 21,944
<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	\$ 36,440	\$ 373,984	\$ 376,113	\$ 34,311
Accounts Receivable	41,112	38,500	41,112	38,500
Total Assets	\$ 77,552	\$ 412,484	\$ 417,225	\$ 72,811
<u>Liabilities</u>				
Other Current Liabilities	\$ 77,552	\$ 412,484	\$ 417,225	\$ 72,811
Total Liabilities	\$ 77,552	\$ 412,484	\$ 417,225	\$ 72,811

(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	\$ 6,084,249	\$ 24,997,664	\$ 26,511,533	\$ 4,570,380
Cash Shortage	653	0	653	0
Total Assets	\$ 6,084,902	\$ 24,997,664	\$ 26,512,186	\$ 4,570,380
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 6,084,902	\$ 24,997,664	\$ 26,512,186	\$ 4,570,380
Total Liabilities	\$ 6,084,902	\$ 24,997,664	\$ 26,512,186	\$ 4,570,380
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 21,135	\$ 21,135	\$ 0
Due from Other Governments	2,067	3,841	2,067	3,841
Total Assets	\$ 2,067	\$ 24,976	\$ 23,202	\$ 3,841
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,067	\$ 24,976	\$ 23,202	\$ 3,841
Total Liabilities	\$ 2,067	\$ 24,976	\$ 23,202	\$ 3,841
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 13,860	\$ 11,907	\$ 18,845	\$ 6,922
Due from Other Governments	185	247	185	247
Total Assets	\$ 14,045	\$ 12,154	\$ 19,030	\$ 7,169
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 14,045	\$ 12,154	\$ 19,030	\$ 7,169
Total Liabilities	\$ 14,045	\$ 12,154	\$ 19,030	\$ 7,169
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 6,084,249	\$ 24,997,664	\$ 26,511,533	\$ 4,570,380
Equity in Pooled Cash and Investments	179,830	21,666,621	21,558,623	287,828
Accounts Receivable	123,335	115,501	123,335	115,501
Due from Other Governments	3,032,808	3,788,025	3,032,808	3,788,025
Cash Shortage	653	0	653	0
Total Assets	\$ 9,420,875	\$ 50,567,811	\$ 51,226,952	\$ 8,761,734
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,188,403	\$ 25,145,509	\$ 24,278,511	\$ 4,055,401
Due to Litigants, Heirs, and Others	6,098,947	25,009,818	26,531,216	4,577,549
Other Current Liabilities	133,525	412,484	417,225	128,784
Total Liabilities	\$ 9,420,875	\$ 50,567,811	\$ 51,226,952	\$ 8,761,734

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 67,816,142	\$ 370,249	\$ 4,458,666	\$ 8,375,448	\$ (54,611,779)
Support Services	40,062,244	95,458	2,136,410	4,187,724	(33,642,652)
Operation of Non-instructional Services	11,541,622	223,971	10,637,978	4,187,724	3,508,051
Total Governmental Activities	\$ 119,420,008	\$ 689,678	\$ 17,233,054	\$ 16,750,896	\$ (84,746,380)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,190,352
Local Option Sales Taxes					35,356,088
Mixed Drink Tax					1,679,596
Other Local Revenues					36,506
Grants and Contributions Not Restricted to Specific Programs					63,059,592
Miscellaneous					102,954
Total General Revenues					\$ 105,425,088
Change in Net Position					\$ 20,678,708
Net Position, July 1, 2017					76,793,492
Restatement - See Note I.D.9.					(2,684,383)
Net Position, June 30, 2018					\$ 94,787,817

Exhibit J-2

Madison County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Madison County School Department
June 30, 2018

	Major Funds			Nonmajor	Total
	General Purpose School	Central Cafeteria	Education Capital Projects	Fund School Federal Projects	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 11,497,700	\$ 4,636,704	\$ 16,366,807	\$ 365,509	\$ 32,866,720
Accounts Receivable	122,461	3,285	24,570	0	150,316
Due from Other Governments	7,537,745	0	0	731,281	8,269,026
Due from Other Funds	8,142	0	0	0	8,142
Due from Primary Government	792,447	0	0	0	792,447
Property Taxes Receivable	7,407,278	0	2,200,842	0	9,608,120
Allowance for Uncollectible Property Taxes	(144,236)	0	(45,299)	0	(189,535)
Restricted Assets	318,171	0	0	0	318,171
Total Assets	<u>\$ 27,539,708</u>	<u>\$ 4,639,989</u>	<u>\$ 18,546,920</u>	<u>\$ 1,096,790</u>	<u>\$ 51,823,407</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 216,012	\$ 62,002	\$ 76,693	\$ 9,859	\$ 364,566
Payroll Deductions Payable	3,648,881	130,426	0	287,422	4,066,729
Contracts Payable	0	0	1,563,286	0	1,563,286
Retainage Payable	0	0	82,278	0	82,278
Due to Other Funds	0	1,061	0	7,081	8,142
Total Liabilities	<u>\$ 3,864,893</u>	<u>\$ 193,489</u>	<u>\$ 1,722,257</u>	<u>\$ 304,362</u>	<u>\$ 6,085,001</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 7,175,768	\$ 0	\$ 2,125,098	\$ 0	\$ 9,300,866
Deferred Delinquent Property Taxes	70,437	0	24,561	0	94,998
Other Deferred/Unavailable Revenue	2,916,380	0	0	43,987	2,960,367
Total Deferred Inflows of Resources	<u>\$ 10,162,585</u>	<u>\$ 0</u>	<u>\$ 2,149,659</u>	<u>\$ 43,987</u>	<u>\$ 12,356,231</u>

(Continued)

Exhibit J-2

Madison County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Madison County School Department (Cont.)

	Major Funds			Nonmajor	Total
	General Purpose School	Central Cafeteria	Education Capital Projects	Fund School Federal Projects	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 54,810	\$ 0	\$ 0	\$ 0	\$ 54,810
Restricted for Operation of Non-instructional Services	0	4,446,500	0	0	4,446,500
Restricted for Capital Outlay	0	0	11,437,184	0	11,437,184
Restricted for OPEB	318,171	0	0	0	318,171
Committed:					
Committed for Education	2,527,830	0	0	0	2,527,830
Committed for Capital Outlay	0	0	3,237,820	0	3,237,820
Assigned:					
Assigned for Education	433,357	0	0	748,441	1,181,798
Unassigned	10,178,062	0	0	0	10,178,062
Total Fund Balances	<u>\$ 13,512,230</u>	<u>\$ 4,446,500</u>	<u>\$ 14,675,004</u>	<u>\$ 748,441</u>	<u>\$ 33,382,175</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,539,708</u>	<u>\$ 4,639,989</u>	<u>\$ 18,546,920</u>	<u>\$ 1,096,790</u>	<u>\$ 51,823,407</u>

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, 2018

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)		\$ 33,382,175
(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: construction in progress	3,399,979	
Add: buildings and improvements net of accumulated depreciation	59,873,233	
Add: infrastructure net of accumulated depreciation	234,636	
Add: other capital assets net of accumulated depreciation	<u>5,977,917</u>	71,577,327
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: net OPEB liability	\$ (14,908,347)	
Less: compensated absences payable	<u>(345,446)</u>	(15,253,793)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 10,359,175	
Less: deferred inflows of resources related to pensions	(10,488,679)	
Add: deferred outflows of resources related to OPEB	1,262,570	
Less: deferred inflows of resources related to OPEB	<u>(527,662)</u>	605,404
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 649,126	
Add: net pension asset - teacher retirement plan	360,112	
Add: net pension asset - teacher legacy pension plan	<u>412,101</u>	1,421,339
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,055,365</u>
Net position of governmental activities (Exhibit A)		<u>\$ 94,787,817</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, 2018

	Major Funds			Nonmajor	Total
	General Purpose School	Central Cafeteria	Education Capital Projects	Fund School Federal Projects	
<u>Revenues</u>					
Local Taxes	\$ 41,414,889	\$ 0	\$ 1,429,601	\$ 0	\$ 42,844,490
Licenses and Permits	11,498	0	0	0	11,498
Charges for Current Services	372,035	222,185	0	0	594,220
Other Local Revenues	366,295	18,384	0	0	384,679
State of Tennessee	53,328,108	76,195	0	0	53,404,303
Federal Government	142,856	9,189,680	0	9,835,499	19,168,035
Other Governments and Citizens Groups	7,089,110	0	16,750,896	0	23,840,006
Total Revenues	<u>\$ 102,724,791</u>	<u>\$ 9,506,444</u>	<u>\$ 18,180,497</u>	<u>\$ 9,835,499</u>	<u>\$ 140,247,231</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 61,100,873	\$ 0	\$ 0	\$ 6,379,169	\$ 67,480,042
Support Services	37,392,949	0	0	3,384,736	40,777,685
Operation of Non-Instructional Services	2,046,553	9,029,036	0	86,151	11,161,740
Debt Service:					
Other Debt Service	941,666	0	0	0	941,666
Capital Projects	0	0	9,318,198	0	9,318,198
Total Expenditures	<u>\$ 101,482,041</u>	<u>\$ 9,029,036</u>	<u>\$ 9,318,198</u>	<u>\$ 9,850,056</u>	<u>\$ 129,679,331</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 1,242,750	\$ 477,408	\$ 8,862,299	\$ (14,557)	\$ 10,567,900
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 81,307	\$ 0	\$ 686,686	\$ 0	\$ 767,993
Transfers In	0	0	1,700,000	0	1,700,000

(Continued)

Exhibit J-4

Madison County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Madison County School Department (Cont.)

	Major Funds			Nonmajor Fund	Total
	General Purpose School	Central Cafeteria	Education Capital Projects	School Federal Projects	Governmental Funds
<u>Other Financing Sources (Uses) (Cont.)</u>					
Transfers Out	\$ (1,700,000)	\$ 0	\$ 0	\$ 0	\$ (1,700,000)
Total Other Financing Sources (Uses)	\$ (1,618,693)	\$ 0	\$ 2,386,686	\$ 0	\$ 767,993
Net Change in Fund Balances	\$ (375,943)	\$ 477,408	\$ 11,248,985	\$ (14,557)	\$ 11,335,893
Fund Balance, July 1, 2017	13,888,173	3,969,092	3,426,019	762,998	22,046,282
Fund Balance, June 30, 2018	\$ 13,512,230	\$ 4,446,500	\$ 14,675,004	\$ 748,441	\$ 33,382,175

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, 2018

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)		\$ 11,335,893
(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	\$ 7,918,247	
Less: current-year depreciation expense	<u>(3,630,171)</u>	4,288,076
(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, 2018	\$ 3,055,365	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(3,203,880)</u>	(148,515)
(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 net OPEB liability (net of restatement)	\$ 544,890	
Change in compensated absences payable	(33,602)	
Change in net pension asset - agent plan	1,453,986	
Change in net pension asset - teacher retirement plan	206,651	
Change in net pension - teacher legacy pension plan	8,550,081	
Change in deferred outflows related to pensions	(6,410,093)	
Change in deferred inflows related to pensions	1,305,632	
Change in deferred outflows related to OPEB (net of restatement)	113,371	
Change in deferred inflows related to OPEB	<u>(527,662)</u>	<u>5,203,254</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 20,678,708</u>

Exhibit J-6

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 41,414,889	\$ 0	\$ 0	\$ 41,414,889	\$ 46,973,040	\$ 42,352,846	\$ (937,957)
Licenses and Permits	11,498	0	0	11,498	9,518	9,518	1,980
Charges for Current Services	372,035	0	0	372,035	351,500	351,500	20,535
Other Local Revenues	366,295	0	0	366,295	246,000	252,250	114,045
State of Tennessee	53,328,108	0	0	53,328,108	51,924,117	53,645,972	(317,864)
Federal Government	142,856	0	0	142,856	125,000	125,000	17,856
Other Governments and Citizens Groups	7,089,110	0	0	7,089,110	0	7,143,400	(54,290)
Total Revenues	\$ 102,724,791	\$ 0	\$ 0	\$ 102,724,791	\$ 99,629,175	\$ 103,880,486	\$ (1,155,695)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 48,286,239	\$ (62,942)	\$ 35,052	\$ 48,258,349	\$ 48,519,850	\$ 49,120,846	\$ 862,497
Special Education Program	9,741,000	0	135,118	9,876,118	9,956,775	10,212,175	336,057
Career and Technical Education Program	3,073,634	(7,425)	5,500	3,071,709	2,867,500	3,123,900	52,191
<u>Support Services</u>							
Attendance	236,601	(2,191)	527	234,937	306,550	314,488	79,551
Health Services	800,801	0	0	800,801	864,800	865,300	64,499
Other Student Support	3,769,027	(35,164)	3,348	3,737,211	3,826,600	3,871,940	134,729
Regular Instruction Program	3,789,170	(5,268)	179	3,784,081	4,153,400	4,103,397	319,316
Special Education Program	794,981	0	0	794,981	730,335	854,585	59,604
Career and Technical Education Program	87,295	0	0	87,295	90,300	90,300	3,005
Technology	1,381,115	0	37,203	1,418,318	1,423,600	1,454,600	36,282
Other Programs	748,980	0	0	748,980	0	748,980	0
Board of Education	1,988,380	(125)	47,538	2,035,793	2,039,520	2,305,020	269,227
Director of Schools	774,137	(10,184)	4,751	768,704	927,400	910,700	141,996
Office of the Principal	6,897,433	0	0	6,897,433	7,020,200	7,089,200	191,767
Fiscal Services	767,184	0	324	767,508	812,050	814,650	47,142
Human Services/Personnel	546,431	0	113	546,544	566,700	570,700	24,156
Operation of Plant	5,865,574	0	0	5,865,574	5,995,000	6,120,000	254,426

(Continued)

Exhibit J-6

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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 3,251,311	\$ (20,619)	\$ 53,970	\$ 3,284,662	\$ 3,196,600	\$ 3,370,763	\$ 86,101
Transportation	5,694,232	(5,708)	17,237	5,705,761	5,733,300	6,150,852	445,091
Central and Other	297	0	0	297	0	0	(297)
<u>Operation of Non-Instructional Services</u>							
Community Services	447,925	0	0	447,925	488,400	500,700	52,775
Early Childhood Education	1,598,628	(1,132)	7,500	1,604,996	1,656,478	1,698,375	93,379
<u>Capital Outlay</u>							
Regular Capital Outlay	0	0	84,997	84,997	0	85,000	3
<u>Other Debt Service</u>							
Education	941,666	0	0	941,666	941,666	941,666	0
Total Expenditures	\$ 101,482,041	\$ (150,758)	\$ 433,357	\$ 101,764,640	\$ 102,117,024	\$ 105,318,137	\$ 3,553,497
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 1,242,750	\$ 150,758	\$ (433,357)	\$ 960,151	\$ (2,487,849)	\$ (1,437,651)	\$ 2,397,802
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 81,307	\$ 0	\$ 0	\$ 81,307	\$ 0	\$ 72,806	\$ 8,501
Transfers Out	(1,700,000)	0	0	(1,700,000)	(1,700,000)	(1,700,000)	0
Total Other Financing Sources	\$ (1,618,693)	\$ 0	\$ 0	\$ (1,618,693)	\$ (1,700,000)	\$ (1,627,194)	\$ 8,501
Net Change in Fund Balance							
Fund Balance, July 1, 2017	\$ (375,943)	\$ 150,758	\$ (433,357)	\$ (658,542)	\$ (4,187,849)	\$ (3,064,845)	\$ 2,406,303
	13,888,173	(150,758)	0	13,737,415	12,986,753	13,737,414	1
Fund Balance, June 30, 2018	\$ 13,512,230	\$ 0	\$ (433,357)	\$ 13,078,873	\$ 8,798,904	\$ 10,672,569	\$ 2,406,304

Exhibit J-7

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, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 9,835,499	\$ 0	\$ 9,835,499	\$ 9,112,962	\$ 11,533,639	\$ (1,698,140)
Total Revenues	\$ 9,835,499	\$ 0	\$ 9,835,499	\$ 9,112,962	\$ 11,533,639	\$ (1,698,140)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 3,395,156	\$ 0	\$ 3,395,156	\$ 2,863,215	\$ 3,652,262	\$ 257,106
Special Education Program	2,756,353	1,263	2,757,616	2,864,631	3,442,453	684,837
Career and Technical Education Program	227,660	0	227,660	238,000	232,405	4,745
<u>Support Services</u>						
Health Services	253,961	0	253,961	259,261	300,210	46,249
Other Student Support	415,360	0	415,360	513,793	491,266	75,906
Regular Instruction Program	2,093,317	0	2,093,317	1,723,035	2,508,267	414,950
Special Education Program	558,810	0	558,810	509,370	751,354	192,544
Career and Technical Education Program	3,754	0	3,754	5,000	4,000	246
Transportation	59,534	0	59,534	48,657	63,262	3,728
<u>Operation of Non-Instructional Services</u>						
Food Service	0	0	0	0	160	160
Community Services	86,151	0	86,151	88,000	88,000	1,849
Total Expenditures	\$ 9,850,056	\$ 1,263	\$ 9,851,319	\$ 9,112,962	\$ 11,533,639	\$ 1,682,320
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,557)	\$ (1,263)	\$ (15,820)	\$ 0	\$ 0	\$ (15,820)
Net Change in Fund Balance	\$ (14,557)	\$ (1,263)	\$ (15,820)	\$ 0	\$ 0	\$ (15,820)
Fund Balance, July 1, 2017	762,998	0	762,998	750,000	762,998	0
Fund Balance, June 30, 2018	\$ 748,441	\$ (1,263)	\$ 747,178	\$ 750,000	\$ 762,998	\$ (15,820)

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
Central Cafeteria Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 222,185	\$ 0	\$ 0	\$ 222,185	\$ 300,700	\$ 300,700	\$ (78,515)
Other Local Revenues	18,384	0	0	18,384	10,000	10,000	8,384
State of Tennessee	76,195	0	0	76,195	81,000	81,000	(4,805)
Federal Government	9,189,680	0	0	9,189,680	9,545,000	9,545,000	(355,320)
Total Revenues	<u>\$ 9,506,444</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,506,444</u>	<u>\$ 9,936,700</u>	<u>\$ 9,936,700</u>	<u>\$ (430,256)</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 9,029,036	\$ (143,324)	\$ 680,760	\$ 9,566,472	\$ 9,936,700	\$ 11,489,000	\$ 1,922,528
Total Expenditures	<u>\$ 9,029,036</u>	<u>\$ (143,324)</u>	<u>\$ 680,760</u>	<u>\$ 9,566,472</u>	<u>\$ 9,936,700</u>	<u>\$ 11,489,000</u>	<u>\$ 1,922,528</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 477,408	\$ 143,324	\$ (680,760)	\$ (60,028)	\$ 0	\$ (1,552,300)	\$ 1,492,272
Net Change in Fund Balance	\$ 477,408	\$ 143,324	\$ (680,760)	\$ (60,028)	\$ 0	\$ (1,552,300)	\$ 1,492,272
Fund Balance, July 1, 2017	3,969,092	(143,324)	0	3,825,768	3,218,584	3,285,768	540,000
Fund Balance, June 30, 2018	<u>\$ 4,446,500</u>	<u>\$ 0</u>	<u>\$ (680,760)</u>	<u>\$ 3,765,740</u>	<u>\$ 3,218,584</u>	<u>\$ 1,733,468</u>	<u>\$ 2,032,272</u>

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
Education Capital Projects Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,429,601	\$ 0	\$ 0	\$ 1,429,601	\$ 1,350,691	\$ 1,350,691	\$ 78,910
Other Governments and Citizens Groups	16,750,896	0	0	16,750,896	0	6,750,000	10,000,896
Total Revenues	\$ 18,180,497	\$ 0	\$ 0	\$ 18,180,497	\$ 1,350,691	\$ 8,100,691	\$ 10,079,806
<u>Expenditures</u>							
<u>Capital Projects</u>							
Education Capital Projects	\$ 9,318,198	\$ (2,927,244)	\$ 2,460,032	\$ 8,850,986	\$ 3,737,578	\$ 11,417,081	\$ 2,566,095
Total Expenditures	\$ 9,318,198	\$ (2,927,244)	\$ 2,460,032	\$ 8,850,986	\$ 3,737,578	\$ 11,417,081	\$ 2,566,095
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,862,299	\$ 2,927,244	\$ (2,460,032)	\$ 9,329,511	\$ (2,386,887)	\$ (3,316,390)	\$ 12,645,901
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,750,000	\$ 0	\$ 0
Insurance Recovery	686,686	0	0	686,686	532,267	711,770	(25,084)
Transfers In	1,700,000	0	0	1,700,000	1,700,000	1,700,000	0
Total Other Financing Sources	\$ 2,386,686	\$ 0	\$ 0	\$ 2,386,686	\$ 8,982,267	\$ 2,411,770	\$ (25,084)
Net Change in Fund Balance	\$ 11,248,985	\$ 2,927,244	\$ (2,460,032)	\$ 11,716,197	\$ 6,595,380	\$ (904,620)	\$ 12,620,817
Fund Balance, July 1, 2017	3,426,019	(2,927,244)	0	498,775	941,895	498,775	0
Fund Balance, June 30, 2018	\$ 14,675,004	\$ 0	\$ (2,460,032)	\$ 12,214,972	\$ 7,537,275	\$ (405,845)	\$ 12,620,817

Exhibit J-10

Madison County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Madison County School Department
Fiduciary Fund
June 30, 2018

	<u>Other Trust Pension Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 1,014,222</u>
Total Assets	<u>\$ 1,014,222</u>
<u>NET POSITION</u>	
Funds Held in Trust for Retirees	<u>\$ 1,014,222</u>
Total Net Position	<u><u>\$ 1,014,222</u></u>

Exhibit J-11

Madison County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Madison County School Department
Fiduciary Fund
For the Year Ended June 30, 2018

	Other Trust <hr/> Pension Trust Fund <hr/>
<u>ADDITIONS</u>	
<u>Contributions</u>	
Tennessee Consolidated Retirement System	\$ 240,818
Employer	134,803
Total Contributions	<u>\$ 375,621</u>
<u>Investment Income</u>	
Interest Earned	\$ 3,518
Total Investment Income	<u>\$ 3,518</u>
Total Additions	<u>\$ 379,139</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 375,621
Trustee's Commission	35
Total Deductions	<u>\$ 375,656</u>
Change in Net Position	\$ 3,483
Net Position, July 1, 2017	<u>1,010,739</u>
Net Position, June 30, 2018	<u><u>\$ 1,014,222</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Madison County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-18
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Capital Outlay Note, Series 2017A	\$ 1,000,000	2.48	% 6-27-17	4-1-28	\$ 1,000,000	\$ 0	\$ 85,000	\$ 915,000
General Capital Outlay Note, Series 2017B	9,000,000	2.51	12-7-17	4-1-29	0	9,000,000	0	9,000,000
Total Notes Payable					<u>\$ 1,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 85,000</u>	<u>\$ 9,915,000</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Refunding Bonds, Series 2006	2,355,000	4.8	3-15-06	4-1-19	\$ 2,355,000	\$ 0	\$ 0	\$ 2,355,000
Build America Bonds	10,820,000	1.1 to 5.25	11-17-09	4-20-25	7,045,000	0	725,000	6,320,000
Refunding Bonds, Series 2010	15,395,000	3 to 4	3-31-10	6-30-23	15,395,000	0	0	15,395,000
Refunding Bonds, Series 2014	17,150,000	2	4-9-14	4-1-18	6,385,000	0	6,385,000	0
General Obligation Bonds, Series 2018	34,805,000	5	5-23-18	5-1-28	0	34,805,000	0	34,805,000
Total Bonds Payable					<u>\$ 31,180,000</u>	<u>\$ 34,805,000</u>	<u>\$ 7,110,000</u>	<u>\$ 58,875,000</u>

Exhibit K-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2019	\$ 811,000	\$ 248,592	\$ 1,059,592
2020	828,000	228,260	1,056,260
2021	850,000	207,502	1,057,502
2022	868,000	186,193	1,054,193
2023	890,000	164,432	1,054,432
2024	907,000	142,120	1,049,120
2025	930,000	119,382	1,049,382
2026	953,000	96,068	1,049,068
2027	975,000	72,177	1,047,177
2028	993,000	47,735	1,040,735
2029	910,000	22,841	932,841
Total	\$ 9,915,000	\$ 1,535,302	\$ 11,450,302

Year Ending June 30	Bonds		Total
	Principal	Interest	
2019	\$ 4,255,000	\$ 2,601,724	\$ 6,856,724
2020	7,985,000	2,528,732	10,513,732
2021	8,350,000	2,174,895	10,524,895
2022	8,715,000	1,802,525	10,517,525
2023	6,370,000	1,449,406	7,819,406
2024	4,835,000	1,164,000	5,999,000
2025	5,030,000	920,750	5,950,750
2026	4,230,000	666,750	4,896,750
2027	4,440,000	455,250	4,895,250
2028	4,665,000	233,250	4,898,250
Total	\$ 58,875,000	\$ 13,997,282	\$ 72,872,282

Exhibit K-3

Madison County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Madison County School Department
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ 225,000
Highway/Public Works	General	Finance Department operations	29,203
General Debt Service	General Capital Projects	Capital outlay	<u>125,000</u>
Total Transfers Primary Government			<u>\$ 379,203</u>
<u>DISCRETELY PRESENTED MADISON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital outlay	<u>\$ 1,700,000</u>
Total Transfers Discretely Presented Madison County School Department			<u>\$ 1,700,000</u>

Exhibit K-4

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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 115,034	\$ 100,000	Cincinnati Insurance Company
Highway Engineer	Section 8-24-102, TCA	123,318 (1)	100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	175,000	400,000	Local Government Property and Casualty Fund
Trustee	Section 8-24-102, TCA	86,842 (2)	4,209,913	Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, TCA	86,842 (2)	50,000	"
Director of Finance	County Commission	97,492 (3)	100,000	"
County Clerk	Section 8-24-102, TCA	86,842 (2)	100,000	"
Circuit and General Session Courts Clerk	Section 8-24-102, TCA	95,339 (4)	100,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	95,339 (4) (5)	120,000	RLI Insurance Company
Juvenile Court Clerk	Chapter 212, Private Acts of 1990	84,996	100,000	Cincinnati Insurance Company
Register of Deeds	Section 8-24-102, TCA	86,842 (2)	100,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	109,618 (6)	100,000	"
Employees Blanket Bond:				
Office:				
County Mayor:				
	All Employees		400,000	Local Government Property and Casualty Fund
Highway Engineer:				
	All Employees		400,000	"
Director of Schools:				
	All Employees		400,000	"

(1) Includes accrued leave of \$9,922 and a certified public administrator supplement of \$1,846.

(2) Includes a certified public administrator supplement of \$1,846.

(3) Includes educational incentive pay of \$3,000.

(4) Includes additional compensation of \$8,500 for multiple courts and a certified public administrator supplement of \$1,846.

(5) Does not include special commissioner fees of \$2,553.

(6) Includes compensation of \$15,550 for supervision of the county workhouse (penal farm) and a law enforcement training supplement of \$600.

Exhibit K-5

Madison County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2018

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 24,243,541	\$ 1,255,007	\$ 930,258	\$ 0	\$ 0
Trustee's Collections - Prior Year	594,708	31,315	23,719	0	0
Trustee's Collections - Bankruptcy	48,386	2,603	1,925	190	0
Circuit Clerk/Clerk and Master Collections - Prior Years	446,333	26,812	18,075	0	0
Interest and Penalty	103,106	5,661	4,227	0	0
Payments in-Lieu-of Taxes - Local Utilities	469,077	24,412	18,095	0	0
Payments in-Lieu-of Taxes - Other	222,759	11,475	8,506	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,083,944	0	0	0	0
Hotel/Motel Tax	499,883	0	0	0	0
Litigation Tax - General	342,977	0	0	0	0
Litigation Tax - Special Purpose	315,100	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	980,807	0	0	970,039	0
Mixed Drink Tax	329	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	112,405	5,850	4,336	0	0
Wholesale Beer Tax	265,923	0	0	0	0
Total Local Taxes	\$ 29,729,278	\$ 1,363,135	\$ 1,009,141	\$ 970,229	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 44,105	\$ 0	\$ 0	\$ 0	\$ 0
Animal Vaccination	6,601	0	0	0	0
Cable TV Franchise	305,577	0	0	0	0

(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
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Building Permits	\$ 151,507	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	475	0	0	0	0
Total Licenses and Permits	<u>\$ 508,265</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 16,413	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	37,107	0	0	0	0
Drug Control Fines	2,532	0	0	0	0
Drug Court Fees	3,848	0	0	0	0
Jail Fees	19,019	0	0	0	0
DUI Treatment Fines	2,019	0	0	0	0
Data Entry Fee - Circuit Court	3,239	0	0	0	0
Courtroom Security Fee	1,109	0	0	0	0
Victims Assistance Assessments	5,764	0	0	0	0
<u>General Sessions Court</u>					
Fines	41,663	0	0	0	0
Officers Costs	182,873	0	0	0	0
Game and Fish Fines	436	0	0	0	0
Drug Control Fines	23,833	0	0	0	0
Drug Court Fees	6,755	0	0	0	0
Jail Fees	46,804	0	0	0	0
Interpreter Fee	71	0	0	0	0
DUI Treatment Fines	15,602	0	0	0	0
Data Entry Fee - General Sessions Court	55,635	0	0	0	0

(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
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Courtroom Security Fee	\$ 1,494	\$ 0	\$ 0	\$ 0	\$ 0
Victims Assistance Assessments	23,223	0	0	0	0
<u>Juvenile Court</u>					
Officers Costs	2,040	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	8,165	0	0	0	0
Data Entry Fee - Chancery Court	25,744	0	0	0	0
Courtroom Security Fee	11	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	44,072	0	0	0	0
Other Fines, Forfeitures, and Penalties	5,391	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 574,862	\$ 0	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 134,038	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	0	125,830	0	0
Patient Charges	3,298	0	0	0	0
Health Department Collections	190,712	0	0	0	577,814
Other General Service Charges	10,014	550	0	0	0
<u>Fees</u>					
Engineer Review Fees	11,908	0	0	0	0
Recreation Fees	117,539	0	0	0	0
Copy Fees	1,898	0	0	0	0
Greenbelt Late Application Fee	200	0	0	0	0

(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
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	\$ 248,252	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	125,817	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	27,062	0	0	0	0
Data Processing Fee - Sheriff	12,435	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,800	0	0	0	0
Data Processing Fee - County Clerk	10,563	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	800	0	0	0	0
<u>Education Charges</u>					
Community Service Fees - Adults	0	0	0	0	502,729
TBI Criminal Background Fee	2,410	0	0	0	0
Total Charges for Current Services	\$ 766,708	\$ 550	\$ 259,868	\$ 0	\$ 1,080,543
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,217	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	66,409	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Sale of Recycled Materials	0	0	44,529	0	0
Miscellaneous Refunds	156,026	201	6,752	0	0
Expenditure Credits	10,085	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	37,672	0	0	0	0
Sale of Property	93,177	0	0	0	0
Damages Recovered from Individuals	500	0	0	0	0

(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
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 22,368	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	<u>\$ 388,454</u>	<u>\$ 201</u>	<u>\$ 51,281</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 999,379	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	513,145	0	0	0	0
General Sessions Court Clerk	1,179,710	0	0	0	0
Clerk and Master	706,370	0	0	0	0
Juvenile Court Clerk	107,828	0	0	0	0
Register	385,154	0	0	0	0
Sheriff	52,374	0	0	0	0
Trustee	2,014,754	0	0	0	0
Total Fees Received From County Officials	<u>\$ 5,958,714</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
State Reappraisal Grant	\$ 748	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	62,400	0	0	0	0
Drug Control Grants	0	0	0	0	81,882
Other Public Safety Grants	1,000	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	2,950,067

(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
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants</u>					
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Aid Program	0	0	0	0	0
Litter Program	0	0	0	0	33,203
<u>Other State Revenues</u>					
Income Tax	329,613	0	0	0	0
Beer Tax	17,839	0	0	0	0
Vehicle Certificate of Title Fees	17,739	0	0	0	0
Alcoholic Beverage Tax	166,534	0	0	0	0
State Revenue Sharing - Telecommunications	159,512	0	0	0	0
Emergency Hospital - Prisoners	1,165	0	0	0	0
Board of Jurors	5,000	0	0	0	0
Prisoner Transportation	16,980	0	0	0	0
Contracted Prisoner Boarding	574,172	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	276,322	0	0	0	0
Other State Revenues	16,482	9,000	0	0	892,056
Total State of Tennessee	\$ 1,660,670	\$ 9,000	\$ 0	\$ 0	\$ 3,957,208
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 94,000	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	664	0	0	0	0
Law Enforcement Grants	52,397	0	0	0	0
Other Federal through State	14,106	186,588	0	0	87,261

(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
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Tax Credit Bond Rebate	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Direct Federal Revenue	26,821	0	0	0	0
Total Federal Government	<u>\$ 187,988</u>	<u>\$ 186,588</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 87,261</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 28,748	\$ 166,393	\$ 0	\$ 0	\$ 0
Contributions	555,656	0	0	0	0
Contracted Services	1,610,711	0	0	0	263,002
Total Other Governments and Citizens Groups	<u>\$ 2,195,115</u>	<u>\$ 166,393</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 263,002</u>
Total	<u>\$ 41,970,054</u>	<u>\$ 1,725,867</u>	<u>\$ 1,320,290</u>	<u>\$ 970,229</u>	<u>\$ 5,388,014</u>

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service	Capital
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	Fund	Projects Funds
					General Debt Service	General Capital Projects
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 6,288,090	\$ 0	\$ 1,728,511	\$ 9,345,207	\$ 2,834,792
Trustee's Collections - Prior Year	0	29,315	0	40,618	180,168	57,882
Trustee's Collections - Bankruptcy	0	8,545	0	3,601	18,002	5,335
Circuit Clerk/Clerk and Master Collections - Prior Years	0	500	0	34,620	138,521	42,187
Interest and Penalty	0	9,279	0	7,471	34,386	10,828
Payments in-Lieu-of Taxes - Local Utilities	0	122,262	0	33,622	181,314	55,140
Payments in-Lieu-of Taxes - Other	0	57,032	0	15,805	85,232	25,920
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0	0
Litigation Tax - General	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	339,975	0
Business Tax	0	0	0	0	0	0
Mixed Drink Tax	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	46,415	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	29,298	0	8,057	43,448	13,213
Wholesale Beer Tax	0	0	0	0	0	0
Total Local Taxes	\$ 0	\$ 6,544,321	\$ 0	\$ 1,918,720	\$ 10,366,253	\$ 3,045,297
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Animal Vaccination	0	0	0	0	0	0
Cable TV Franchise	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				Debt Service	Capital
	Drug Control	Other Special Revenue	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	0	0	0	0	0	0
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
Victims Assistance Assessments	0	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	0
Officers Costs	0	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0	0
Drug Control Fines	24,120	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0
Interpreter Fee	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	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				Debt Service	Capital
	Drug Control	Other Special Revenue	Constitutional - Officers - Fees	Highway / Public Works	Fund General Debt Service	Projects Funds General Capital Projects
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Victims Assistance Assessments	0	0	0	0	0	0
<u>Juvenile Court</u>						
Officers Costs	0	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	49,410	0	0	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 73,530	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	0	0	0	0	0
Patient Charges	0	0	0	0	0	0
Health Department Collections	0	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	0
<u>Fees</u>						
Engineer Review Fees	0	0	0	0	0	0
Recreation Fees	0	0	0	0	0	0
Copy Fees	0	0	0	0	0	0
Greenbelt Late Application Fee	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				Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	2,553	0	0	0
Data Processing Fee - Register	0	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	0
Data Processing Fee - County Clerk	0	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	0	0	0	0	0	0
TBI Criminal Background Fee	0	0	0	0	0	0
Total Charges for Current Services	\$ 0	\$ 0	\$ 2,553	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 363,334	\$ 0
Lease/Rentals	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	6,557	0	0
Sale of Recycled Materials	0	0	0	0	0	0
Miscellaneous Refunds	0	0	0	0	0	0
Expenditure Credits	0	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	80,608
Sale of Property	0	0	0	0	0	0
Damages Recovered from Individuals	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				Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 6,557	\$ 363,334	\$ 80,608
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	0	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0	0
Clerk and Master	0	0	0	0	0	0
Juvenile Court Clerk	0	0	0	0	0	0
Register	0	0	0	0	0	0
Sheriff	0	0	0	0	0	0
Trustee	0	0	0	0	0	0
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
State Reappraisal Grant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	0
Drug Control Grants	0	0	0	0	0	0
Other Public Safety Grants	0	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	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				Debt Service	Capital
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	Fund	Projects Funds
					General Debt Service	General Capital Projects
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 725,836	\$ 0	\$ 0
State Aid Program	0	0	0	2,328,708	0	0
Litter Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	0
Beer Tax	0	0	0	0	0	0
Vehicle Certificate of Title Fees	0	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0	0
State Revenue Sharing - Telecommunications	0	0	0	0	0	0
Emergency Hospital - Prisoners	0	0	0	0	0	0
Board of Jurors	0	0	0	0	0	0
Prisoner Transportation	0	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	3,013,354	0	0
Petroleum Special Tax	0	0	0	70,923	0	0
Registrar's Salary Supplement	0	0	0	0	0	0
Other State Grants	0	0	0	0	0	106,764
Other State Revenues	0	0	0	0	0	0
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 6,138,821	\$ 0	\$ 106,764
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	0
Law Enforcement Grants	0	0	0	0	0	0
Other Federal through State	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				Debt Service Fund	Capital Projects Funds
	Drug Control	Other Special Revenue	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,082	\$ 0
Other Direct Federal Revenue	0	0	0	0	0	0
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,082	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	0	0	0	941,666	0
Contracted Services	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 941,666	\$ 0
Total	\$ 73,530	\$ 6,544,321	\$ 2,553	\$ 8,064,098	\$ 11,784,335	\$ 3,232,669

(Continued)

Exhibit K-5

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

	<u>Capital</u> <u>Projects Fund</u> <u>Community</u> <u>Development/</u> <u>Industrial</u> <u>Park</u>	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 46,625,406
Trustee's Collections - Prior Year	0	957,725
Trustee's Collections - Bankruptcy	0	88,587
Circuit Clerk/Clerk and Master Collections - Prior Years	0	707,048
Interest and Penalty	0	174,958
Payments in-Lieu-of Taxes - Local Utilities	0	903,922
Payments in-Lieu-of Taxes - Other	0	426,729
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	1,083,944
Hotel/Motel Tax	0	499,883
Litigation Tax - General	0	342,977
Litigation Tax - Special Purpose	0	315,100
Litigation Tax - Jail, Workhouse, or Courthouse	0	339,975
Business Tax	0	1,950,846
Mixed Drink Tax	0	329
Mineral Severance Tax	0	46,415
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	216,607
Wholesale Beer Tax	0	265,923
Total Local Taxes	<u>\$ 0</u>	<u>\$ 54,946,374</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Registration	\$ 0	\$ 44,105
Animal Vaccination	0	6,601
Cable TV Franchise	0	305,577

(Continued)

Exhibit K-5

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

	<u>Capital Projects Fund Community Development/ Industrial Park</u>	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Building Permits	\$ 0	\$ 151,507
Other Permits	0	475
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 508,265</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 16,413
Officers Costs	0	37,107
Drug Control Fines	0	2,532
Drug Court Fees	0	3,848
Jail Fees	0	19,019
DUI Treatment Fines	0	2,019
Data Entry Fee - Circuit Court	0	3,239
Courtroom Security Fee	0	1,109
Victims Assistance Assessments	0	5,764
<u>General Sessions Court</u>		
Fines	0	41,663
Officers Costs	0	182,873
Game and Fish Fines	0	436
Drug Control Fines	0	47,953
Drug Court Fees	0	6,755
Jail Fees	0	46,804
Interpreter Fee	0	71
DUI Treatment Fines	0	15,602
Data Entry Fee - General Sessions Court	0	55,635

(Continued)

Exhibit K-5

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

	<u>Capital Projects Fund Community Development/ Industrial Park</u>	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>General Sessions Court (Cont.)</u>		
Courtroom Security Fee	\$ 0	\$ 1,494
Victims Assistance Assessments	0	23,223
<u>Juvenile Court</u>		
Officers Costs	0	2,040
<u>Chancery Court</u>		
Officers Costs	0	8,165
Data Entry Fee - Chancery Court	0	25,744
Courtroom Security Fee	0	11
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	93,482
Other Fines, Forfeitures, and Penalties	0	5,391
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 648,392</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 134,038
Surcharge - Waste Tire Disposal	0	125,830
Patient Charges	0	3,298
Health Department Collections	0	768,526
Other General Service Charges	0	10,564
<u>Fees</u>		
Engineer Review Fees	0	11,908
Recreation Fees	0	117,539
Copy Fees	0	1,898
Greenbelt Late Application Fee	0	200

(Continued)

Exhibit K-5

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Telephone Commissions	\$ 0	\$ 248,252
Vending Machine Collections	0	125,817
Constitutional Officers' Fees and Commissions	0	2,553
Data Processing Fee - Register	0	27,062
Data Processing Fee - Sheriff	0	12,435
Sexual Offender Registration Fee - Sheriff	0	3,800
Data Processing Fee - County Clerk	0	10,563
Vehicle Insurance Coverage and Reinstatement Fees	0	800
<u>Education Charges</u>		
Community Service Fees - Adults	0	502,729
TBI Criminal Background Fee	0	2,410
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 2,110,222</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 365,551
Lease/Rentals	26,604	93,013
Sale of Materials and Supplies	0	6,557
Sale of Recycled Materials	0	44,529
Miscellaneous Refunds	0	162,979
Expenditure Credits	0	10,085
<u>Nonrecurring Items</u>		
Sale of Equipment	0	118,280
Sale of Property	0	93,177
Damages Recovered from Individuals	0	500

(Continued)

Exhibit K-5

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Other Local Revenues (Cont.)</u>		
<u>Other Local Revenues</u>		
Other Local Revenues	\$ 0	\$ 22,368
Total Other Local Revenues	<u>\$ 26,604</u>	<u>\$ 917,039</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 999,379
Circuit Court Clerk	0	513,145
General Sessions Court Clerk	0	1,179,710
Clerk and Master	0	706,370
Juvenile Court Clerk	0	107,828
Register	0	385,154
Sheriff	0	52,374
Trustee	0	2,014,754
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 5,958,714</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
State Reappraisal Grant	\$ 0	\$ 748
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	62,400
Drug Control Grants	0	81,882
Other Public Safety Grants	0	1,000
<u>Health and Welfare Grants</u>		
Health Department Programs	0	2,950,067

(Continued)

Exhibit K-5

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>State of Tennessee (Cont.)</u>		
<u>Public Works Grants</u>		
Bridge Program	\$ 0	\$ 725,836
State Aid Program	0	2,328,708
Litter Program	0	33,203
<u>Other State Revenues</u>		
Income Tax	0	329,613
Beer Tax	0	17,839
Vehicle Certificate of Title Fees	0	17,739
Alcoholic Beverage Tax	0	166,534
State Revenue Sharing - Telecommunications	0	159,512
Emergency Hospital - Prisoners	0	1,165
Board of Jurors	0	5,000
Prisoner Transportation	0	16,980
Contracted Prisoner Boarding	0	574,172
Gasoline and Motor Fuel Tax	0	3,013,354
Petroleum Special Tax	0	70,923
Registrar's Salary Supplement	0	15,164
Other State Grants	0	383,086
Other State Revenues	0	917,538
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 11,872,463</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Civil Defense Reimbursement	\$ 0	\$ 94,000
Disaster Relief	0	664
Law Enforcement Grants	0	52,397
Other Federal through State	0	287,955

(Continued)

Exhibit K-5

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

	<u>Capital Projects Fund Community Development/ Industrial Park</u>	<u>Total</u>
<hr/>		
<u>Federal Government (Cont.)</u>		
<u>Direct Federal Revenue</u>		
Tax Credit Bond Rebate	\$ 0	\$ 113,082
Other Direct Federal Revenue	0	26,821
Total Federal Government	<u>\$ 0</u>	<u>\$ 574,919</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 195,141
Contributions	0	1,497,322
Contracted Services	0	1,873,713
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 3,566,176</u>
Total	<u>\$ 26,604</u>	<u>\$ 81,102,564</u>

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, 2018

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,603,736	\$ 0	\$ 0	\$ 1,257,128	\$ 4,860,864
Trustee's Collections - Prior Year	96,890	0	0	60,732	157,622
Trustee's Collections - Bankruptcy	9,564	0	0	3,517	13,081
Circuit Clerk/Clerk and Master Collections - Prior Years	117,737	0	0	56,152	173,889
Interest and Penalty	17,954	0	0	10,147	28,101
Payments in-Lieu-of Taxes - T.V.A.	1,539	0	0	0	1,539
Payments in-Lieu-of Taxes - Local Utilities	70,097	0	0	24,452	94,549
Payments in-Lieu-of Taxes - Other	259,088	0	0	11,613	270,701
<u>County Local Option Taxes</u>					
Local Option Sales Tax	35,621,733	0	0	0	35,621,733
Mixed Drink Tax	1,599,754	0	0	0	1,599,754
<u>Statutory Local Taxes</u>					
Bank Excise Tax	16,797	0	0	5,860	22,657
Total Local Taxes	\$ 41,414,889	\$ 0	\$ 0	\$ 1,429,601	\$ 42,844,490
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 8,398	\$ 0	\$ 0	\$ 0	\$ 8,398
<u>Permits</u>					
Other Permits	3,100	0	0	0	3,100
Total Licenses and Permits	\$ 11,498	\$ 0	\$ 0	\$ 0	\$ 11,498

(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 Education Capital Projects	Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 1,786	\$ 0	\$ 0	\$ 0	\$ 1,786
<u>Education Charges</u>					
Tuition - Other	370,249	0	0	0	370,249
Lunch Payments - Adults	0	0	92,910	0	92,910
A la Carte Sales	0	0	129,275	0	129,275
Total Charges for Current Services	\$ 372,035	\$ 0	\$ 222,185	\$ 0	\$ 594,220
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	13,317	\$ 0	\$ 13,317
Lease/Rentals	92,358	0	0	0	92,358
Sale of Recycled Materials	22,880	0	0	0	22,880
Miscellaneous Refunds	18,234	0	0	0	18,234
<u>Nonrecurring Items</u>					
Gain on Retirement of Debt	24,612	0	0	0	24,612
Sale of Equipment	30,147	0	5,067	0	35,214
Damages Recovered from Individuals	2,014	0	0	0	2,014
Contributions and Gifts	176,050	0	0	0	176,050
Total Other Local Revenues	\$ 366,295	\$ 0	\$ 18,384	\$ 0	\$ 384,679
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 748,980	\$ 0	\$ 0	\$ 0	\$ 748,980

(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</u>					
Basic Education Program	\$ 49,313,762	\$ 0	\$ 0	\$ 0	\$ 49,313,762
Early Childhood Education	1,236,525	0	0	0	1,236,525
School Food Service	0	0	76,195	0	76,195
Other State Education Funds	264,850	0	0	0	264,850
Career Ladder Program	222,538	0	0	0	222,538
Vocational Equipment	144,998	0	0	0	144,998
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	1,204,133	0	0	0	1,204,133
Other State Grants	190,822	0	0	0	190,822
Other State Revenues	1,500	0	0	0	1,500
Total State of Tennessee	\$ 53,328,108	\$ 0	\$ 76,195	\$ 0	\$ 53,404,303
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 5,011,011	\$ 0	\$ 5,011,011
USDA - Commodities	0	0	649,470	0	649,470
Breakfast	0	0	3,288,998	0	3,288,998
USDA - Other	0	0	240,201	0	240,201
Vocational Education - Basic Grants to States	0	404,739	0	0	404,739
Title I Grants to Local Education Agencies	0	4,957,803	0	0	4,957,803
Special Education - Grants to States	0	3,506,954	0	0	3,506,954
Special Education Preschool Grants	0	57,784	0	0	57,784
English Language Acquisition Grants	0	46,775	0	0	46,775
Safe and Drug-free Schools - State Grants	0	86,152	0	0	86,152

(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 School Federal Projects	Central Cafeteria	Capital Projects Fund Education Capital Projects	Total
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Education for Homeless Children and Youth	\$ 0	\$ 18,703	\$ 0	\$ 0	\$ 18,703
Eisenhower Professional Development State Grants	0	683,381	0	0	683,381
Other Federal through State	0	73,208	0	0	73,208
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	142,856	0	0	0	142,856
Total Federal Government	<u>\$ 142,856</u>	<u>\$ 9,835,499</u>	<u>\$ 9,189,680</u>	<u>\$ 0</u>	<u>\$ 19,168,035</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 7,010,000	\$ 0	\$ 0	\$ 16,750,896	\$ 23,760,896
<u>Other</u>					
Other	79,110	0	0	0	79,110
Total Other Governments and Citizens Groups	<u>\$ 7,089,110</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,750,896</u>	<u>\$ 23,840,006</u>
Total	<u>\$ 102,724,791</u>	<u>\$ 9,835,499</u>	<u>\$ 9,506,444</u>	<u>\$ 18,180,497</u>	<u>\$ 140,247,231</u>

Exhibit K-7

Madison County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Secretary to Board	\$	73,593	
Board and Committee Members Fees		94,800	
Social Security		12,438	
Handling Charges and Administrative Costs		1,147	
Pensions		6,398	
Employee and Dependent Insurance		1,876	
Life Insurance		121	
Medical Insurance		13,562	
Dental Insurance		592	
Travel		140	
Other Contracted Services		558	
Office Supplies		1,571	
Total County Commission			\$ 206,796

County Mayor/Executive

County Official/Administrative Officer	\$	115,034	
Educational Incentive - Other County Employees		3,100	
Other Salaries and Wages		45,832	
Social Security		11,906	
Handling Charges and Administrative Costs		738	
Pensions		23,383	
Employee and Dependent Insurance		2,048	
Life Insurance		318	
Medical Insurance		6,600	
Dental Insurance		288	
Communication		1,321	
Travel		4,466	
Office Supplies		1,309	
Other Supplies and Materials		3,927	
Other Charges		12,000	
Total County Mayor/Executive			232,270

Personnel Office

Supervisor/Director	\$	80,132	
Part-time Personnel		6,570	
Educational Incentive - Other County Employees		6,200	
Other Salaries and Wages		51,328	
Social Security		10,186	
Handling Charges and Administrative Costs		1,459	
Pensions		19,629	
Employee and Dependent Insurance		4,051	
Life Insurance		265	
Medical Insurance		13,240	
Dental Insurance		578	
Communication		1,076	
Dues and Memberships		493	
Travel		2,695	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Other Contracted Services	\$	245	
Office Supplies		1,169	
Total Personnel Office			\$ 199,316

County Attorney

Other Contracted Services	\$	87,764	
Total County Attorney			87,764

Election Commission

County Official/Administrative Officer	\$	84,996	
Deputy(ies)		85,068	
Election Commission		6,800	
Election Workers		47,490	
Social Security		13,951	
Handling Charges and Administrative Costs		2,168	
Pensions		18,915	
Employee and Dependent Insurance		6,099	
Life Insurance		344	
Medical Insurance		19,840	
Dental Insurance		859	
Communication		3,087	
Operating Lease Payments		1,377	
Legal Notices, Recording, and Court Costs		5,286	
Maintenance and Repair Services - Equipment		39,817	
Postal Charges		1,475	
Printing, Stationery, and Forms		3,964	
Travel		4,921	
Data Processing Supplies		747	
Office Supplies		5,542	
Liability Insurance		5,429	
Total Election Commission			358,175

Register of Deeds

County Official/Administrative Officer	\$	84,996	
Deputy(ies)		157,988	
Educational Incentive - Official/Admin Officer		1,846	
Educational Incentive - Other County Employees		6,907	
Social Security		18,517	
Handling Charges and Administrative Costs		2,290	
Pensions		12,663	
Employee and Dependent Insurance		3,764	
Life Insurance		490	
Medical Insurance		23,277	
Dental Insurance		1,016	
Local Retirement		3,840	
Dues and Memberships		100	
Travel		362	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Data Processing Supplies	\$	20,171	
Office Supplies		11,028	
Total Register of Deeds			\$ 349,255

Codes Compliance

Contracts with Private Agencies	\$	7,575	
Total Codes Compliance			7,575

County Buildings

Supervisor/Director	\$	54,324	
Custodial Personnel		52,606	
Part-time Personnel		5,900	
Overtime Pay		1,374	
Social Security		8,150	
Handling Charges and Administrative Costs		1,392	
Pensions		7,050	
Employee and Dependent Insurance		3,200	
Life Insurance		168	
Medical Insurance		14,497	
Dental Insurance		633	
Communication		1,591	
Maintenance and Repair Services - Buildings		45,570	
Maintenance and Repair Services - Vehicles		2,860	
Other Contracted Services		39,582	
Custodial Supplies		17,094	
Gasoline		3,238	
Building Improvements		25,612	
Heating and Air Conditioning Equipment		42,446	
Motor Vehicles		9,731	
Total County Buildings			337,018

Other Facilities

Custodial Personnel	\$	39,600	
Communication		20,642	
Maintenance and Repair Services - Buildings		74,832	
Pest Control		2,430	
Utilities		354,429	
Total Other Facilities			491,933

Preservation of Records

County Official/Administrative Officer	\$	16,879	
Assistant(s)		43,182	
Social Security		4,595	
Communication		424	
Operating Lease Payments		764	
Maintenance and Repair Services - Office Equipment		1,505	
Travel		1,045	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Office Supplies	\$	1,978	
Utilities		8,331	
Other Supplies and Materials		4,753	
Total Preservation of Records			\$ 83,456

Risk Management

Supervisor/Director	\$	46,641	
Social Security		3,342	
Handling Charges and Administrative Costs		730	
Pensions		6,660	
Employee and Dependent Insurance		797	
Life Insurance		96	
Medical Insurance		6,620	
Dental Insurance		289	
Communication		408	
Travel		366	
Office Supplies		1,630	
Total Risk Management			67,579

Finance

Accounting and Budgeting

Supervisor/Director	\$	94,492	
Educational Incentive - Other County Employees		21,375	
Overtime Pay		8,111	
Other Salaries and Wages		490,097	
Board and Committee Members Fees		1,000	
Social Security		43,671	
Handling Charges and Administrative Costs		7,301	
Pensions		72,384	
Employee and Dependent Insurance		15,936	
Life Insurance		1,033	
Medical Insurance		72,317	
Dental Insurance		3,186	
Local Retirement		21	
Audit Services		40,209	
Communication		4,765	
Data Processing Services		5,646	
Dues and Memberships		1,500	
Travel		8,273	
Other Contracted Services		550	
Office Supplies		9,688	
Utilities		13,922	
Data Processing Equipment		1,050	
Total Accounting and Budgeting			916,527

Property Assessor's Office

County Official/Administrative Officer	\$	84,996	
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(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Deputy(ies)	\$	351,589	
Educational Incentive - Official/Admin Officer		1,846	
Educational Incentive - Other County Employees		1,600	
Board and Committee Members Fees		3,760	
In-service Training		505	
Social Security		31,213	
Handling Charges and Administrative Costs		5,176	
Pensions		57,322	
Employee and Dependent Insurance		11,299	
Life Insurance		898	
Medical Insurance		46,319	
Dental Insurance		2,021	
Local Retirement		1,319	
Audit Services		73,055	
Communication		2,575	
Data Processing Services		28,271	
Dues and Memberships		2,445	
Maintenance and Repair Services - Vehicles		85	
Travel		7,668	
Office Supplies		3,177	
Total Property Assessor's Office	\$		717,139

Reappraisal Program

Other Salaries and Wages	\$	215,740	
Social Security		14,984	
Handling Charges and Administrative Costs		3,649	
Pensions		24,365	
Employee and Dependent Insurance		7,671	
Life Insurance		438	
Medical Insurance		33,099	
Dental Insurance		1,444	
Data Processing Services		13,386	
Maintenance and Repair Services - Vehicles		1,215	
Postal Charges		16,979	
Travel		1,567	
Other Contracted Services		63,062	
Gasoline		4,403	
Office Supplies		6,843	
Data Processing Equipment		4,668	
Total Reappraisal Program			413,513

County Trustee's Office

County Official/Administrative Officer	\$	84,996	
Deputy(ies)		184,533	
Educational Incentive - Official/Admin Officer		1,846	
Educational Incentive - Other County Employees		7,875	
In-service Training		560	

(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 (Cont.)

Social Security	\$	19,807	
Handling Charges and Administrative Costs		4,026	
Pensions		35,482	
Employee and Dependent Insurance		7,489	
Life Insurance		538	
Medical Insurance		39,699	
Dental Insurance		1,732	
Local Retirement		460	
Communication		783	
Data Processing Services		11,455	
Dues and Memberships		942	
Printing, Stationery, and Forms		9,010	
Travel		2,883	
Office Supplies		2,195	
Other Charges		350	
Data Processing Equipment		1,869	
Total County Trustee's Office			\$ 418,530

County Clerk's Office

County Official/Administrative Officer	\$	84,996	
Deputy(ies)		358,865	
Part-time Personnel		12,994	
Educational Incentive - Official/Admin Officer		1,846	
Social Security		32,161	
Handling Charges and Administrative Costs		6,949	
Pensions		52,433	
Employee and Dependent Insurance		14,046	
Life Insurance		881	
Medical Insurance		63,821	
Dental Insurance		2,309	
Local Retirement		1,391	
Communication		1,084	
Dues and Memberships		150	
Maintenance Agreements		1,116	
Maintenance and Repair Services - Office Equipment		18,653	
Printing, Stationery, and Forms		1,896	
Travel		1,187	
Data Processing Supplies		3,520	
Office Supplies		7,025	
Total County Clerk's Office			667,323

Data Processing

Supervisor/Director	\$	68,951	
Other Salaries and Wages		93,820	
Social Security		12,108	
Handling Charges and Administrative Costs		730	
Pensions		16,545	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Employee and Dependent Insurance	\$	797	
Life Insurance		319	
Medical Insurance		6,620	
Dental Insurance		289	
Communication		12,768	
Data Processing Services		71,194	
Maintenance and Repair Services - Vehicles		2,088	
Travel		8,515	
Other Contracted Services		32,706	
Data Processing Supplies		28,093	
Gasoline		1,442	
Office Supplies		1,567	
Motor Vehicles		35	
Total Data Processing			\$ 358,587

Other Finance

Internal Audit Personnel	\$	485	
Social Security		33	
Handling Charges and Administrative Costs		6	
Pensions		69	
Employee and Dependent Insurance		16	
Life Insurance		1	
Medical Insurance		69	
Dental Insurance		3	
Total Other Finance			682

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	93,493	
Deputy(ies)		772,890	
Educational Incentive - Official/Admin Officer		1,846	
Educational Incentive - Other County Employees		9,650	
Overtime Pay		1,493	
Jury and Witness Expense		51,720	
Social Security		62,966	
Handling Charges and Administrative Costs		10,672	
Pensions		97,387	
Employee and Dependent Insurance		21,261	
Life Insurance		1,592	
Medical Insurance		110,592	
Dental Insurance		3,959	
Local Retirement		534	
Data Processing Services		4,530	
Dues and Memberships		100	
Operating Lease Payments		16,165	
Travel		3,516	
Data Processing Supplies		11,862	

(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.)

Office Supplies	\$	25,872	
Data Processing Equipment		12,707	
Total Circuit Court			\$ 1,314,807

General Sessions Court

Judge(s)	\$	163,432	
Part-time Personnel		719	
Other Salaries and Wages		115,048	
Social Security		18,455	
Handling Charges and Administrative Costs		1,468	
Pensions		38,324	
Employee and Dependent Insurance		4,074	
Life Insurance		546	
Medical Insurance		13,220	
Dental Insurance		577	
Travel		589	
Office Supplies		9,675	
Total General Sessions Court			366,127

Drug Court

Other Charges	\$	11,807	
Total Drug Court			11,807

Chancery Court

County Official/Administrative Officer	\$	93,493	
Deputy(ies)		380,569	
Part-time Personnel		55,270	
Educational Incentive - Official/Admin Officer		1,846	
Educational Incentive - Other County Employees		3,007	
Overtime Pay		290	
Jury and Witness Expense		610	
Social Security		37,709	
Handling Charges and Administrative Costs		7,305	
Pensions		59,818	
Employee and Dependent Insurance		14,135	
Life Insurance		967	
Medical Insurance		66,178	
Dental Insurance		2,888	
Communication		4,212	
Maintenance and Repair Services - Office Equipment		22,535	
Travel		1,919	
Other Contracted Services		10,805	
Data Processing Supplies		9,048	
Office Supplies		15,531	
Other Charges		2,606	
Total Chancery Court			790,741

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Judge(s)	\$	163,432	
Part-time Personnel		4,983	
Other Salaries and Wages		95,913	
Social Security		18,179	
Handling Charges and Administrative Costs		1,510	
Pensions		28,961	
Employee and Dependent Insurance		2,895	
Life Insurance		520	
Medical Insurance		13,614	
Dental Insurance		594	
Local Retirement		1,843	
Dues and Memberships		1,000	
Janitorial Services		995	
Maintenance and Repair Services - Buildings		6,418	
Maintenance and Repair Services - Equipment		5,844	
Rentals		2,271	
Travel		2,424	
Other Contracted Services		32,841	
Custodial Supplies		628	
Office Supplies		2,118	
Periodicals		574	
Utilities		24,414	
Building Improvements		400	
Communication Equipment		1,000	
Data Processing Equipment		3,356	
Heating and Air Conditioning Equipment		2,000	
Total Juvenile Court			\$ 418,727

Juvenile Court Clerk

County Official/Administrative Officer	\$	84,996	
Deputy(ies)		77,386	
Accountants/Bookkeepers		51,910	
Clerical Personnel		91,624	
Part-time Personnel		8,931	
Social Security		22,208	
Handling Charges and Administrative Costs		5,075	
Pensions		39,455	
Employee and Dependent Insurance		9,223	
Life Insurance		557	
Medical Insurance		45,392	
Dental Insurance		1,981	
Data Processing Services		250	
Maintenance and Repair Services - Equipment		192	
Printing, Stationery, and Forms		685	
Rentals		6,502	
Data Processing Supplies		991	
Office Supplies		2,540	
Total Juvenile Court Clerk			449,898

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General

Assistant(s)	\$	49,040	
Social Security		3,641	
Handling Charges and Administrative Costs		718	
Employee and Dependent Insurance		785	
Life Insurance		87	
Medical Insurance		5,932	
Dental Insurance		259	
Total District Attorney General			\$ 60,462

Office of Public Defender

Salary Supplements	\$	73,032	
Social Security		5,419	
Handling Charges and Administrative Costs		467	
Pensions		4,298	
Employee and Dependent Insurance		982	
Life Insurance		73	
Medical Insurance		6,620	
Dental Insurance		222	
Travel		686	
Other Charges		400	
Total Office of Public Defender			92,199

Other Administration of Justice

Other Charges	\$	47,745	
Total Other Administration of Justice			47,745

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	93,468	
Deputy(ies)		4,988,642	
Part-time Personnel		509,218	
Educational Incentive - Other County Employees		3,100	
Overtime Pay		324,551	
Other Salaries and Wages		40,673	
Jury and Witness Expense		6,573	
In-service Training		18,643	
Social Security		433,362	
Handling Charges and Administrative Costs		53,578	
Pensions		389,439	
Employee and Dependent Insurance		118,453	
Life Insurance		8,794	
Medical Insurance		503,415	
Dental Insurance		24,292	
Local Retirement		24,300	
Communication		182,981	
Contracts with Private Agencies		28,560	
Data Processing Services		23,556	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dues and Memberships	\$	1,409	
Maintenance and Repair Services - Buildings		144,861	
Maintenance and Repair Services - Vehicles		307,492	
Pest Control		480	
Rentals		5,000	
Travel		58,149	
Custodial Supplies		1,430	
Gasoline		269,654	
Law Enforcement Supplies		86,943	
Office Supplies		22,917	
Uniforms		75,501	
Utilities		133,145	
Other Charges		13,052	
Furniture and Fixtures		618	
Law Enforcement Equipment		40,744	
Motor Vehicles		49,097	
Total Sheriff's Department			\$ 8,986,090

Special Patrols

Deputy(ies)	\$	482,900	
Overtime Pay		27,066	
Social Security		37,000	
Handling Charges and Administrative Costs		5,186	
Pensions		17,081	
Employee and Dependent Insurance		11,037	
Life Insurance		759	
Medical Insurance		50,899	
Dental Insurance		2,044	
Local Retirement		2,116	
Maintenance and Repair Services - Vehicles		9,193	
Travel		669	
Gasoline		14,171	
Total Special Patrols			660,121

Drug Enforcement

Deputy(ies)	\$	399,584	
Part-time Personnel		29,155	
Overtime Pay		149,085	
Social Security		41,777	
Handling Charges and Administrative Costs		4,498	
Pensions		77,665	
Employee and Dependent Insurance		12,259	
Life Insurance		795	
Medical Insurance		40,426	
Dental Insurance		1,770	
Maintenance and Repair Services - Vehicles		3,113	
Gasoline		15,494	
Uniforms		3,150	
Total Drug Enforcement			778,771

(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)	\$	4,788,606	
Maintenance Personnel		207,715	
Part-time Personnel		66,964	
Overtime Pay		298,448	
In-service Training		300	
Social Security		383,928	
Handling Charges and Administrative Costs		68,392	
Pensions		420,022	
Employee and Dependent Insurance		131,264	
Life Insurance		8,636	
Medical Insurance		654,586	
Dental Insurance		28,670	
Unemployment Compensation		8,319	
Local Retirement		8,351	
Communication		6,106	
Data Processing Services		1,621	
Maintenance and Repair Services - Buildings		22,540	
Maintenance and Repair Services - Equipment		22,450	
Medical and Dental Services		400	
Other Contracted Services		878,393	
Custodial Supplies		39,013	
Drugs and Medical Supplies		105,385	
Food Preparation Supplies		15,308	
Food Supplies		456,657	
Law Enforcement Supplies		76,035	
Office Supplies		21,339	
Prisoners Clothing		11,457	
Uniforms		22,147	
Other Supplies and Materials		19,439	
Other Charges		120	
Total Jail			\$ 8,772,611

Workhouse

County Official/Administrative Officer	\$	15,550
Guards		968,508
Overtime Pay		37,911
In-service Training		300
Social Security		70,351
Handling Charges and Administrative Costs		16,441
Pensions		109,732
Employee and Dependent Insurance		33,687
Life Insurance		1,738
Medical Insurance		156,470
Dental Insurance		6,280
Local Retirement		3,997
Communication		5,581
Data Processing Services		1,751

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Maintenance and Repair Services - Buildings	\$	27,044	
Maintenance and Repair Services - Equipment		11,884	
Maintenance and Repair Services - Vehicles		129	
Pest Control		770	
Custodial Supplies		7,100	
Drugs and Medical Supplies		2,541	
Food Preparation Supplies		2,734	
Food Supplies		95,128	
Gasoline		3,419	
Office Supplies		1,607	
Prisoners Clothing		3,637	
Uniforms		1,001	
Utilities		48,478	
Other Supplies and Materials		4,773	
Total Workhouse			\$ 1,638,542

Work Release Program

Probation Officer(s)	\$	24,678	
Other Salaries and Wages		6	
Social Security		1,792	
Handling Charges and Administrative Costs		307	
Employee and Dependent Insurance		324	
Life Insurance		19	
Medical Insurance		4,015	
Dental Insurance		205	
Local Retirement		125	
Total Work Release Program			31,471

Fire Prevention and Control

Supervisor/Director	\$	68,818	
Mechanic(s)		98,525	
Part-time Personnel		42,541	
Overtime Pay		5,909	
Other Salaries and Wages		423,806	
In-service Training		21,376	
Social Security		45,354	
Handling Charges and Administrative Costs		7,363	
Pensions		23,900	
Employee and Dependent Insurance		17,589	
Life Insurance		1,177	
Medical Insurance		73,946	
Dental Insurance		3,227	
Local Retirement		6,935	
Communication		23,899	
Maintenance and Repair Services - Buildings		40,495	
Maintenance and Repair Services - Equipment		59,627	
Travel		5,095	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Equipment and Machinery Parts	\$	112,751	
Gasoline		39,984	
Utilities		81,010	
Gravel and Chert		1,934	
Other Supplies and Materials		7,507	
Data Processing Equipment		4,942	
Total Fire Prevention and Control			\$ 1,217,710

Civil Defense

Supervisor/Director	\$	73,094	
Overtime Pay		4,959	
Other Salaries and Wages		128,573	
Social Security		14,667	
Handling Charges and Administrative Costs		2,908	
Pensions		17,468	
Employee and Dependent Insurance		6,837	
Life Insurance		380	
Medical Insurance		24,142	
Dental Insurance		1,083	
Local Retirement		657	
Communication		20,541	
Dues and Memberships		562	
Operating Lease Payments		750	
Maintenance Agreements		2,398	
Maintenance and Repair Services - Buildings		6,972	
Maintenance and Repair Services - Equipment		25,890	
Maintenance and Repair Services - Vehicles		6,924	
Printing, Stationery, and Forms		151	
Travel		3,492	
Other Contracted Services		8,450	
Gasoline		8,924	
Office Supplies		890	
Utilities		24,263	
Other Supplies and Materials		17,013	
Building Improvements		5,000	
Total Civil Defense			406,988

Disaster Relief

Maintenance and Repair Services - Buildings	\$	212,824	
Maintenance and Repair Services - Vehicles		3,118	
Refunds		14,460	
Total Disaster Relief			230,402

Inspection and Regulation

County Official/Administrative Officer	\$	62,453	
Supervisor/Director		43,206	
Educational Incentive - Other County Employees		2,250	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation (Cont.)

Other Salaries and Wages	\$	63,441	
In-service Training		2,017	
Social Security		12,600	
Handling Charges and Administrative Costs		2,919	
Pensions		10,940	
Employee and Dependent Insurance		6,874	
Life Insurance		344	
Medical Insurance		26,479	
Dental Insurance		1,155	
Communication		3,017	
Contracts with Private Agencies		25,601	
Dues and Memberships		279	
Maintenance and Repair Services - Vehicles		1,359	
Travel		1,048	
Other Contracted Services		3,688	
Gasoline		2,891	
Office Supplies		3,393	
Small Tools		814	
Data Processing Equipment		250	
Total Inspection and Regulation			\$ 277,018

County Coroner/Medical Examiner

Supervisor/Director	\$	18,725	
Social Security		1,420	
Handling Charges and Administrative Costs		29	
Pensions		378	
Employee and Dependent Insurance		80	
Life Insurance		3	
Medical Insurance		268	
Dental Insurance		12	
Contracts with Government Agencies		55,200	
Contracts with Public Carriers		10,602	
Travel		510	
Other Contracted Services		46,150	
Other Charges		250	
Total County Coroner/Medical Examiner			133,627

Other Public Safety

Food Supplies	\$	62	
Total Other Public Safety			62

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	188,323	
Paraprofessionals		8,174	
Custodial Personnel		40,060	
Part-time Personnel		22,721	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Salaries and Wages	\$	919,372	
Social Security		86,751	
Handling Charges and Administrative Costs		9,956	
Pensions		112,708	
Employee and Dependent Insurance		17,267	
Life Insurance		1,982	
Medical Insurance		95,118	
Dental Insurance		4,432	
Local Retirement		5,172	
Communication		20,076	
Data Processing Services		981	
Dues and Memberships		574	
Janitorial Services		5,416	
Maintenance Agreements		16,884	
Maintenance and Repair Services - Buildings		53,856	
Maintenance and Repair Services - Vehicles		5,162	
Pest Control		865	
Postal Charges		2,987	
Printing, Stationery, and Forms		2,068	
Travel		10,775	
Data Processing Supplies		4,152	
Drugs and Medical Supplies		96,795	
Gasoline		6,556	
Office Supplies		8,202	
Utilities		42,592	
Other Supplies and Materials		1,088	
Liability Insurance		4,524	
In Service/Staff Development		845	
Communication Equipment		5,207	
Data Processing Equipment		16,899	
Office Equipment		1,256	
Total Local Health Center			\$ 1,819,796

Rabies and Animal Control

Overtime Pay	\$	2,501
Other Salaries and Wages		133,277
Social Security		9,727
Handling Charges and Administrative Costs		2,189
Pensions		5,332
Employee and Dependent Insurance		2,252
Life Insurance		265
Medical Insurance		19,859
Dental Insurance		867
Local Retirement		1,328
Bank Charges		1,625
Communication		3,190
Data Processing Services		502

(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.)

Dues and Memberships	\$	370	
Maintenance Agreements		432	
Maintenance and Repair Services - Buildings		9,667	
Maintenance and Repair Services - Vehicles		4,903	
Pest Control		500	
Printing, Stationery, and Forms		1,075	
Veterinary Services		5,628	
Animal Food and Supplies		5,480	
Drugs and Medical Supplies		3,603	
Gasoline		8,401	
Office Supplies		1,678	
Uniforms		3,609	
Utilities		7,952	
Refunds		5,900	
In Service/Staff Development		783	
Total Rabies and Animal Control			\$ 242,895

Other Local Welfare Services

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

Social, Cultural, and Recreational Services

Libraries

Pensions	\$	120,453	
Contributions		1,146,636	
Total Libraries			1,267,089

Parks and Fair Boards

Supervisor/Director	\$	63,944	
Part-time Personnel		42,437	
Overtime Pay		5,986	
Other Salaries and Wages		523,260	
Social Security		44,062	
Handling Charges and Administrative Costs		10,869	
Pensions		60,440	
Employee and Dependent Insurance		20,934	
Life Insurance		1,204	
Medical Insurance		102,184	
Dental Insurance		3,755	
Local Retirement		2,829	
Communication		7,970	
Legal Notices, Recording, and Court Costs		66	
Maintenance and Repair Services - Equipment		139,235	
Travel		3,636	
Remittance of Revenue Collected		4,140	
Gasoline		24,391	
Office Supplies		6,153	

(Continued)

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.)

Utilities	\$ 103,829	
Other Charges	176	
Total Parks and Fair Boards		\$ 1,171,500

Other Social, Cultural, and Recreational

Other Salaries and Wages	\$ 35,706	
Social Security	2,269	
Other Supplies and Materials	62,101	
Total Other Social, Cultural, and Recreational		100,076

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$ 29,295	
Part-time Personnel	19,013	
Other Salaries and Wages	151,839	
Social Security	17,642	
Other Fringe Benefits	63,391	
Communication	1,792	
Contributions	9,356	
Travel	879	
Office Supplies	6,180	
In Service/Staff Development	7,513	
Data Processing Equipment	165	
Total Agricultural Extension Service		307,065

Soil Conservation

Other Salaries and Wages	\$ 81,457	
Social Security	5,765	
Handling Charges and Administrative Costs	1,263	
Pensions	10,129	
Employee and Dependent Insurance	2,591	
Life Insurance	165	
Medical Insurance	11,452	
Dental Insurance	500	
Unemployment Compensation	550	
Travel	1,734	
Total Soil Conservation		115,606

Flood Control

Contributions	\$ 82,200	
Total Flood Control		82,200

Other Operations

Tourism

Contributions	\$ 54,000	
Total Tourism		54,000

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

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

Airport

Handling Charges and Administrative Costs	\$	9,279	
Pensions		34,310	
Employee and Dependent Insurance		17,444	
Medical Insurance		81,795	
Dental Insurance		3,569	
Local Retirement		2,422	
Contributions		68,500	
Liability Insurance		17,000	
Total Airport			234,319

Veterans' Services

Part-time Personnel	\$	68,522	
Social Security		5,206	
Communication		384	
Data Processing Services		2,749	
Travel		8,196	
Office Supplies		831	
Other Supplies and Materials		1,027	
Total Veterans' Services			86,915

Other Charges

Handling Charges and Administrative Costs	\$	24,889	
Disability Insurance		74,917	
Medical and Dental Services		244,713	
Excess Risk Insurance		28,803	
Medical Claims		191,860	
Total Other Charges			565,182

Contributions to Other Agencies

Contributions	\$	210,000	
Total Contributions to Other Agencies			210,000

Employee Benefits

Other Fringe Benefits	\$	840	
Total Employee Benefits			840

Miscellaneous

Board and Committee Members Fees	\$	3,218	
Other Fringe Benefits		5,546	
Communication		110,172	
Consultants		2,713	
Contracts with Government Agencies		24,000	
Contracts with Other Public Agencies		386	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Contributions	\$	10,000	
Data Processing Services		210	
Dues and Memberships		13,020	
Evaluation and Testing		7,927	
Legal Services		414	
Legal Notices, Recording, and Court Costs		48,243	
Postal Charges		124,929	
Remittance of Revenue Collected		91,190	
Disposal Fees		4,375	
Other Contracted Services		101,260	
Utilities		172,830	
Excess Risk Insurance		27,000	
Liability Insurance		590,960	
Refunds		200	
Trustee's Commission		564,609	
Fines, Assessments, and Penalties		126,727	
Other Charges		801	
Total Miscellaneous			<u>\$ 2,030,730</u>

Total General Fund

\$ 40,977,207

Juvenile Services Fund

Public Safety

Juvenile Services

County Official/Administrative Officer	\$	69,540
Supervisor/Director		138,637
Accountants/Bookkeepers		44,255
Social Workers		358,028
Paraprofessionals		59,772
Guards		220,642
Clerical Personnel		123,561
Educational Incentive - Other County Employees		4,875
Overtime Pay		39,588
Social Security		74,229
Handling Charges and Administrative Costs		17,630
Pensions		102,828
Employee and Dependent Insurance		35,893
Life Insurance		1,646
Medical Insurance		153,927
Dental Insurance		6,578
Disability Insurance		3,012
Unemployment Compensation		8,044
Local Retirement		1,598
Audit Services		2,500
Communication		14,601
Data Processing Services		10,958
Maintenance and Repair Services - Buildings		26,571

(Continued)

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

Juvenile Services Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Maintenance and Repair Services - Equipment	\$	8,165	
Maintenance and Repair Services - Vehicles		1,622	
Medical and Dental Services		14,872	
Printing, Stationery, and Forms		649	
Travel		7,983	
Other Contracted Services		57,901	
Custodial Supplies		3,025	
Food Supplies		25,560	
Gasoline		1,602	
Instructional Supplies and Materials		367	
Office Supplies		1,282	
Prisoners Clothing		841	
Uniforms		570	
Utilities		36,053	
Other Supplies and Materials		6,177	
Excess Risk Insurance		1,816	
Liability Insurance		25,030	
Medical Claims		8,760	
Trustee's Commission		26,640	
Data Processing Equipment		7,640	
Office Equipment		609	
Other Equipment		1,760	
Total Juvenile Services			\$ 1,757,837
Total Juvenile Services Fund			\$ 1,757,837

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	68,825	
Part-time Personnel		268,790	
Overtime Pay		1,435	
Other Salaries and Wages		67,222	
Social Security		30,516	
Handling Charges and Administrative Costs		2,447	
Pensions		15,525	
Employee and Dependent Insurance		3,607	
Life Insurance		278	
Medical Insurance		19,447	
Dental Insurance		560	
Other Fringe Benefits		9,584	
Communication		6,302	
Operating Lease Payments		14,012	
Maintenance and Repair Services - Buildings		10,263	
Maintenance and Repair Services - Equipment		41,161	
Maintenance and Repair Services - Vehicles		41,474	
Travel		2,564	

(Continued)

Exhibit K-7

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>		
<u>Public Health and Welfare (Cont.)</u>		
<u>Convenience Centers (Cont.)</u>		
Gasoline	\$	32,338
Uniforms		873
Utilities		14,204
Other Supplies and Materials		3,319
Trustee's Commission		20,911
In Service/Staff Development		462
Other Charges		14,314
Communication Equipment		4,626
Total Convenience Centers	\$	695,059
<u>Landfill Operation and Maintenance</u>		
Contracts with Government Agencies	\$	343,316
Other Contracted Services		203,788
Total Landfill Operation and Maintenance		547,104
Total Solid Waste/Sanitation Fund	\$	1,242,163
<u>Local Purpose Tax Fund</u>		
<u>Other Operations</u>		
<u>Miscellaneous</u>		
Contributions	\$	750,000
Trustee's Commission		9,679
Total Miscellaneous	\$	759,679
Total Local Purpose Tax Fund		759,679
<u>Special Purpose Fund</u>		
<u>Public Safety</u>		
<u>Correctional Incentive Program Improvements</u>		
Probation Officer(s)	\$	297,304
Educational Incentive - Other County Employees		4,500
Social Security		17,174
Handling Charges and Administrative Costs		2,822
Pensions		16,163
Employee and Dependent Insurance		5,984
Life Insurance		305
Medical Insurance		24,774
Dental Insurance		1,116
Local Retirement		1,313
Communication		3,355
Data Processing Services		9,173
Dues and Memberships		1,310
Evaluation and Testing		5,934
Maintenance and Repair Services - Buildings		5,403
Maintenance and Repair Services - Vehicles		4,662
Postal Charges		23
Rentals		17,826

(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	\$	4,396	
Office Supplies		10,396	
Utilities		2,486	
Other Charges		175	
Motor Vehicles		50,814	
Total Correctional Incentive Program Improvements			\$ 487,408

Work Release Program

Other Salaries and Wages	\$	456,913	
Social Security		37,525	
Handling Charges and Administrative Costs		6,171	
Pensions		31,932	
Employee and Dependent Insurance		10,152	
Life Insurance		823	
Medical Insurance		61,963	
Dental Insurance		3,536	
Local Retirement		3,072	
Communication		7,541	
Data Processing Services		18,779	
Dues and Memberships		662	
Evaluation and Testing		6,332	
Maintenance and Repair Services - Buildings		10,634	
Maintenance and Repair Services - Vehicles		25,833	
Postal Charges		732	
Rentals		57,900	
Travel		5,059	
Office Supplies		25,815	
Utilities		10,231	
Total Work Release Program			781,605

Other Emergency Management

Instructional Supplies and Materials	\$	9,485	
Communication Equipment		23,282	
Law Enforcement Equipment		32,505	
Total Other Emergency Management			65,272

Public Safety Grants Program

Other Salaries and Wages	\$	48,424	
Social Security		3,631	
Handling Charges and Administrative Costs		634	
Employee and Dependent Insurance		663	
Life Insurance		96	
Medical Insurance		3,732	
Dental Insurance		289	
Communication		621	
Rentals		13,200	
Travel		1,228	

(Continued)

Exhibit K-7

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

Special Purpose Fund (Cont.)

Public Safety (Cont.)

Public Safety Grants Program (Cont.)

Utilities	\$	1,798	
Other Charges		255	
Total Public Safety Grants Program			\$ 74,571

Public Health and Welfare

Maternal and Child Health Services

Salary Supplements	\$	2,750	
Part-time Personnel		219,044	
Overtime Pay		2,633	
Other Salaries and Wages		1,662,639	
Social Security		136,274	
Handling Charges and Administrative Costs		20,729	
Pensions		129,400	
Employee and Dependent Insurance		39,414	
Life Insurance		2,998	
Medical Insurance		194,208	
Dental Insurance		10,691	
Unemployment Compensation		2,963	
Local Retirement		14,306	
Bank Charges		9,442	
Communication		30,564	
Maintenance Agreements		17,876	
Postal Charges		1,643	
Printing, Stationery, and Forms		8,318	
Travel		51,325	
Remittance of Revenue Collected		59,765	
Other Contracted Services		32	
Drugs and Medical Supplies		116,476	
Office Supplies		23,919	
Utilities		70,501	
Other Supplies and Materials		335,102	
Liability Insurance		3,021	
In Service/Staff Development		1,057	
Building Improvements		83,882	
Communication Equipment		27,167	
Total Maternal and Child Health Services			3,278,139

Sanitation Education/Information

Other Salaries and Wages	\$	10,235	
Social Security		756	
Gasoline		1,948	
Other Supplies and Materials		23,628	
Refunds		5,921	
Total Sanitation Education/Information			42,488

(Continued)

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

Special Purpose Fund (Cont.)

Other Operations

Miscellaneous

Other Salaries and Wages	\$	182,911	
Social Security		13,401	
Handling Charges and Administrative Costs		753	
Pensions		614	
Employee and Dependent Insurance		2,050	
Life Insurance		289	
Medical Insurance		6,895	
Dental Insurance		301	
Local Retirement		25	
Trustee's Commission		12,360	
Total Miscellaneous			\$ 219,599

Total Special Purpose Fund \$ 4,949,082

Drug Control Fund

Public Safety

Drug Enforcement

Other Contracted Services	\$	2,680	
Law Enforcement Supplies		13,602	
Office Supplies		499	
Trustee's Commission		725	
Law Enforcement Equipment		2,992	
Total Drug Enforcement			\$ 20,498

Total Drug Control Fund 20,498

Other Special Revenue Fund

Other Operations

Miscellaneous

Contributions	\$	6,260,000	
Trustee's Commission		126,904	
Total Miscellaneous			\$ 6,386,904

Total Other Special Revenue Fund 6,386,904

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	2,553	
Total Chancery Court			\$ 2,553

Total Constitutional Officers - Fees Fund 2,553

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	121,472	
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(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Clerical Personnel	\$	65,008	
Custodial Personnel		4,080	
Educational Incentive - Official/Admin Officer		1,846	
Educational Incentive - Other County Employees		3,000	
Social Security		13,770	
Handling Charges and Administrative Costs		1,499	
Pensions		25,589	
Employee and Dependent Insurance		4,161	
Life Insurance		318	
Medical Insurance		13,200	
Dental Insurance		576	
Data Processing Services		62	
Dues and Memberships		4,740	
Legal Notices, Recording, and Court Costs		114	
Maintenance and Repair Services - Buildings		4,948	
Postal Charges		50	
Printing, Stationery, and Forms		704	
Travel		2,480	
Data Processing Supplies		19,379	
Office Supplies		2,913	
Other Charges		1,000	
Total Administration			\$ 290,909

Highway and Bridge Maintenance

Materials Supervisor	\$	79,249
Foremen		313,849
Equipment Operators		360,622
Truck Drivers		109,500
Laborers		115,644
Overtime Pay		36,457
Social Security		72,853
Handling Charges and Administrative Costs		14,225
Pensions		85,917
Employee and Dependent Insurance		31,423
Life Insurance		1,501
Medical Insurance		127,325
Dental Insurance		5,274
Local Retirement		6,118
Other Contracted Services		30,123
Asphalt - Cold Mix		27,274
Asphalt - Hot Mix		17,125
Asphalt - Liquid		388,969
Concrete		1,152
Crushed Stone		235,258
Riprap		12,160
Lubricants		90
Pipe		56,091

(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.)

Road Signs	\$	48,453	
Small Tools		314	
Uniforms		8,116	
Wood Products		4,886	
Gravel and Chert		69,452	
Chemicals		137,702	
Other Supplies and Materials		5,957	
Other Charges		674	
Total Highway and Bridge Maintenance			\$ 2,403,753

Operation and Maintenance of Equipment

Mechanic(s)	\$	44,030	
Overtime Pay		1,180	
Social Security		3,121	
Handling Charges and Administrative Costs		749	
Employee and Dependent Insurance		2,080	
Life Insurance		81	
Medical Insurance		6,600	
Dental Insurance		288	
Local Retirement		620	
Laundry Service		1,872	
Maintenance and Repair Services - Equipment		16,624	
Diesel Fuel		59,324	
Equipment and Machinery Parts		87,352	
Garage Supplies		3,146	
Gasoline		32,777	
Lubricants		3,667	
Small Tools		16,707	
Tires and Tubes		20,504	
Other Supplies and Materials		11,378	
In Service/Staff Development		3,553	
Total Operation and Maintenance of Equipment			315,653

Other Charges

Communication	\$	13,233	
Contracts with Private Agencies		875	
Utilities		19,914	
Liability Insurance		102,862	
Trustee's Commission		66,994	
Total Other Charges			203,878

Employee Benefits

Handling Charges and Administrative Costs	\$	2,293	
Disability Insurance		3,373	
Medical and Dental Services		50,000	
Excess Risk Insurance		8,859	
Medical Claims		36,144	
Total Employee Benefits			100,669

(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	\$	42,343	
Bridge Construction		500	
Building Improvements		2,457	
Highway Equipment		428,102	
Motor Vehicles		93,546	
Total Capital Outlay			\$ 566,948

Total Highway/Public Works Fund \$ 3,881,810

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	7,110,000	
Principal on Notes		21,250	
Total General Government			\$ 7,131,250

Education

Principal on Notes	\$	63,750	
Total Education			63,750

Interest on Debt

General Government

Interest on Bonds	\$	1,125,247	
Interest on Notes		22,602	
Total General Government			1,147,849

Education

Interest on Notes	\$	67,808	
Total Education			67,808

Other Debt Service

General Government

Trustee's Commission	\$	197,245	
Other Debt Issuance Charges		148,000	
Other Debt Service		1,450	
Total General Government			346,695

Total General Debt Service Fund 8,757,352

General Capital Projects Fund

General Government

Register of Deeds

Building Improvements	\$	4,243	
Total Register of Deeds			\$ 4,243

County Buildings

Building Improvements	\$	20,000	
Total County Buildings			20,000

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

General Government (Cont.)

Other Facilities

Maintenance and Repair Services - Buildings	\$ 53,735	
Total Other Facilities		\$ 53,735

Finance

Accounting and Budgeting

Data Processing Equipment	\$ 382,309	
Total Accounting and Budgeting		382,309

Data Processing

Data Processing Services	\$ 16,554	
Communication Equipment	43,858	
Data Processing Equipment	180,747	
Motor Vehicles	54,211	
Total Data Processing		295,370

Administration of Justice

Chancery Court

Building Improvements	\$ 10,375	
Total Chancery Court		10,375

Public Safety

Sheriff's Department

Maintenance and Repair Services - Buildings	\$ 303,299	
Building Improvements	167,249	
Law Enforcement Equipment	170,127	
Motor Vehicles	592,609	
Other Equipment	36,148	
Total Sheriff's Department		1,269,432

Jail

Engineering Services	\$ 1,765,442	
Building Construction	370,427	
Total Jail		2,135,869

Juvenile Services

Data Processing Equipment	\$ 9,310	
Motor Vehicles	10,700	
Other Equipment	7,773	
Total Juvenile Services		27,783

Fire Prevention and Control

Motor Vehicles	\$ 858,754	
Total Fire Prevention and Control		858,754

Civil Defense

Communication Equipment	\$ 7,567	
Other Capital Outlay	12,000	
Total Civil Defense		19,567

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Public Health and Welfare

Local Health Center

Maintenance and Repair Services - Buildings	\$ 15,177	
Motor Vehicles	38,000	
Total Local Health Center		\$ 53,177

Rabies and Animal Control

Building Improvements	\$ 19,162	
Total Rabies and Animal Control		19,162

Convenience Centers

Maintenance and Repair Services - Equipment	\$ 33,000	
Solid Waste Equipment	19,999	
Total Convenience Centers		52,999

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 13,277	
Total Libraries		13,277

Parks and Fair Boards

Motor Vehicles	\$ 88,111	
Site Development	25,430	
Other Capital Outlay	62,197	
Total Parks and Fair Boards		175,738

Other Operations

Miscellaneous

Trustee's Commission	\$ 59,228	
Total Miscellaneous		59,228

Other Debt Service

General Government

Underwriter's Discount	\$ 64,036	
Other Debt Issuance Charges	1,865	
Total General Government		65,901

Total General Capital Projects Fund \$ 5,516,919

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Contributions	\$ 100,000	
Trustee's Commission	266	
Other Charges	10,554	
Total Industrial Development		\$ 110,820

Total Community Development/Industrial Park Fund 110,820

(Continued)

Exhibit K-7

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

<u>Education Capital Projects Fund</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Underwriter's Discount	<u>\$ 19,476</u>	
Total General Government		\$ 19,476
 <u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	<u>\$ 16,750,896</u>	
Total Education Capital Projects		<u>16,750,896</u>
 Total Education Capital Projects Fund		 <u>\$ 16,770,372</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 91,133,196</u></u>

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, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 33,363,145	
Career Ladder Program	129,450	
Homebound Teachers	113,685	
Salary Supplements	573,544	
Educational Assistants	1,004,566	
Bonus Payments	202,300	
Certified Substitute Teachers	130,474	
Non-certified Substitute Teachers	358,834	
Social Security	2,550,171	
Pensions	3,321,447	
Life Insurance	78,829	
Medical Insurance	3,543,135	
Dental Insurance	123,790	
Local Retirement	15,743	
Other Fringe Benefits	405,612	
Tuition	60,290	
Other Contracted Services	87,386	
Instructional Supplies and Materials	1,468,822	
Textbooks - Bound	476,043	
Other Supplies and Materials	3,738	
Regular Instruction Equipment	275,235	
Total Regular Instruction Program		\$ 48,286,239

Special Education Program

Teachers	\$ 5,829,481	
Career Ladder Program	26,424	
Homebound Teachers	85,482	
Educational Assistants	660,267	
Speech Pathologist	538,843	
Bonus Payments	28,400	
Certified Substitute Teachers	27,904	
Non-certified Substitute Teachers	50,009	
Social Security	496,258	
Pensions	591,559	
Life Insurance	12,678	
Medical Insurance	594,697	
Dental Insurance	25,442	
Local Retirement	10,417	
Contracts with Private Agencies	582,824	
Other Contracted Services	97,148	
Instructional Supplies and Materials	22,303	
Other Supplies and Materials	28,696	
Special Education Equipment	32,168	
Total Special Education Program		9,741,000

(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.)

Career and Technical Education Program

Teachers	\$	2,071,539	
Career Ladder Program		4,000	
Bonus Payments		9,700	
Other Salaries and Wages		33,665	
Certified Substitute Teachers		5,800	
Non-certified Substitute Teachers		20,599	
Social Security		150,017	
Pensions		187,224	
Life Insurance		3,828	
Medical Insurance		196,437	
Dental Insurance		8,197	
Other Contracted Services		281	
Instructional Supplies and Materials		82,878	
Textbooks - Bound		84,610	
Vocational Instruction Equipment		214,859	
Total Career and Technical Education Program			\$ 3,073,634

Support Services

Attendance

Supervisor/Director	\$	61,265	
Other Salaries and Wages		84,874	
Social Security		10,801	
Pensions		14,353	
Life Insurance		259	
Medical Insurance		9,331	
Dental Insurance		119	
Local Retirement		2,282	
Travel		2,925	
Other Contracted Services		27,474	
Other Supplies and Materials		1,435	
In Service/Staff Development		19,760	
Attendance Equipment		1,723	
Total Attendance			236,601

Health Services

Medical Personnel	\$	533,046	
Other Salaries and Wages		39,670	
Social Security		38,154	
Pensions		38,582	
Life Insurance		968	
Medical Insurance		80,227	
Dental Insurance		3,512	
Local Retirement		7,947	
Travel		6,029	
Other Contracted Services		6,975	
Other Supplies and Materials		36,492	
In Service/Staff Development		9,199	
Total Health Services			800,801

(Continued)

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	\$	3,923	
Guidance Personnel		2,026,766	
Psychological Personnel		433,161	
Social Workers		42,701	
Assessment Personnel		12,929	
Clerical Personnel		72,456	
Bonus Payments		12,350	
Other Salaries and Wages		28,870	
Social Security		184,179	
Pensions		232,997	
Life Insurance		4,921	
Medical Insurance		221,489	
Dental Insurance		8,219	
Local Retirement		341	
Contracts with Government Agencies		250,000	
Travel		13,288	
Other Contracted Services		60,775	
Other Supplies and Materials		148,630	
Other Charges		11,032	
Total Other Student Support			\$ 3,769,027

Regular Instruction Program

Supervisor/Director	\$	578,446	
Career Ladder Program		21,281	
Librarians		1,087,700	
Instructional Computer Personnel		37,034	
Clerical Personnel		102,258	
Bonus Payments		5,900	
Other Salaries and Wages		794,179	
Certified Substitute Teachers		6,320	
In-service Training		129,249	
Non-certified Substitute Teachers		9,486	
Social Security		197,821	
Pensions		238,259	
Life Insurance		4,385	
Medical Insurance		192,087	
Dental Insurance		6,774	
Local Retirement		2,664	
Travel		46,416	
Other Contracted Services		10,364	
Instructional Supplies and Materials		22,242	
Library Books/Media		77,736	
Office Supplies		9,519	
Other Supplies and Materials		24,009	
In Service/Staff Development		165,303	
Other Charges		6,715	
Other Equipment		13,023	
Total Regular Instruction Program			3,789,170

(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

Supervisor/Director	\$	163,189	
Clerical Personnel		40,022	
Bonus Payments		400	
Other Salaries and Wages		363,202	
Social Security		40,236	
Pensions		41,143	
Life Insurance		995	
Medical Insurance		54,921	
Dental Insurance		1,899	
Local Retirement		4,744	
Maintenance and Repair Services - Equipment		2,486	
Travel		33,316	
Other Contracted Services		653	
Other Supplies and Materials		28,460	
In Service/Staff Development		19,315	
Total Special Education Program	\$		794,981

Career and Technical Education Program

Supervisor/Director	\$	70,832	
Social Security		5,211	
Pensions		6,432	
Life Insurance		136	
Maintenance and Repair Services - Equipment		1,494	
Travel		1,098	
Other Supplies and Materials		982	
Other Charges		1,110	
Total Career and Technical Education Program			87,295

Technology

Supervisor/Director	\$	154,690	
Other Salaries and Wages		305,019	
Social Security		32,163	
Pensions		23,993	
Life Insurance		883	
Medical Insurance		48,525	
Dental Insurance		1,587	
Local Retirement		17,038	
Maintenance and Repair Services - Equipment		66,890	
Internet Connectivity		86,407	
Other Contracted Services		374,464	
Cabling		9,958	
Software		127,198	
Other Supplies and Materials		73,740	
In Service/Staff Development		10,108	
Other Equipment		48,452	
Total Technology			1,381,115

(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 Programs

On-behalf Payments to OPEB	\$ 748,980	
Total Other Programs		\$ 748,980

Board of Education

Secretary to Board	\$ 41,908	
Board and Committee Members Fees	28,800	
Social Security	5,397	
Pensions	5,384	
Life Insurance	70	
Unemployment Compensation	60,839	
Local Retirement	294	
Audit Services	46,400	
Contributions	1,612	
Dues and Memberships	13,312	
Legal Services	168,641	
Other Contracted Services	39,876	
Trustee's Commission	617,002	
Workers' Compensation Insurance	866,193	
In Service/Staff Development	8,324	
Other Charges	84,328	
Total Board of Education		1,988,380

Director of Schools

County Official/Administrative Officer	\$ 175,000	
Assistant(s)	105,073	
Secretary(ies)	86,474	
Other Salaries and Wages	67,515	
Social Security	33,713	
Pensions	24,163	
Life Insurance	718	
Medical Insurance	22,187	
Dental Insurance	829	
Local Retirement	4,238	
Other Fringe Benefits	33,954	
Advertising	15,440	
Communication	96,397	
Dues and Memberships	4,964	
Operating Lease Payments	53,928	
Postal Charges	10,501	
Travel	3,184	
Other Contracted Services	16,450	
Office Supplies	4,393	
Other Supplies and Materials	5,690	
In Service/Staff Development	4,829	
Other Charges	2,483	
Administration Equipment	2,014	
Total Director of Schools		774,137

(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

Principals	\$	2,009,780	
Career Ladder Program		20,000	
Assistant Principals		1,777,684	
Secretary(ies)		1,252,037	
Bonus Payments		9,575	
Other Salaries and Wages		323,114	
Non-certified Substitute Teachers		706	
Social Security		381,844	
Pensions		473,778	
Life Insurance		9,908	
Medical Insurance		485,067	
Dental Insurance		18,139	
Local Retirement		24,235	
Travel		10,724	
Other Supplies and Materials		100,842	
Total Office of the Principal			\$ 6,897,433

Fiscal Services

Supervisor/Director	\$	94,562	
Accountants/Bookkeepers		204,772	
Social Security		21,087	
Pensions		26,218	
Life Insurance		542	
Medical Insurance		15,502	
Dental Insurance		1,030	
Local Retirement		4,550	
Travel		438	
Other Contracted Services		385,372	
Office Supplies		4,861	
In Service/Staff Development		6,311	
Administration Equipment		1,939	
Total Fiscal Services			767,184

Human Services/Personnel

Supervisor/Director	\$	265,986	
Clerical Personnel		35,763	
Other Salaries and Wages		100,434	
Social Security		29,332	
Pensions		28,123	
Life Insurance		753	
Medical Insurance		14,663	
Dental Insurance		1,205	
Local Retirement		10,344	
Advertising		1,500	
Dues and Memberships		836	
Travel		3,084	

(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.)

Human Services/Personnel (Cont.)

Other Contracted Services	\$	4,661	
Office Supplies		7,439	
Other Supplies and Materials		27,308	
In Service/Staff Development		6,464	
Other Charges		4,475	
Administration Equipment		4,061	
Total Human Services/Personnel			\$ 546,431

Operation of Plant

Other Contracted Services	\$	1,958,214	
Electricity		2,249,779	
Natural Gas		480,603	
Water and Sewer		317,785	
Building and Contents Insurance		859,193	
Total Operation of Plant			5,865,574

Maintenance of Plant

Supervisor/Director	\$	91,802	
Secretary(ies)		74,185	
Other Salaries and Wages		1,363,996	
Social Security		107,983	
Pensions		141,913	
Life Insurance		2,700	
Medical Insurance		156,701	
Dental Insurance		5,456	
Local Retirement		19,693	
Other Contracted Services		469,887	
Other Supplies and Materials		791,003	
In Service/Staff Development		2,323	
Administration Equipment		23,669	
Total Maintenance of Plant			3,251,311

Transportation

Supervisor/Director	\$	96,900	
Mechanic(s)		389,829	
Bus Drivers		2,249,049	
Overtime Pay		3,936	
Other Salaries and Wages		686,674	
Social Security		244,441	
Pensions		238,140	
Life Insurance		5,095	
Medical Insurance		318,414	
Dental Insurance		18,107	
Local Retirement		46,476	
Contracts with Parents		688	
Contracts with Vehicle Owners		1,080	

(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.)

Maintenance and Repair Services - Vehicles	\$	13,306	
Other Contracted Services		46,633	
Diesel Fuel		549,556	
Gasoline		72,088	
Lubricants		9,110	
Office Supplies		4,718	
Tires and Tubes		94,236	
Vehicle Parts		445,830	
Other Supplies and Materials		60,332	
In Service/Staff Development		11,576	
Other Charges		13,616	
Administration Equipment		3,000	
Transportation Equipment		71,402	
Total Transportation			\$ 5,694,232

Central and Other

Maintenance and Repair Services - Equipment	\$	297	
Total Central and Other			297

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	54,116	
Other Salaries and Wages		302,933	
Social Security		23,524	
Pensions		18,306	
Life Insurance		379	
Medical Insurance		25,917	
Dental Insurance		1,428	
Local Retirement		4,619	
Communication		2,798	
Travel		272	
Other Contracted Services		522	
Other Supplies and Materials		9,658	
In Service/Staff Development		1,874	
Other Equipment		1,579	
Total Community Services			447,925

Early Childhood Education

Teachers	\$	894,094	
Educational Assistants		330,322	
Bonus Payments		2,275	
Certified Substitute Teachers		5,080	
Non-certified Substitute Teachers		26,797	
Social Security		88,093	
Pensions		104,760	
Life Insurance		2,290	

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Medical Insurance	\$	127,594	
Dental Insurance		4,985	
Local Retirement		2,384	
Other Contracted Services		345	
Instructional Supplies and Materials		5,659	
In Service/Staff Development		2,818	
Regular Instruction Equipment		1,132	
Total Early Childhood Education			\$ 1,598,628

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	941,666	
Total Education			941,666

Total General Purpose School Fund \$ 101,482,041

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	19,600	
Educational Assistants		43,412	
Other Salaries and Wages		1,354,433	
Certified Substitute Teachers		3,470	
Non-certified Substitute Teachers		7,084	
Social Security		85,803	
Pensions		101,435	
Life Insurance		1,839	
Medical Insurance		88,933	
Dental Insurance		3,766	
Local Retirement		206	
Other Contracted Services		42,306	
Instructional Supplies and Materials		685,935	
Other Supplies and Materials		3,097	
Fee Waivers		150	
Other Charges		320	
Regular Instruction Equipment		953,367	
Total Regular Instruction Program			\$ 3,395,156

Special Education Program

Teachers	\$	60,474	
Educational Assistants		1,875,522	
Speech Pathologist		153,722	
Social Security		145,138	
Pensions		139,735	
Life Insurance		3,305	
Medical Insurance		213,224	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	11,451	
Local Retirement		18,150	
Contracts with Private Agencies		32,481	
Other Contracted Services		32,958	
Instructional Supplies and Materials		41,465	
Other Supplies and Materials		24,936	
Special Education Equipment		3,792	
Total Special Education Program			\$ 2,756,353

Career and Technical Education Program

Educational Assistants	\$	17,911	
Other Salaries and Wages		42,879	
Social Security		3,677	
Pensions		6,278	
Life Insurance		112	
Medical Insurance		13,913	
Dental Insurance		433	
Local Retirement		203	
Other Supplies and Materials		8,417	
Vocational Instruction Equipment		133,837	
Total Career and Technical Education Program			227,660

Support Services

Health Services

Medical Personnel	\$	205,612	
Social Security		14,997	
Pensions		17,808	
Life Insurance		391	
Medical Insurance		10,429	
Dental Insurance		734	
Local Retirement		3,990	
Total Health Services			253,961

Other Student Support

Guidance Personnel	\$	38,321	
Other Salaries and Wages		110,020	
Social Security		10,385	
Pensions		10,329	
Life Insurance		230	
Medical Insurance		8,072	
Dental Insurance		401	
Travel		21,295	
Other Contracted Services		131,425	
Other Supplies and Materials		3,091	
In Service/Staff Development		22,067	
Other Charges		59,724	
Total Other Student Support			415,360

(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.)

Regular Instruction Program

Supervisor/Director	\$	93,704	
Secretary(ies)		36,016	
Clerical Personnel		31,177	
Educational Assistants		11,041	
Other Salaries and Wages		1,082,914	
Social Security		86,711	
Pensions		108,111	
Life Insurance		1,169	
Medical Insurance		41,221	
Dental Insurance		1,947	
Local Retirement		99	
Travel		2,422	
Other Contracted Services		21,024	
Other Supplies and Materials		10,677	
In Service/Staff Development		555,096	
Other Equipment		9,988	
Total Regular Instruction Program			\$ 2,093,317

Special Education Program

Assessment Personnel	\$	112,458	
Secretary(ies)		34,680	
Other Salaries and Wages		196,998	
In-service Training		27,779	
Social Security		24,146	
Pensions		34,089	
Life Insurance		511	
Medical Insurance		39,474	
Dental Insurance		1,793	
Local Retirement		961	
Travel		2,145	
Other Contracted Services		48,659	
Other Supplies and Materials		6,021	
In Service/Staff Development		29,096	
Total Special Education Program			558,810

Career and Technical Education Program

Travel	\$	3,754	
Total Career and Technical Education Program			3,754

Transportation

Bus Drivers	\$	1,600	
Social Security		123	
Pensions		229	
Contracts with Vehicle Owners		57,272	
Diesel Fuel		310	
Total Transportation			59,534

(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.)

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	56,970	
Social Security		4,325	
Pensions		5,137	
Other Contracted Services		11,915	
Instructional Supplies and Materials		6,299	
In Service/Staff Development		127	
Other Charges		1,378	
Total Community Services			\$ 86,151

Total School Federal Projects Fund \$ 9,850,056

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	67,961	
Accountants/Bookkeepers		78,160	
Cafeteria Personnel		2,420,719	
Other Salaries and Wages		258,848	
Social Security		205,321	
Pensions		219,781	
Life Insurance		4,746	
Medical Insurance		251,513	
Dental Insurance		16,938	
Unemployment Compensation		682	
Local Retirement		49,093	
Other Fringe Benefits		7,364	
Communication		7,007	
Maintenance and Repair Services - Equipment		68,556	
Transportation - Other than Students		35,880	
Travel		7,292	
Other Contracted Services		186,734	
Food Supplies		3,841,257	
Uniforms		17,650	
USDA - Commodities		649,470	
Other Supplies and Materials		309,090	
Trustee's Commission		969	
In Service/Staff Development		43,975	
Food Service Equipment		280,030	
Total Food Service			\$ 9,029,036

Total Central Cafeteria Fund 9,029,036

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Engineering Services	\$	727,861	
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(Continued)

Exhibit K-8

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

Education Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Education Capital Projects (Cont.)

Other Contracted Services	\$	170,923	
Trustee's Commission		27,971	
Building Improvements		7,221,077	
Land		9,646	
Maintenance Equipment		74,661	
Regular Instruction Equipment		19,665	
Transportation Equipment		1,066,394	
Total Education Capital Projects			<u>\$ 9,318,198</u>

Total Education Capital Projects Fund \$ 9,318,198

Total Governmental Funds - Madison County School Department \$ 129,679,331

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, 2018

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Other Statutory Local Taxes	\$ 0	\$ 3,723	\$ 3,723
Current Property Tax	0	264,607	264,607
Prior Year's Property Tax	0	6,238	6,238
Interest and Penalty	0	642	642
Local Option Sales Tax	19,870,823	122,732	19,993,555
Hotel/Motel Tax	990,830	0	990,830
Total Cash Receipts	<u>\$ 20,861,653</u>	<u>\$ 397,942</u>	<u>\$ 21,259,595</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 20,536,515	\$ 391,892	\$ 20,928,407
Trustee's Commission	207,396	6,727	214,123
Total Cash Disbursements	<u>\$ 20,743,911</u>	<u>\$ 398,619</u>	<u>\$ 21,142,530</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 117,742	\$ (677)	\$ 117,065
Cash Balance, July 1, 2017	72,880	677	73,557
Cash Balance, June 30, 2018	<u>\$ 190,622</u>	<u>\$ 0</u>	<u>\$ 190,622</u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**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, 2018, 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 1, 2018.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described

in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2018-001(C).

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2018-001(B), 2018-003, and 2018-004.

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 2018-001(A), 2018-002, and 2018-005.

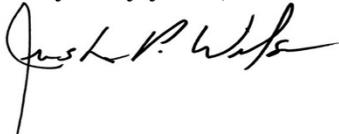
Madison County's Responses to the Findings

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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 1, 2018

JPW/yu



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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 the Uniform Guidance

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 a 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, 2018.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

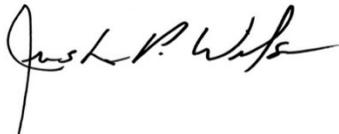
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Madison County's basic financial statements. We issued our report thereon dated November 1, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 1, 2018

JPW/yu

Madison County, Tennessee, and the Madison County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2018

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (3)			
School Breakfast Program	10.553	N/A	\$ 3,288,998
National School Lunch Program	10.555	N/A	5,060,957 (5)
Fresh Fruit and Vegetable Program	10.582	N/A	190,255
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	649,470 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG1543230	730,670
Total U.S. Department of Agriculture			<u>\$ 9,920,350</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 34,100 (6)
Total U.S. Department of Defense			<u>\$ 34,100</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	\$ 3,856
Passed-through State Office of Criminal Justice Programs:			
Crime Victim Assistance	16.575	(4)	36,075
Passed-through City of Jackson:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(4)	104,020
Total U.S. Department of Justice			<u>\$ 143,951</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(4)	\$ 29,825
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	(4)	11,200
Total U.S. Department of Transportation			<u>\$ 41,025</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 4,840,870
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	N/A	53,146
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	3,513,274
Special Education - Preschool Grants	84.173	N/A	57,784
Career and Technical Education - Basic Grants to States	84.048	N/A	390,641
Education for Homeless Children and Youth	84.196	N/A	18,703
Twenty-first Century Community Learning Centers	84.287	N/A	86,152
English Language Acquisition State Grants	84.365	N/A	46,775
Improving Teacher Quality State Grants	84.367	N/A	683,251
School Improvement Grants	84.377	N/A	43,190
Student Support and Academic Enrichment Program	84.424	N/A	73,208
Total U.S. Department of Education			<u>\$ 9,806,994</u>
National Archives and Records Administration:			
Passed-through Tennessee Secretary of State:			
National Historical Publications and Records Grants	89.003	(4)	\$ 1,000
Total National Archives and Records Administration			<u>\$ 1,000</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Public Health Emergency Preparedness	93.069	GG1853849	\$ 461,867
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG1544238	40,857
Family Planning - Services	93.217	GG1853848	112,379
Immunization Cooperative Agreements	93.268	GG1754781	113,795
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG1853333	38,029
HIV Care Formula Grants	93.917	GG1753044	18,837
HIV Prevention Activities - Health Department Based	93.940	GG1751934	167,253
Assistance Programs for Chronic Disease Prevention and Control	93.945	GG1440467	74,021
Cooperative Agreements to Support State-based Safe Motherhood and Infant Health Initiative Programs	93.946	GU1545112	3,000
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG1751934	68,470
Preventive Health and Health Services Block Grant	93.991	GG1753852	50,951
CCDF Cluster:			
Child Care and Development Block Grant	93.575	G1701TNCCDF	<u>43,062</u>
Total U.S. Department of Health and Human Services			<u>\$ 1,192,521</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	\$ 664
Hazard Mitigation Grant	97.039	(4)	18,692
Emergency Management Performance Grants	97.042	(4)	94,000
Homeland Security Grant Program	97.067	(4)	<u>57,369</u>
Total U.S. Department of Homeland Security			<u>\$ 170,725</u>
Total Expenditures of Federal Awards			<u>\$ 2,310,666</u>
<u>Contract Number</u>			
State Grants:			
Child and Family Intervention Services - State Department of Children's Services	N/A	(4)	\$ 146,656
State Supplement Juvenile Improvement Funds - State Commission on Children and Youth	N/A	(4)	9,000
Litter Program - State Department of Transportation	N/A	(4)	33,203
Recovery Court Adult Program - State Department of Mental Health and Substance Abuse Services	N/A	(4)	66,207
Addictions Recovery Program - State Department of Mental Health and Substance Abuse Services	N/A	(4)	15,675
	N/A	(4)	15,675
Help Us Grow Successfully (HUGS) Services - State Department of Health	N/A	GG1541175	90,527
Administering Environmental Health Programs - State Department of Health	N/A	GU1853784	7,241
TennderCare Outreach - State Department of Health	N/A	GG1751169	187,449
Grant in Aid - State Department of Health	N/A	EG1855257	355,644
Tuberculosis Control, Prevention and Outreach Services - State Department of Health	N/A	GG1854033	149,118
TennCare School Based Dental Prevention Program - State Department of Health	N/A	GG1750662	279,959
Custodial Parents Access and Visitation - Administrative Office of the Courts	N/A	(4)	2,284
Coordinated School Health - State Department of Education	N/A	(4)	135,000
ConnecTenn - State Department of Education	N/A	(4)	32,823
Priority Schools Grant - State Department of Education			97,027
Safe Schools - State Department of Education	N/A	(4)	72,235
School to Work - State Department of Human Services	N/A	(4)	87,742
Teacher Leader Network - State Department of Education			5,000
Read to be Ready - State Department of Education	N/A	(4)	25,041
Early Childhood Education - State Department of Education	N/A	(4)	1,236,525

(Continued)

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

State Grants (Cont.):	<u>Contract Number</u>		
Governor's Academy for School Leadership - State Department of Education	N/A	(4)	\$ 804
CTE Equipment Grant - State Department of Education			144,998
Parent Education and Mediation Fund - Administrative Office of the Courts	N/A	(4)	22,026
Pre-Arrest Diversion Infrastructure Program - State Department of Mental Health and Substance Abuse Services	N/A	(4)	<u>276,328</u>
Total State Grants			<u>\$ 3,494,187</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) Madison County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$8,999,425, Special Education Cluster total \$3,571,058.
- (4) Information not available.
- (5) Total for CFDA No. 10.555 is \$5,710,427.
- (6) During the year ended June 30, 2018, Madison County received excess military equipment from the U.S. Department of Military valued at \$34,100.

Madison County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Madison County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF FINANCE DIRECTOR</u>					
2017	216	2017-001	The General and General Purpose School Funds Required Material Audit Adjustments for Proper Financial Statement Presentation	N/A	Corrected
2017	217	2017-002	The Office had Accounting Deficiencies	N/A	Not Corrected - See Explanation on Corrective Action Plan
2017	218	2017-003	A Revenue Anticipation Note was not Retired in Compliance with State Statutes	N/A	Corrected
2017	219	2017-004	Amounts Withheld from Contractor Payments were not Deposited in an Escrow Account	N/A	Corrected
2017	220	2017-005	The Office Paid for Purchases Made with Purchasing Cards without Proper Documentation	N/A	Corrected
2017	220	2017-006	Duties were not Segregated Adequately	N/A	Corrected
2017	221	2017-007	Discrepancies in the Finance Departments Accounts Payable Operations are Currently Being Investigated	N/A	Corrected

Prior-year Federal Awards Findings

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

MADISON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Madison County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **YES**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

Federal Awards:

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF FINANCE DIRECTOR

FINDING 2018-001

THE OFFICE HAD ACCOUNTING DEFICIENCIES

(A. – Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – Material Weakness Under *Government Auditing Standards*)

The following deficiencies were noted during our examination of the office's accounting records. These deficiencies exist due to software conversion issues and a lack of management oversight. These deficiencies also exist because management failed to correct the finding noted in the prior-year audit report and failed to implement their corrective action plan.

- A. The office did not reconcile the general ledger cash accounts with county trustee's reports monthly. Reconciliations for the months of July 2017 through June 2018 were not completed until September 2018. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's reports monthly. The failure to currently reconcile cash accounts with the trustee reports allows errors to remain undiscovered and uncorrected. The per record differences in general ledger cash and cash with trustee at June 30, 2018, are reflected in the following table:

<u>Fund</u>	<u>Cash</u> <u>Differences</u>
General	\$ 5,873
Juvenile Services	2,777
Solid Waste/Sanitation	319
Special Purpose	2,736
Highway/Public Works	3,208
General Purpose School	61,680
School Federal Projects	12,619
Central Cafeteria	5,476

- B. Upon completion of the above-noted reconciliations, there were numerous errors that had been made during the year and while closing the accounting records at year-end that were identified and corrected. However, the following per record amounts remained unidentified at June 30, 2018:

<u>Fund</u>	<u>Unidentified Amounts</u>
General	\$ 415
Juvenile Services	2,777
Solid Waste/Sanitation	319
Special Purpose	2,736
Highway/Public Works	3,208
General Purpose School	24,648
School Federal Projects	12,619
Central Cafeteria	5,476

- C. General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments each month in the General (\$118,344), Juvenile Services (\$19,554), Solid Waste/Sanitation (\$1,632), Special Purpose (\$15,495), Highway/Public Works (\$17,770), General Purpose School (\$3,648,881), School Federal Projects (\$287,422), and Central Cafeteria (\$130,426) funds. As a result, unidentified balances accumulated in the liability accounts for several payroll deductions. Sound business practices dictate that payroll liability accounts should be reconciled with payroll reports and payments monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risks that errors will not be discovered and corrected in a timely manner.

We presented audit adjustments to management that they approved and posted to properly present the above-noted differences in the financial statements in this report.

RECOMMENDATION

The office should reconcile its general ledger cash accounts with the county trustee’s reports monthly as required by state statute. General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments. Any errors discovered during these reconciliations should be corrected promptly.

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

I concur. All funds did not get reconciled monthly as required by state statute. Automatic journal entries were turned off and made the reconciliations easier. The above unidentified variances include amounts from the prior year. When we turned off the automatic journal entries, it helped in lowering any additional unidentified amounts. As of September 2018, all funds are being reconciled with no unidentified amounts with the exception of \$2,000 in the General Purpose School Fund.

FINDING 2018-002

THE SCHOOL DEPARTMENT'S EDUCATION CAPITAL PROJECTS FUND APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS

(Material Noncompliance Under *Government Auditing Standards*)

The budget and subsequent amendments approved by the County Commission for the School Department's Education Capital Projects Fund resulted in appropriations exceeding estimated available funding by \$405,845. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur. A budget amendment should have been done to increase revenues during the year to prevent this finding.

FINDING 2018-003

THE OFFICE HAD DEFICIENCIES RELATED TO TIME AND ATTENDANCE RECORDS

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

The office had deficiencies related to time and attendance records. Finance Department staff advised that employees classified as exempt are not required to submit documentation of time worked or leave taken. Currently, the department advised that they have classified approximately 128 employees as exempt. Additionally, time sheets were not submitted for some non-exempt employees. We also noted instances where submitted time sheets were not signed by the employee and/or the employee's supervisor.

Sound business practices dictate that all non-exempt employees should submit a time sheet that is signed by both the employee and the employee's supervisor. Also, there should be documented time approval or review for exempt employees. Leave requests should be properly documented for all employees. The failure to properly document time and leave could lead to inaccurate time records and improper payments for time worked. This deficiency is due to the lack of management oversight.

RECOMMENDATION

Non-exempt employees should submit a time sheet that is signed by the employee and the employee's supervisor. There should be a documented time approval/review for exempt employees. Leave requests should be documented for all employees.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur. All employees should have signed records of leave.

FINDING 2018-004

THE PAYROLL SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS

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

The following internal control deficiencies related to the software were identified:

- A. The payroll application allowed users to change employee names during the check-writing process causing the payee on the check to disagree with reports.
- B. In-lieu-of using prenumbered checks, the office generated checks on plain paper. Because the payroll application provided users the ability to change the computer-generated check number, a gap in check numbers could be created. Also, the application allowed users to print checks multiple times before and after posting to the general ledger with no indication of a reprint. This makes it difficult to account for all checks.
- C. The office maintained three system environments for their accounting software: a test environment, a training environment, and a production environment. Both the test and training environments were used for training purposes and contained copies of production data while the production environment was used to process actual transactions and maintain the official accounting records. However, users of these environments could execute all payroll functions including the printing of valid negotiable checks using the test data. When this deficiency was brought to management's attention in May 2018, controls were implemented to mitigate this risk.

Sound business practices dictate that proper computer application controls be implemented. Because management had not determined the risk associated with this functionality, inappropriate system activity could occur.

RECOMMENDATION

Management should contact the software developer concerning the addition of controls to the software that would prevent users from altering employee names during the check-writing process. If a software change is not implemented, compensating controls should be put in place. Checks should be prenumbered consecutively. In-lieu-of prenumbered checks, computer-generated checks may be printed on plain paper only if the check number generated by the software cannot be manipulated. If a check is reprinted, the application should have a process for voiding the original check. Users' ability to generate output from the test environment should be continually monitored to ensure restrictions are in place. These controls would help to ensure the reliability and integrity of the information maintained by the system.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

- A. We concur. The employees running payroll have the ability to change names during the payroll process, which could be an issue.
 - B. Control numbers on the checks would give an extra control feature. Our software provider does not have the capability of printing control numbers on our checks, so we printed control numbers on the back of the remaining check stock.
 - C. We concur. It was mitigated soon after it was brought to our attention.
-

FINDING 2018-005

**AN INVESTIGATION OF THE FINANCE DEPARTMENT
DISCLOSED TWO COUNTY EMPLOYEES IMPROPERLY
RECEIVED COUNTY FUNDS TOTALING \$8,282**
(Noncompliance Under *Government Auditing Standards*)

An investigation by the Comptroller's Division of Investigations disclosed that two former county employees improperly received county funds resulting in a cash shortage of \$8,282. On July 2, 2018, this matter was presented to the Madison County Grand Jury, and the former employees were each indicted for Theft Over \$1,000 and Official Misconduct. Details of the cash shortage can be found in a report released by the Comptroller's Division of Investigations at www.comptroller.tn.gov.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2018.

Madison County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF FINANCE DIRECTOR

2018-001	The Office had Accounting Deficiencies	248
2018-002	The School Department's Education Capital Projects Fund Appropriations Exceeded Estimated Available Funds	249
2018-003	The Office had Deficiencies Related to Time and Attendance Records	250
2018-004	The Payroll Software did not have Adequate Application Controls	251

**Madison County
Finance Department**

Mike Nichols
Director



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Jackson, Tennessee 38305
Phone: 731-660-6221
Fax: 731-664-8315

Corrective Action Plan

FINDING: 2018-001

THE OFFICE HAD ACCOUNTING DEFICIENCIES

Response and Corrective Plan Prepared by:
Mike Nichols, Finance Director

Person Responsible for Implementing the Corrective Action:
Mike Nichols, Finance Director

Anticipated Completion Date of Corrective Action:
Date: October 2018

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:

All corrective actions were taken, but did not yield intended results. If they did, it would have been into the year before this finding was corrected. Below is a synopsis of actions taken for this finding.

1. Several trainings (at a cost) were requested and done by the software company. This did not help. We reached out to other entities that have the same software. We were already doing everything that they suggested.
2. We stopped all automatic journal entries and made them by hand. This helped, but still did not completely solve the reconciliation problem.
3. Another person was hired to help with reconciliations. When another employee in school payroll left early, this employee replaced her. Another employee was hired, and this employee was not a good fit for this job. Then we shifted another employee for this position. This employee also did not fit. We then "re-hired" the original person for help with reconciliations, and hired another employee for school payroll.
4. Director hired an outside firm for about \$10,000.00 to correct this problem in April 2018. They reported in June 2018 that they could not solve our problem for that amount of money. Director assigned the best person Madison County has for reconciliation to fix the problem. The original helper took away several of her duties. Now reconciliations are done on a monthly basis.

As seen from above, corrective actions were taken; however, were not fruitful in a timely manner.

Planned Corrective Action:

As of September 2018 no unidentified variances were found, with exception of \$2,000.00 in General Purpose Schools. We will continue working to get all funds reconciled monthly.

Mike Nichols 248 *Mike Nichols*

**Madison County
Finance Department**

Mike Nichols
Director



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Corrective Action Plan

FINDING: 2018-002

**THE SCHOOL DEPARTMENTS EDUCATION CAPITAL
PROJECTS FUND APPROPRIATIONS EXCEEDED
ESTIMATED AVAILABLE FUNDS**

Response and Corrective Plan Prepared by:
Mike Nichols, Finance Director

Person Responsible for Implementing the Corrective Action:
Mike Nichols, Finance Director

Anticipated Completion Date of Corrective Action:
Date: July 2018.

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
At the end of the fiscal year, we will make sure all budget amendments get done.

Mike Nichols

**Madison County
Finance Department**
Mike Nichols
Director



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Corrective Action Plan

FINDING: 2018-003 THE OFFICE HAD DEFICIENCIES RELATED TO TIME AND ATTENDANCE RECORDS

Response and Corrective Plan Prepared by:
Mike Nichols, Finance Director

Person Responsible for Implementing the Corrective Action:
Mike Nichols, Finance Director

Anticipated Completion Date of Corrective Action:
Date: November 2018.

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
This office has developed an exempt leave documentation form. This requires exempt employees and supervisors to verify their leave. Non-exempt employees are required to turn in leave with time sheets.

A handwritten signature in cursive script that reads "Mike Nichols".

**Madison County
Finance Department**

Mike Nichols
Director



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Corrective Action Plan

FINDING: 2018-004

**THE PAYROLL SOFTWARE DID NOT HAVE ADEQUATE
APPLICATION CONTROLS**

Response and Corrective Plan Prepared by:
Mike Nichols, Finance Director

Person Responsible for Implementing the Corrective Action:
Mike Nichols, Finance Director

Anticipated Completion Date of Corrective Action:
Date: October 2018.

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:

- A. We are now running an audit inquiry report for name changes on a monthly basis. Upon reviewing and signing off on the report, it will be scanned and kept in an electronic file for audit to view at their discretion.
- B. Control numbers on existing blank check stock has already been completed through our copier. When existing check stock is depleted, we will either order check stock with control numbers already printed, or order blank check stock and print our own control numbers.
- C. It has already been mitigated by taking away some permissions.

A handwritten signature in cursive script that reads "Mike Nichols".