



**ANNUAL FINANCIAL REPORT
MADISON COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT
MADISON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012**

***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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Audit Highlights

Annual Financial Report
Madison County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Madison County as of and for the year ended June 30, 2012.

Results

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

Our audit resulted in 13 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 and Best Practice

The following are summaries of the audit findings and best practice:

MADISON COUNTY

- ◆ The Local Purpose Tax Fund was improperly used for school purposes.

OFFICE OF FINANCE DIRECTOR

- ◆ Material audit adjustments were required for proper financial statement presentation of the Highway/Public Works Fund.
 - ◆ Some purchase orders were issued after the purchases were made.
 - ◆ Expenditures exceeded appropriations.
 - ◆ Duties were not segregated adequately in the Office of Community Corrections.
 - ◆ The Emergency Management Agency had deficiencies in payroll procedures for the agency's project manager.
 - ◆ The director of the Emergency Management Agency improperly used county assets.
-

OFFICE OF COUNTY MAYOR – RABIES CONTROL OFFICE

- ◆ Receipts could not be determined.
 - ◆ Collections were not deposited within three days of receipt.
 - ◆ Collections were not accounted for properly or adequately safeguarded.
 - ◆ An estimated cash shortage of \$5,308 existed at the Rabies Control Office.
-

OFFICE OF COUNTY CLERK

- ◆ A deputy clerk allegedly failed to process certain vehicle registrations.
-

OFFICE OF CLERK AND MASTER

- ◆ Cash totaling \$500 was unaccounted.
-

BEST PRACTICE

Madison County does not have an Audit Committee. The Division of Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

INTRODUCTORY SECTION

Madison County Officials

June 30, 2012

Officials

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

Board of County Commissioners

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

Board of Education

Bob Alvey, Chairman
Bill Baxter
Carol Carter-Estes
David Clift
Becky Gordon
Billy Keeton
Dr. Joe Mays
Maria Mitchell
George Neely

Financial Management Committee

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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 28, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Madison County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Madison County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Madison County Emergency Communications District, which represent 4.1 percent and 1.2 percent respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Madison County Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of Madison County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 73 through 82 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the

financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Madison County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Governmental Activities	Component Units	
		Madison County School Department	Emergency Communications District
ASSETS			
Cash	\$ 125,267	\$ 0	\$ 2,711,183
Equity in Pooled Cash and Investments	21,477,025	8,189,806	0
Accounts Receivable	461,506	1,947	42,693
Allowance for Uncollectibles	(30,499)	0	0
Due from Other Governments	1,847,347	7,926,974	0
Due from Primary Government	0	650,000	0
Property Taxes Receivable	33,010,524	12,429,711	0
Allowance for Uncollectible Property Taxes	(2,053,238)	(841,956)	0
Prepaid Items	0	11,051	13,643
Accrued Interest Receivable	0	0	9,281
Deferred Charges - Debt Issuance Costs	432,861	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	8,346,077	2,091,562	16,100
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	15,781,137	70,081,671	290,762
Infrastructure	29,272,313	519,474	0
Other Capital Assets	3,874,211	7,136,457	1,521,984
Total Assets	\$ 112,544,531	\$ 108,196,697	\$ 4,605,646
LIABILITIES			
Accounts Payable	\$ 237,260	\$ 40,597	\$ 47,951
Payroll Deductions Payable	396,288	2,778,405	0
Accrued Leave	0	0	21,733
Retainage Payable	0	14,606	0
Due to Component Unit	650,000	0	0
Due to State of Tennessee	6,526	0	0
Accrued Interest Payable	612,777	0	0
Deferred Revenue - Current Property Taxes	30,497,723	11,381,375	0
Noncurrent Liabilities:			
Due Within One Year	3,884,041	292,839	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	61,777,987	6,642,141	0
Total Liabilities	\$ 98,062,602	\$ 21,149,963	\$ 69,684

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Madison County School Department	Emergency Communications District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 48,369,479	\$ 0	\$ 0
Invested in Capital Assets	0	79,829,164	1,828,846
Restricted for:			
Juvenile Services	383,098	0	0
Solid Waste/Sanitation	323,588	0	0
Local Purpose Tax	2,046,764	0	0
Special Purpose	1,619,612	0	0
Highway/Public Works	5,455,714	0	0
Debt Service	6,224,144	0	0
Capital Projects	1,410,674	363,727	0
Automation Purposes	358,858	0	0
School Federal Projects	0	369,926	0
Central Cafeteria	0	2,546,718	0
Other Purposes	120,525	9,974	0
Unrestricted	(51,830,527)	3,927,225	2,707,116
Total Net Assets	<u>\$ 14,481,929</u>	<u>\$ 87,046,734</u>	<u>\$ 4,535,962</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, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Governmental Total	Madison County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 3,004,256	\$ 759,138	\$ 63,284	\$ 0	\$ (2,181,834)	\$ 0	\$ 0
Finance	3,183,852	2,731,528	0	0	(452,324)	0	0
Administration of Justice	3,479,411	2,673,897	110,137	0	(695,377)	0	0
Public Safety	23,211,449	2,926,753	646,379	272,797	(19,365,520)	0	0
Public Health and Welfare	6,281,292	1,356,544	4,125,633	0	(799,115)	0	0
Social, Cultural, and Recreational Services	2,179,904	161,765	10,989	0	(2,007,150)	0	0
Agriculture and Natural Resources	491,245	346,500	0	0	(144,745)	0	0
Other Operations	4,743,806	78,744	0	0	(4,665,062)	0	0
Highways/Public Works	6,787,091	161,991	2,367,058	724,013	(3,534,029)	0	0
Education	3,650,000	0	0	0	(3,650,000)	0	0
Interest on Long-term Debt	2,807,966	0	0	0	(2,807,966)	0	0
Other Debt Service	684,093	0	496,280	0	(187,813)	0	0
Total Primary Government	\$ 60,504,365	\$ 11,196,860	\$ 7,819,760	\$ 996,810	\$ (40,490,935)	\$ 0	\$ 0
Component Units:							
Madison County School Department	\$ 126,407,763	\$ 1,601,906	\$ 18,418,817	\$ 0	\$ 0	\$ (106,387,040)	\$ 0
Emergency Communications District	943,469	772,390	342,917	0	0	0	171,838
Total Component Units	\$ 127,351,232	\$ 2,374,296	\$ 18,761,734	\$ 0	\$ 0	\$ (106,387,040)	\$ 171,838

(Continued)

Exhibit B

Madison County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
				Primary Government Total Governmental Activities	Madison County School Department	Emergency Communications District
	Expenses					
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 23,258,988	\$ 13,190,914	\$ 0
Property Taxes Levied for Debt Service				6,097,557	0	0
Local Option Sales Taxes				925,591	35,143,777	0
Hotel/Motel Tax				391,509	0	0
Litigation Tax				689,703	0	0
Business Tax				1,739,354	0	0
Wholesale Beer Tax				306,530	0	0
Other Local Taxes				31,702	5,853	0
Grants and Contributions Not Restricted to Specific Programs				4,327,672	51,287,724	327,910
Unrestricted Investment Income				261,353	0	29,702
Miscellaneous				458,000	118,409	2,740
Total General Revenues				\$ 38,487,959	\$ 99,746,677	\$ 360,352
Change in Net Assets				\$ (2,002,976)	\$ (6,640,363)	\$ 532,190
Net Assets, July 1, 2011				16,484,905	93,687,097	4,003,772
Net Assets, June 30, 2012				\$ 14,481,929	\$ 87,046,734	\$ 4,535,962

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

Madison County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds			
					General	Other Governmental Funds		
\$	0	0	0	0	0	125,267	\$	125,267
Cash	1,831,595	5,255,905	6,245,706	530,668	5,218,612	19,082,486		19,082,486
Equity in Pooled Cash and Investments	237,530	58,419	0	0	165,557	461,506		461,506
Accounts Receivable	0	0	0	0	(30,499)	(30,499)		(30,499)
Allowance for Uncollectibles	795,499	404,803	0	0	647,045	1,847,347		1,847,347
Due from Other Governments	125,774	0	0	0	0	125,774		125,774
Due from Other Funds	20,618,239	1,818,101	7,292,592	1,373,775	1,907,817	33,010,524		33,010,524
Property Taxes Receivable	(1,231,657)	(116,144)	(439,030)	(87,529)	(178,878)	(2,053,238)		(2,053,238)
Allowance for Uncollectible Property Taxes								
Total Assets	\$ 22,376,980	\$ 7,421,084	\$ 13,099,268	\$ 1,816,914	\$ 7,854,921	\$ 52,569,167		\$ 52,569,167

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$	66,112	\$	1,736	\$	0	\$	0	\$	1,200	\$	18,212	\$	87,260
Accounts Payable	278,660	15,203	0	0	0	0	102,425	396,288				125,774		125,774
Payroll Deductions Payable	0	0	0	0	0	0	650,000	650,000				6,390		6,390
Due to Other Funds	0	0	0	0	0	0	1,266,113	1,673,217				30,497,723		30,497,723
Due to Component Units	136	0	0	0	0	0	14,295	39,600				550,598		550,598
Due to State of Tennessee	19,124,138	1,675,164	6,759,091	1,266,113	1,673,217	30,497,723						326,685		326,685
Deferred Revenue - Current Property Taxes	186,555	19,046	67,189	14,295	39,600	326,685						32,640,854		32,640,854
Deferred Revenue - Delinquent Property Taxes	229,142	198,932	0	0	122,524	550,598						2,738,142		2,738,142
Other Deferred Revenues	\$ 19,884,743	\$ 1,910,081	\$ 6,826,280	\$ 1,281,608	\$ 2,738,142	\$ 32,640,854						2,053,531		2,053,531
Total Liabilities												1,905,507		1,905,507
Fund Balances	\$	148,024	\$	0	\$	0	\$	0	\$	0	\$	11,538	\$	11,538
Restricted:	259,326	0	0	0	0	15,937	275,263					516,115		516,115
Restricted for General Government	15,727	0	0	0	0	500,388	516,115					1,018,039		1,018,039
Restricted for Finance	0	0	0	0	0	0	0					0		0
Restricted for Administration of Justice	0	0	0	0	0	0	0					0		0
Restricted for Public Safety	0	0	0	0	0	0	0					0		0
Restricted for Public Health and Welfare	0	0	0	0	0	0	0					0		0

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Other Governmental Funds	Total Governmental Funds	
		Public Works	Debt Service	Capital Projects			
\$	0	0	0	0	152,855	152,855	
	0	5,410,627	0	0	685,457	6,096,084	
	0	0	0	374,442	175,616	550,058	
	0	0	4,166,283	0	0	4,166,283	
	0	0	0	0	123,869	123,869	
	0	0	0	0	66,771	66,771	
	0	0	0	0	53,746	53,746	
	0	100,376	0	0	0	100,376	
	0	0	0	160,864	0	160,864	
	0	0	2,106,705	0	0	2,106,705	
	12,054	0	0	0	0	12,054	
	6,221	0	0	0	0	6,221	
	218	0	0	0	0	218	
	0	0	0	0	49,328	49,328	
	9,741	0	0	0	369,266	379,007	
	2,127	0	0	0	0	2,127	
	1,670	0	0	0	0	1,670	
	2,025,591	0	0	0	0	2,025,591	
Total Fund Balances	\$ 2,492,237	\$ 5,511,003	\$ 6,272,988	\$ 535,306	\$ 5,116,779	\$ 19,928,313	
Total Liabilities and Fund Balances	\$ 22,376,980	\$ 7,421,084	\$ 13,099,268	\$ 1,816,914	\$ 7,854,921	\$ 52,569,167	

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

Exhibit C-2

Madison County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	19,928,313
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	8,346,077	
Add: buildings and improvements net of accumulated depreciation		15,781,137	
Add: infrastructure net of accumulated depreciation		29,272,313	
Add: other capital assets net of accumulated depreciation		<u>3,874,211</u>	57,273,738
(2) Internal service funds are used by management to charge the costs of employee health benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			2,244,539
(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	\$	(1,600,000)	
Less: bonds payable		(59,300,000)	
Add: deferred amount on refunding		496,744	
Add: deferred charges - debt issuance costs		432,861	
Less: compensated absences payable		(1,877,461)	
Less: other postemployment benefits liability		(1,821,906)	
Less: accrued interest on bonds and notes		(612,777)	
Less: other deferred revenue - premium on debt		<u>(1,559,405)</u>	(65,841,944)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>877,283</u>
Net assets of governmental activities (Exhibit A)		\$	<u>14,481,929</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, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other		
					Governmental Funds	Governmental Funds	
Revenues							
Local Taxes	\$ 21,538,506	\$ 1,836,167	\$ 6,423,155	\$ 1,401,241	\$ 3,776,652	\$ 34,975,721	
Licenses and Permits	349,059	0	0	0	0	349,059	
Fines, Forfeitures, and Penalties	490,720	0	0	0	36,508	527,228	
Charges for Current Services	787,655	0	0	0	566,751	1,354,406	
Other Local Revenues	325,513	27,178	246,416	22,290	81,431	702,828	
Fees Received from County Officials	4,875,922	0	0	0	0	4,875,922	
State of Tennessee	1,445,432	2,797,146	0	0	4,031,583	8,274,161	
Federal Government	196,264	300,993	151,509	0	811,000	1,459,766	
Other Governments and Citizens Groups	1,816,868	0	731,374	1,000,000	512,183	4,060,425	
Total Revenues	\$ 31,825,939	\$ 4,961,484	\$ 7,552,454	\$ 2,423,531	\$ 9,816,108	\$ 56,579,516	
Expenditures							
Current:							
General Government	\$ 2,204,513	\$ 0	\$ 0	\$ 221,856	\$ 0	\$ 2,426,369	
Finance	2,897,807	0	0	29,941	0	2,927,748	
Administration of Justice	2,935,073	0	0	0	70,184	3,005,257	
Public Safety	17,395,623	0	0	548,713	3,034,199	20,978,535	
Public Health and Welfare	1,942,524	0	0	184,069	3,900,718	6,027,311	
Social, Cultural, and Recreational Services	1,973,358	0	0	94,831	0	2,068,189	
Agriculture and Natural Resources	593,086	0	0	0	0	593,086	
Other Operations	3,340,992	0	0	2,778,281	392,031	6,511,304	
Highways	0	5,026,088	0	0	0	5,026,088	
Instruction	0	0	0	0	650,000	650,000	
Debt Service:							
Principal on Debt	40,948	0	4,650,000	0	0	4,690,948	
Interest on Debt	666	0	2,864,458	0	0	2,865,124	
Other Debt Service	0	0	126,896	0	0	126,896	
Capital Projects	0	0	0	3,000,000	0	3,000,000	
Total Expenditures	\$ 33,324,590	\$ 5,026,088	\$ 7,641,354	\$ 6,837,691	\$ 8,047,132	\$ 60,896,855	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,498,651)	\$ (64,604)	\$ (88,900)	\$ (4,434,160)	\$ 1,768,976	\$ (4,317,339)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 76,741	\$ 3,725	\$ 0	\$ 1,179	\$ 0	\$ 0	\$ 81,645
Transfers In	522,824	0	150,000	2,000,000	0	0	2,672,824
Transfers Out	(150,000)	(29,203)	0	0	(2,493,621)	(2,493,621)	(2,672,824)
Total Other Financing Sources (Uses)	\$ 449,565	\$ (25,478)	\$ 150,000	\$ 2,001,179	\$ (2,493,621)	\$ 81,645	
Net Change in Fund Balances	\$ (1,049,086)	\$ (90,082)	\$ 61,100	\$ (2,432,981)	\$ (724,645)	\$ (4,235,694)	
Fund Balance, July 1, 2011	3,541,323	5,601,085	6,211,888	2,968,287	5,841,424	24,164,007	
Fund Balance, June 30, 2012	\$ 2,492,237	\$ 5,511,003	\$ 6,272,988	\$ 535,306	\$ 5,116,779	\$ 19,928,313	

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, 2012

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)		\$ (4,235,694)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,137,066	
Less: current-year depreciation expense	<u>(3,953,814)</u>	(1,816,748)
(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, 2012	\$ 877,283	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(1,613,753)</u>	(736,470)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: change in premium on debt issuances	\$ 496,280	
Less: change in deferred debt issuance costs	(78,636)	
Add: principal payments on notes	4,040,948	
Add: principal payments on bonds	650,000	
Less: change in deferred amount on refunding debt	<u>(478,561)</u>	4,630,031
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 57,158	
Change in compensated absences payable	(230,174)	
Change in other postemployment benefits liability	<u>(486,925)</u>	(659,941)
(5) Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities in the statement of activities.		<u>815,846</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,002,976)</u>

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

Exhibit D-1

Madison County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2012

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance Fund <hr/>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 2,394,539
Total Assets	<u>\$ 2,394,539</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 150,000
Total Liabilities	<u>\$ 150,000</u>
<u>NET ASSETS</u>	
Restricted for Other Operations	<u>\$ 2,244,539</u>
Net Assets	<u><u>\$ 2,244,539</u></u>

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

Exhibit D-2

Madison County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 4,525,380
Total Operating Revenues	<u>\$ 4,525,380</u>
<u>Operating Expenses</u>	
Excess Risk Insurance	\$ 109,429
Medical Claims	3,395,965
Other Charges	216,777
Total Operating Expenses	<u>\$ 3,722,171</u>
Operating Income (Loss)	<u>\$ 803,209</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 12,637
Total Nonoperating Revenues	<u>\$ 12,637</u>
Change in Net Assets	\$ 815,846
Net Assets, July 1, 2011	<u>1,428,693</u>
Net Assets, June 30, 2012	<u><u>\$ 2,244,539</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, 2012

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self Insurance Premiums	\$ 4,525,380
Excess Risk Insurance Payments	(109,429)
Payments for Medical Claims	(3,395,965)
Payments for Administrative Costs	(216,777)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 803,209 <hr/>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 12,637
Net Cash Provided By (Used In) Investing Activities	<hr/> \$ 12,637 <hr/>
Increase (Decrease) in Cash	\$ 815,846
Cash, July 1, 2011	<hr/> 1,578,693 <hr/>
Cash, June 30, 2012	<hr/> <hr/> \$ 2,394,539 <hr/> <hr/>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	<hr/> \$ 803,209 <hr/>
Net Cash Provided By (Used In) Operating Activities	<hr/> <hr/> \$ 803,209 <hr/> <hr/>
<u>Reconciliation of Cash with the Statement of Net Assets</u> <u>Equity in Pooled Cash and Investments Per Net Assets</u>	
	<hr/> \$ 2,394,539 <hr/>
Cash, June 30, 2012	<hr/> <hr/> \$ 2,394,539 <hr/> <hr/>

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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,534,788
Equity in Pooled Cash and Investments	138,941
Accounts Receivable	85,100
Due from Other Governments	<u>2,072,753</u>
Total Assets	<u>\$ 6,831,582</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,183,242
Due to Litigants, Heirs, and Others	4,539,339
Other Current Liabilities	<u>109,001</u>
Total Liabilities	<u>\$ 6,831,582</u>

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

MADISON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

Administrative Office:

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

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

Madison County issues all debt for the discretely presented Madison County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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

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

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

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period.

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

Proprietary fund and fiduciary 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.

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, and hotel/motel taxes for the Jackson-Madison County Community Economic Development Commission. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

School Federal Projects Fund – This special revenue fund accounts for restricted federal revenues, which must be expended on specific education programs.

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.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund (internal service fund) used to account for employees' health insurance coverage. Operating revenues and expenses generally result from providing services in connection with the 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.

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.

D. Assets, Liabilities, and Net Assets or Equity

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

2. Receivables and Payables

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

All Health Department and property taxes receivables are shown with an allowance for uncollectibles. The Health Department receivables

allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 3.35 percent of total taxes levied.

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

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

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

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

Retainage payable in the discretely presented Madison County 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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the

government-wide and fund financial statements. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads	5 - 30
Bridges	30
Schools	10

5. Compensated Absences

Madison County and the discretely presented Madison County School Department permit employees to accumulate a limited amount of earned but unused vacation benefits that will be paid to employees upon separation from service. All vacation leave is accrued when

incurred in the government-wide statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Assets and Fund Equity

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

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

As of June 30, 2012, Madison County had \$52,114,377 in outstanding debt for capital purposes for the discretely presented Madison County School Department. This debt is a liability of Madison County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Madison County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report 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's Budget/Finance Committee and the Board of Education are authorized bodies to make assignments.

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.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Madison County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

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

Primary Government

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

Discretely Presented Madison County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Cash Shortages

The Rabies Control Office had an estimated cash shortage of \$5,308 at June 30, 2012, and the Office of Clerk and Master had \$500 unaccounted during the year. Details of these cash shortages are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the District Attorney General, County Coroner/Medical Examiner, and Libraries major appropriation categories (the legal level of control) of the General Fund by \$99, \$7,797, and \$915, respectively. Expenditures and encumbrances exceeded total appropriations in the Community Development/Industrial Park Fund by \$94. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Madison County and the Madison County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets 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.

The county had no pooled and nonpooled investments as of June 30, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 8,346,077	\$ 0	\$ 0	\$ 8,346,077
Construction in Progress	31,479	0	31,479	0
Total Capital Assets Not Depreciated	\$ 8,377,556	\$ 0	\$ 31,479	\$ 8,346,077
Capital Assets Depreciated:				
Buildings and Improvements	\$ 25,870,535	\$ 0	\$ 0	\$ 25,870,535
Roads and Bridges	58,030,309	1,317,324	0	59,347,633
Other Capital Assets	15,782,020	851,221	186,967	16,446,274
Total Capital Assets Depreciated	\$ 99,682,864	\$ 2,168,545	\$ 186,967	\$ 101,664,442
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,409,157	\$ 680,241	\$ 0	\$ 10,089,398
Roads and Bridges	27,815,068	2,260,252	0	30,075,320
Other Capital Assets	11,745,709	1,013,321	186,967	12,572,063
Total Accumulated Depreciation	\$ 48,969,934	\$ 3,953,814	\$ 186,967	\$ 52,736,781

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Total Capital Assets				
Depreciated, Net	\$ 50,712,930	\$ (1,785,269)	\$ 0	\$ 48,927,661
Governmental Activities				
Capital Assets, Net	\$ 59,090,486	\$ (1,785,269)	\$ 31,479	\$ 57,273,738

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

Governmental Activities:

General Government	\$ 46,600
Finance	5,051
Administration of Justice	168,918
Public Safety	1,140,881
Public Health and Welfare	169,387
Social, Cultural, and Recreational Services	60,622
Agriculture and Natural Resources	8,892
Other Operations	48,064
General Administration	964
Highways/Public Works	2,304,435
Total Depreciation Expense - Governmental Activities	\$ 3,953,814

Discretely Presented Madison County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 2,091,562	\$ 0	\$ 0	\$ 2,091,562
Total Capital Assets Not Depreciated	\$ 2,091,562	\$ 0	\$ 0	\$ 2,091,562

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 117,459,022	\$ 0	\$ 0	\$ 117,459,022
Infrastructure	256,568	334,300	0	590,868
Other Capital Assets	14,489,804	1,403,421	634,524	15,258,701
Total Capital Assets				
Depreciated	\$ 132,205,394	\$ 1,737,721	\$ 634,524	\$ 133,308,591
Less Accumulated				
Depreciated For:				
Buildings and				
Improvements	\$ 44,762,102	\$ 2,615,249	\$ 0	\$ 47,377,351
Infrastructure	19,820	51,574	0	71,394
Other Capital Assets	7,825,470	908,235	611,461	8,122,244
Total Accumulated				
Depreciation	\$ 52,607,392	\$ 3,575,058	\$ 611,461	\$ 55,570,989
Total Capital Assets				
Depreciated, Net	\$ 79,598,002	\$ (1,837,337)	\$ 23,063	\$ 77,737,602
Governmental Activities				
Capital Assets, Net	\$ 81,689,564	\$ (1,837,337)	\$ 23,063	\$ 79,829,164

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

Governmental Activities:

Instruction	\$ 2,315,145
Support Services	1,021,351
Operation of Non-Instructional Services	238,562
Total Depreciation Expense - Governmental Activities	<u>\$ 3,575,058</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 125,774

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit:	Primary Government:	
General Purpose School	Nonmajor governmental	\$ 650,000

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	General Capital Projects Fund
General Fund	\$ 0	\$ 150,000	\$ 0
Highway/Public Works Fund	29,203	0	0
Nonmajor governmental funds	493,621	0	2,000,000
Total	\$ 522,824	\$ 150,000	\$ 2,000,000

Discretely Presented Madison County School Department

Transfer Out	Transfer In
	General Purpose School Fund
School Federal Projects Fund	\$ 150,000

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

D. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 16 years for bonds and up to nine 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, 2012, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	1.1 to 5.25 %	4-20-25	\$ 10,820,000	\$ 9,945,000
General Obligation Bonds - Refunding	3 to 5	6-30-23	50,455,000	49,355,000
Capital Outlay Notes - Refunding	4 to 5	4-1-13	21,315,000	1,600,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 1,000,000	\$ 2,567,521	\$ 3,567,521
2014	4,735,000	2,536,071	7,271,071
2015	6,715,000	2,315,553	9,030,553
2016	7,015,000	2,060,600	9,075,600
2017	7,385,000	1,724,024	9,109,024
2018-2022	27,735,000	4,127,858	31,862,858
2023-2025	4,715,000	363,156	5,078,156
Total	<u>\$ 59,300,000</u>	<u>\$ 15,694,783</u>	<u>\$ 74,994,783</u>

Year Ending June 30	Note		
	Principal	Interest	Total
2013	\$ 1,600,000	\$ 80,000	\$ 1,680,000
Total	<u>\$ 1,600,000</u>	<u>\$ 80,000</u>	<u>\$ 1,680,000</u>

There is \$6,272,988 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$603, based on the 2010 federal census. Debt per capita, including bonds and notes, totaled \$620, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2011	\$ 59,950,000	\$ 5,640,948
Deductions	(650,000)	(4,040,948)
Balance, June 30, 2012	<u>\$ 59,300,000</u>	<u>\$ 1,600,000</u>
Balance Due Within One Year	<u>\$ 1,000,000</u>	<u>\$ 1,600,000</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	\$ 1,647,287	\$ 1,334,981
Additions	1,463,585	628,165
Deductions	(1,233,411)	(141,240)
Balance, June 30, 2012	<u>\$ 1,877,461</u>	<u>\$ 1,821,906</u>
Balance Due Within One Year	<u>\$ 1,284,041</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 64,599,367
Less: Deferred Amount on Refunding	(496,744)
Add: Unamortized Premium on Debt	1,559,405
Less: Balance Due Within One Year	<u>(3,884,041)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 61,777,987</u>

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

Defeasance of Prior Debt

In a prior year, Madison County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust fund to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2012, the following outstanding bonds are considered defeased:

<u>Bonds</u>	<u>Amount</u>	<u>Call Date</u>
School and Public Improvement Bonds Series 2002	\$ 1,000,000	4-1-13
School and Public Improvement Bonds Series 2003	7,100,000	4-1-13

Discretely Presented Madison County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Madison County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	\$ 344,933	\$ 4,760,552
Additions	399,342	2,706,293
Deductions	(427,257)	(848,883)
Balance, June 30, 2012	<u>\$ 317,018</u>	<u>\$ 6,617,962</u>
Balance Due Within One Year	<u>\$ 292,839</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 6,934,980
Less: Balance Due Within One Year	<u>(292,839)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,642,141</u>

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

E. On-Behalf Payments

Discretely Presented Madison County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Madison County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$623,257 and \$106,892, respectively. The School

Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. Short-term Debt

Primary Government

Madison County issued revenue anticipation notes in advance of property tax collections and other revenue sources and deposited the proceeds in the General (\$2,500,000), Juvenile Services (\$50,000), and Solid Waste/Sanitation (\$25,000) funds. These notes were necessary because funds were not available for general operating expenses coming due before current tax collections and other revenue sources. Short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance			Balance
	7-1-11	Issued	Paid	6-30-12
Revenue				
Anticipation Notes	\$ 0	\$ 2,575,000	\$ (2,575,000)	\$ 0

Discretely Presented Madison County School Department

Madison County issued revenue anticipation notes and deposited the proceeds in the discretely presented School Federal Projects (\$750,000) and Education Capital Projects (\$500,000) funds. These notes were necessary to provide operating funds until federal reimbursements of grant expenditures were received and because funds were not available for capital expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance			Balance
	7-1-11	Issued	Paid	6-30-12
Revenue				
Anticipation Notes	\$ 0	\$ 1,250,000	\$ (1,250,000)	\$ 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 \$85,000 per specific loss and 100 percent of expected claims. The county obtained an excess risk insurance policy to cover claims beyond any amounts exceeding these limits. The premiums for the excess risk insurance and administration fees are paid directly to the administrator of the county's employee insurance plan by the various funds and departments participating in the plan.

All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on demographics of the group, cost of medical care, prior-claim experience, and expected liability during the 2011-12 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
2010-11	\$ 150,000	\$ 3,000,066	\$ (3,000,066)	\$ 150,000
2011-12	150,000	3,395,965	(3,395,965)	150,000

Workers' Compensation Insurance

Madison County has elected to implement and administrate an On-the-Job Program under the provisions of Section 50-6-106(16), *Tennessee Code Annotated (TCA)*, to provide uniform procedures for the reporting, treatment, and compensation of qualified individuals who are injured or fall ill while performing their duties.

Liability, Property, and Casualty

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

reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Discretely Presented Madison County School Department

Employee Health Insurance

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Workers' Compensation Insurance

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

Liability, Property, and Casualty

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

B. Subsequent Events

Subsequent to June 30, 2012, Madison County issued tax anticipation notes to provide temporary operating funds as detailed below:

Date Issued	Amount	Borrower	Lender
8-14-12	\$ 1,000,000	General	General Debt Service
8-14-12	1,000,000	Education Capital Projects	Local Purpose Tax
9-10-12	1,200,000	General	General Debt Service

C. Contingent Liabilities

The county and School Department are involved in several pending lawsuits. Their attorneys estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect their financial statements.

D. Changes in Administration

Director of Schools Nancy Zambito resigned June 30, 2011, and was succeeded by Thomas White on July 1, 2011.

Highway Engineer Fred Bowyer resigned August 31, 2011, and was succeeded by Bart Walls on September 1, 2011.

E. Joint Ventures

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

Madison County has control over budget and financing of the above joint ventures only to the extent of representation by its appointed board or commission members. Madison County contributed \$210,240 to the Airport Authority for its operations during the year ended June 30, 2012. 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. Retirement Commitments

Information for the Tennessee Consolidated Retirement System (TCRS) for the year ended June 30, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore the information for TCRS presented below is for the fiscal year ended June 30, 2011.

Tennessee Consolidated Retirement System

Plan Description

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

Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Madison County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 14.53 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county’s annual pension cost of \$4,862,694 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was nine years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$4,862,694	100%	\$0
6-30-10	4,520,048	100	0
6-30-09	4,545,746	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 85.1 percent funded. The actuarial accrued liability for benefits was \$92 million, and the actuarial value of assets was \$78 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$14 million. The covered payroll (annual payroll of active employees covered by the plan) was \$31 million, and the ratio of the UAAL to the covered payroll was 44.34 percent.

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

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

SCHOOL TEACHERS

Plan Description

The Madison County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is

granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009 were \$5,004,994, 3,474,278, and \$3,549,187, respectively, equal to the required contributions for each year.

City of Jackson Teachers Retirement Plan Assumed by Madison County Board of Education

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

1. Summary of Significant Accounting Policies

Basis of Accounting

Financial statements of the CJTRP are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due, and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in advance with the terms of the plan.

Method Used to Value Investments

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

2. Plan Description and Contribution Information

At June 30, 2012, the plan had 32 retirees and beneficiaries receiving benefits. The plan has no active members and is closed to new entrants.

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

Contributions

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

Annual Pension Cost

For the year ended June 30, 2012, the Madison County School Department's annual pension cost of \$353,430 to the CJTRP was equal to the system's required and actual contributions.

Annual required contribution (ARC)	\$ 353,430
Interest on net pension obligation	0
Adjustment to ARC	0
Annual pension cost	<u>\$ 353,430</u>
Contributions made	<u>(353,430)</u>
Increase (decrease) in net pension obligation	\$ 0
Net pension obligation, July 1, 2011	<u>0</u>
 Net pension obligation, June 30, 2012	 <u><u>\$ 0</u></u>

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 353,430	100	% \$ 0
6-30-11	326,830	100	0
6-30-10	321,005	100	0

The required contribution was determined as part of the July 1, 2009, actuarial valuation using the projected unit credit actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on investment of present and future assets of six percent a year compounded annually and (b) a projected two percent cost-of-living increase for pension.

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was 28 percent funded. The actuarial accrued liability for benefits was \$3,624,134, and the actuarial value of assets was \$997,849, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,626,285. The covered payroll (annual payroll of active employees covered by the plan) was \$56,584, and the ratio of UAAL to the covered payroll was 4,641 percent.

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

G. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the Madison County Commission. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active and retired employees' premiums. A retiree who has reached age 55 with five years of service will be required to pay 100 percent of the monthly medical premium for retiree and dependent coverage. A retiree who has reached 30 years of service will be required to pay 25 percent of the monthly medical premium for retiree only coverage and 100 percent of the cost of dependent coverage. A retiree who has reached age 55 with 20 to 29 years of service will be required to pay 35 percent of the monthly medical premium for retiree only coverage and 100 percent of the cost of dependent coverage. The county also pays the premiums for the \$5,000 life insurance. The county reimburses 80 percent of the amount of validated claims for medical, dental, and hospitalization costs incurred by pre-Medicare retirees and their dependents. During the year, expenditures totaling \$141,240 were recognized for the primary government.

Annual OPEB Cost and Net OPEB Obligation

	<u>Primary Government Plan</u>
ARC	\$ 612,483
Interest on NPO	40,868
Adjustment to ARC	<u>(25,186)</u>
Annual OPEB cost	\$ 628,165
Less: Amount of contribution	<u>(141,240)</u>
Increase (decrease) in NPO	\$ 486,925
Net OPEB obligation, 7-1-11	<u>1,334,981</u>
 Net OPEB obligation, 6-30-12	 <u><u>\$ 1,821,906</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Primary Government	\$ 540,482	19 %	\$ 834,610
6-30-11	"	553,939	10	1,334,981
6-30-12	"	628,165	22	1,821,906

Funding Status and Funding Progress

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

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

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

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

Actuarial Methods and Assumptions

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

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

Discretely Presented Madison County School Department

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing

active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan.

The discretely presented Madison County School Department, through its participation in the Local Education Group Insurance Fund, makes a contribution toward the health insurance premium of the School Department's group medical plan for all certified employees who retire and for qualifying noncertified employees with 20 years of service and one year of state insurance coverage or with ten years of service and three years of state insurance coverage. This contribution continues until the employee reaches age 65 and is Medicare eligible. The School Department pays 63 percent of single coverage and 57.5 percent of family coverage for all certified and qualifying noncertified personnel. As of June 30, 2012, there were 214 former employees participating. Expenditures totaling \$848,883 were recognized for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 2,718,000
Interest on NPO	190,422
Adjustment to ARC	<u>(202,129)</u>
Annual OPEB cost	\$ 2,706,293
Less: Amount of contribution	<u>(848,883)</u>
Increase (decrease) in NPO	\$ 1,857,410
Net OPEB obligation, 7-1-11	<u>4,760,552</u>
Net OPEB obligation, 6-30-12	<u><u>\$ 6,617,962</u></u>

Fiscal Year Ended Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>			
6-30-10 Local Education Group	\$ 2,965,008	22 %	\$ 2,734,218
6-30-11 "	2,987,497	32	4,760,552
6-30-12 "	2,706,293	31	6,617,962

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Office of Central Accounting and Budgeting

Office of Director of Finance

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

I. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as purchasing agent for Madison County. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 for the Office of County Mayor, Office of Highway Engineer, and for the discretely presented School Department are required to be competitively bid.

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

A. Significant Accounting Policies

1. Reporting Entity

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

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

The district is considered a component unit of the county because the district Board of Directors is appointed by the Madison County Commission. The County Commission must approve any debt issued by the district.

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

The accounting policies of the district conform to generally accepted accounting principles applicable to governments as defined in the statements of the Governmental Accounting Standards Board (GASB). The district also elected to apply generally accepted accounting principles as defined by Financial Accounting Standards Board

Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989. After that date, the district has elected to apply only GASB pronouncements. The following is a summary of the more significant accounting policies.

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

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

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

3. Assets, Liabilities, and Net Assets

Deposits and Investments

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

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

Accounts Receivable

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

Capital Assets

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

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

Compensated Absences

The district allows two weeks of vacation to each employee per year with accrual limited to 30 days for one-to-five years of service. For employees with six-to-ten years of service, 18 days of vacation are received and accrual is limited to 36 days. Employees with more than ten years of service receive three weeks of vacation with accrual limited to 39 days. Employees with 20 or more years of service receive 24 days of vacation with accrual limited to 42 days. Employees receive full reimbursement for unused vacation upon leaving the employment of the district.

Net Assets

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

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

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

Unrestricted – all other net assets that do not meet the definition of the other categories.

Revenues

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

B. Stewardship, Compliance, and Accountability

Budgetary Information

The district adopts a budget in accordance with the requirements of the Tennessee Emergency Communications Board and *Tennessee Code Annotated*, Section 7-86-120. This budget is adopted on another comprehensive basis of accounting, which is not in accordance with generally accepted accounting

principles. The budgetary basis of accounting includes expenditures for capital assets and reduction of principal on long-term debt, but does not include depreciation. Expenditures are required to be within budgetary limits at the line-item level of control.

C. Detailed Notes on Accounts

1. Deposits and Investments

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes, or treasury bills of the United States or any of its agencies; certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations; repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities; the state pooled investment fund; and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2012, \$500,228 of the district's bank balance was covered by federal depository insurance, and the remaining bank balance of \$2,220,366 was covered by the Tennessee Bank Collateral Pool.

2. Capital Assets

Capital assets activity for the year was as follows:

Description	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets			
Not Depreciated:			
Land	\$ 16,100	\$ 0	\$ 16,100
Capital Assets Depreciated:			
Buildings	\$ 294,664	\$ 10,300	\$ 304,964
Furniture and Fixtures	132,855	131,245	264,100
Office Equipment	79,423	0	79,423
Communications Equipment	1,591,518	1,341,766	2,933,284
Vehicles	30,691	0	30,691
Total Capital Assets Being Depreciated	\$ 2,129,151	\$ 1,483,311	\$ 3,612,462

Description	Balance 7-1-11	Increases	Balance 6-30-12
Less Accumulated			
Depreciation For:			
Buildings	\$ 6,463	\$ 7,739	\$ 14,202
Furniture and Fixtures	74,632	21,945	96,577
Office Equipment	30,097	11,112	41,209
Communications Equipment	1,271,155	354,078	1,625,233
Vehicles	17,595	4,900	22,495
Total Capital Assets Being			
Depreciated	\$ 1,399,942	\$ 399,774	\$ 1,799,716
 Total Capital Assets			
Depreciated, Net	\$ 729,209	\$ 1,083,537	\$ 1,812,746
 Total Capital Assets, Net	\$ 745,309	\$ 1,083,537	\$ 1,828,846

D. Other Information

1. Funding Sources

Funding for the district's operations is provided by monthly fees from service users in the county and wireless cellular phone subscribers. AT&T and alternate local exchange carriers collect service fees from the county users and remit the funds to the district. The Tennessee Emergency Communications Board collects monthly service fees from wireless cellular phone subscribers and remits a set percentage to the district.

2. Retirement Plan

Plan Description

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

state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The district has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll.

The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 16.05 percent of annual covered payroll. The contribution requirements of plan members are set by state statute. Contribution requirements for the district are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the district's annual pension cost of \$23,503 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of 3.0 percent annually.

The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a five-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was

20 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$ 23,008	100 %	\$ 0
6-30-10	18,960	100	0
6-30-09	18,565	100	0

3. Commitments

The district is obligated to AT&T for the monthly operating and maintenance services of the emergency communications system. The maintenance portion of this contract is \$10,722 per month for a 72-month period, beginning in 2006. The operating portion under this contract is based on the actual number of lines used and is adjusted annually. The current base operating charge is \$5,860 monthly. During this fiscal year, the communications equipment used by the County Fire Department was added and has a monthly maintenance fee of \$139. The remaining commitment under these contracts is as follows:

Year Ending	Maintenance
2013	\$ 33,834
2014	<u>1,668</u>
Total	<u><u>\$ 35,502</u></u>

4. Risk Management

The district is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the district to purchase commercial insurance for the risks of general liability, vehicle liability, employee dishonesty, workers' compensation, and physical damage to its capital assets. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 21,538,506	\$ 0	\$ 0	\$ 21,538,506	\$ 20,977,520	\$ 21,443,520	\$ 94,986
Licenses and Permits	349,059	0	0	349,059	415,346	415,346	(66,287)
Fines, Forfeitures, and Penalties	490,720	0	0	490,720	466,515	472,784	17,936
Charges for Current Services	787,655	0	0	787,655	711,713	719,371	68,284
Other Local Revenues	325,513	0	0	325,513	196,066	272,975	52,538
Fees Received from County Officials	4,875,922	0	0	4,875,922	4,532,000	4,532,000	343,922
State of Tennessee	1,445,432	0	0	1,445,432	1,510,922	1,656,596	(211,164)
Federal Government	196,264	0	0	196,264	509,405	1,092,097	(895,833)
Other Governments and Citizens Groups	1,816,868	0	0	1,816,868	1,418,432	1,979,695	(162,827)
Total Revenues	\$ 31,825,939	\$ 0	\$ 0	\$ 31,825,939	\$ 30,737,919	\$ 32,584,384	\$ (758,445)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 153,415	\$ 0	\$ 0	\$ 153,415	\$ 151,705	\$ 154,930	\$ 1,515
County Mayor/Executive	229,678	0	0	229,678	246,226	238,437	8,759
Personnel Office	194,091	0	0	194,091	199,866	200,646	6,555
County Attorney	50,000	0	0	50,000	50,000	50,000	0
Election Commission	336,071	0	0	336,071	351,433	356,689	20,618
Register of Deeds	334,396	0	0	334,396	368,029	369,779	35,383
Codes Compliance	96,435	0	0	96,435	73,567	99,642	3,207
County Buildings	244,915	0	12,054	256,969	276,487	276,002	19,033
Other Facilities	497,625	0	0	497,625	508,480	523,124	25,499
Preservation of Records	41,480	0	0	41,480	41,551	48,851	7,371
Risk Management	26,407	0	0	26,407	29,370	28,280	1,873

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 983,161	\$ 0	\$ 6,221	\$ 989,382	\$ 990,093	\$ 998,393	\$ 9,011
Property Assessor's Office	783,022	0	0	783,022	814,982	833,351	50,329
Reappraisal Program	199,501	0	0	199,501	238,427	221,739	22,238
County Trustee's Office	316,282	(583)	0	315,699	347,657	346,707	31,008
County Clerk's Office	615,841	0	0	615,841	670,663	659,313	43,472
<u>Administration of Justice</u>							
Circuit Court	1,056,323	(225)	0	1,056,098	1,037,112	1,077,756	21,658
General Sessions Court	311,464	(321)	0	311,143	321,313	319,763	8,620
Drug Court	29,973	0	0	29,973	7,620	31,770	1,797
Chancery Court	669,150	(3,395)	0	665,755	649,184	680,360	14,605
Juvenile Court	354,416	(170)	218	354,464	371,983	368,543	14,079
District Attorney General	88,818	0	0	88,818	88,219	88,719	(99)
Office of Public Defender	78,017	0	0	78,017	77,633	78,203	186
Other Administration of Justice	346,912	0	0	346,912	271,000	375,203	28,291
<u>Public Safety</u>							
Sheriff's Department	5,708,810	0	0	5,708,810	5,658,715	5,983,977	275,167
Special Patrols	833,945	0	0	833,945	1,005,986	915,160	81,215
Jail	7,084,649	0	0	7,084,649	6,700,511	7,255,341	170,692
Workhouse	1,769,078	0	0	1,769,078	1,952,334	1,907,144	138,066
Juvenile Services	359,168	0	0	359,168	371,233	367,029	7,861
Fire Prevention and Control	632,609	0	0	632,609	657,951	650,430	17,821
Civil Defense	312,469	0	0	312,469	308,844	313,803	1,334
Disaster Relief	421,365	0	0	421,365	0	421,509	144
Inspection and Regulation	149,046	(138)	0	148,908	193,730	185,540	36,632

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
County Coroner/Medical Examiner	\$ 106,824	\$ 0	\$ 0	\$ 106,824	\$ 99,327	\$ 99,027	\$ (7,797)
Other Public Safety	17,660	0	0	17,660	18,145	18,945	1,285
<u>Public Health and Welfare</u>							
Local Health Center	1,747,900	(11,557)	9,436	1,745,779	1,764,958	1,813,923	68,144
Rabies and Animal Control	176,994	(1,437)	305	175,862	184,279	180,479	4,617
Other Local Welfare Services	17,630	0	0	17,630	17,630	17,630	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	976,109	0	0	976,109	975,194	975,194	(915)
Parks and Fair Boards	927,492	0	2,048	929,540	937,641	947,984	18,444
Other Social, Cultural, and Recreational Agriculture and Natural Resources	69,757	(630)	79	69,206	90,481	90,481	21,275
Agriculture Extension Service	181,452	0	1,670	183,122	188,256	192,256	9,134
Soil Conservation	103,659	0	0	103,659	113,568	104,868	1,209
Flood Control	307,975	(237,358)	0	70,617	60,000	80,620	10,003
Other Operations							
Industrial Development	72,000	0	0	72,000	72,000	72,000	0
Airport	574,216	0	0	574,216	608,789	655,289	81,073
Other Charges	540,386	0	0	540,386	546,827	633,361	92,975
Contributions to Other Agencies	266,985	0	0	266,985	266,985	338,985	72,000
Miscellaneous	1,887,405	(7,000)	0	1,880,405	1,501,218	2,086,739	206,334
<u>Principal on Debt</u>							
General Government	40,948	0	0	40,948	17,088	40,948	0
<u>Interest on Debt</u>							
General Government	666	0	0	666	0	666	0
Total Expenditures	\$ 33,324,590	\$ (262,814)	\$ 32,031	\$ 33,093,807	\$ 32,494,290	\$ 34,775,528	\$ 1,681,721

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2011	Encumbrances 6/30/2012			Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,498,651) \$	262,814 \$	(32,031) \$	(1,267,868) \$	(1,756,371) \$	(2,191,144) \$	923,276	
Other Financing Sources (Uses)								
Insurance Recovery	\$ 76,741 \$	0 \$	0 \$	76,741 \$	0 \$	85,808 \$	(9,067)	
Transfers In	522,824	0	0	522,824	384,309	522,824	0	
Transfers Out	(150,000)	0	0	(150,000)	(150,000)	(150,000)	0	
Total Other Financing Sources (Uses)	\$ 449,565 \$	0 \$	0 \$	449,565 \$	234,309 \$	458,632 \$	(9,067)	
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (1,049,086) \$	262,814 \$	(32,031) \$	(818,303) \$	(1,522,062) \$	(1,732,512) \$	914,209	
Fund Balance, June 30, 2012	3,541,323	(262,814)	0	3,278,509	2,420,961	2,420,961	857,548	
	\$ 2,492,237 \$	0 \$	(32,031) \$	2,460,206 \$	898,899 \$	688,449 \$	1,771,757	

Exhibit F-2

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,836,167	\$ 1,853,810	\$ 1,853,810	\$ (17,643)
Other Local Revenues	27,178	26,000	26,000	1,178
State of Tennessee	2,797,146	2,960,286	2,960,286	(163,140)
Federal Government	300,993	475,622	475,622	(174,629)
Total Revenues	<u>\$ 4,961,484</u>	<u>\$ 5,315,718</u>	<u>\$ 5,315,718</u>	<u>\$ (354,234)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 335,517	\$ 388,018	\$ 388,018	\$ 52,501
Highway and Bridge Maintenance	2,913,960	4,014,000	4,056,669	1,142,709
Operation and Maintenance of Equipment	452,694	559,100	599,100	146,406
Other Charges	166,936	209,150	209,150	42,214
Employee Benefits	147,256	264,504	264,504	117,248
Capital Outlay	1,009,725	1,312,682	1,541,609	531,884
Total Expenditures	<u>\$ 5,026,088</u>	<u>\$ 6,747,454</u>	<u>\$ 7,059,050</u>	<u>\$ 2,032,962</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (64,604)</u>	<u>\$ (1,431,736)</u>	<u>\$ (1,743,332)</u>	<u>\$ 1,678,728</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,725	\$ 0	\$ 0	\$ 3,725
Transfers Out	(29,203)	(29,203)	(29,203)	0
Total Other Financing Sources (Uses)	<u>\$ (25,478)</u>	<u>\$ (29,203)</u>	<u>\$ (29,203)</u>	<u>\$ 3,725</u>
Net Change in Fund Balance	\$ (90,082)	\$ (1,460,939)	\$ (1,772,535)	\$ 1,682,453
Fund Balance, July 1, 2011	<u>5,601,085</u>	<u>3,627,546</u>	<u>3,627,546</u>	<u>1,973,539</u>
Fund Balance, June 30, 2012	<u>\$ 5,511,003</u>	<u>\$ 2,166,607</u>	<u>\$ 1,855,011</u>	<u>\$ 3,655,992</u>

Exhibit F-3

Madison County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Madison County School Department
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date*	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 71,989	\$ 82,140	\$ 10,151	87.64%	\$ 28,679	35.4 %
7-1-09	78,399	92,123	13,724	85.10	30,952	44.34

* - Information for July 1, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years are presented.

Exhibit F-4

Madison County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Madison County School Department
June 30, 2012

Former City of Jackson Teacher Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 987,914	\$ 4,908,093	\$ 3,920,179	20.13 %	\$ 51,963	7,544.17 %
7-1-11	961,499	3,812,330	2,850,831	25.20	57,610	4,948.50
7-1-12	997,849	3,624,134	2,626,285	27.53	56,584	4,641.39

Exhibit F-5

Madison County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Madison County Emergency Communications District
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 194	\$ 282	\$ 88	68.79 %	\$ 118	74.58 %
7-1-09	221	373	152	59.12	137	111.54

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the 2007 year; therefore, only the two most recent valuations are presented.

Exhibit F-6

Madison County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Madison County School Department
June 30, 2012

(Dollar amounts in thousands)

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

MADISON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the 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, Personnel, County Attorney, etc.). Management may make revisions within major categories, but only the Madison County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the District Attorney General, County Coroner/Medical Examiner, and Libraries major appropriation categories (the legal level of control) of the General Fund by \$99, \$7,797, and \$915, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

C. CASH SHORTAGE

The General Fund's Rabies Control Office had an estimated cash shortage of \$5,308 at June 30, 2012. Details of this cash shortage is discussed in the Schedule of Findings and Questioned Costs section of this report.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

Capital Projects Funds

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.

Madison County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds					
	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	District Attorney General
\$	0	0	0	0	0	0
	357,782	290,139	2,672,294	993,356	28,831	15,937
	0	10,184	0	154,066	0	0
	0	0	0	(30,499)	0	0
	58,252	17,320	0	571,473	0	0
	1,181,446	648,782	77,589	0	0	0
	(75,275)	(50,484)	(53,119)	0	0	0
\$	1,522,205	915,941	2,696,764	1,688,396	28,831	15,937

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

\$	1,266	6,035	0	10,911	0	0
	48,984	1,958	0	51,483	0	0
	0	0	0	0	0	0
	0	0	650,000	0	0	0
	0	0	0	6,390	0	0
	1,088,857	584,360	0	0	0	0
	12,307	9,905	17,388	0	0	0
	0	0	0	122,524	0	0
\$	1,151,414	602,258	667,388	191,308	0	0

Liabilities

Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Due to Component Units
 Due to State of Tennessee
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

Fund Balances

Restricted:
 Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare

(Continued)

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	District Attorney General	
\$	0	0	0	152,855	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	123,869	0	0	0	0
66,771	0	0	0	0	0	0	0
0	53,746	0	0	0	0	0	0
0	0	0	0	49,328	0	0	0
0	0	0	0	369,266	0	0	0
<u>\$ 370,791</u>	<u>\$ 313,683</u>	<u>\$ 2,029,376</u>	<u>\$ 1,497,088</u>	<u>\$ 28,831</u>	<u>\$ 15,937</u>		
<u>\$ 1,522,205</u>	<u>\$ 915,941</u>	<u>\$ 2,696,764</u>	<u>\$ 1,688,396</u>	<u>\$ 28,831</u>	<u>\$ 15,937</u>		

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
Restricted (Cont.):
Restricted for Other Operations
Restricted for Highways/Public Works
Restricted for Capital Outlay
Committed:
Committed for General Government
Committed for Public Safety
Committed for Public Health and Welfare
Assigned:
Assigned for Public Safety
Assigned for Public Health and Welfare
Total Fund Balances

Total Liabilities and Fund Balances

(Continued)

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

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Total	Community Development/ Industrial Park	Highway Capital Projects	Total	
\$ 125,267 \$	125,267 \$	0 \$	0 \$	0 \$	0 \$	125,267
0	4,358,339	174,816	685,457	860,273	0	5,218,612
507	164,757	800	0	800	0	165,557
0	(30,499)	0	0	0	0	(30,499)
0	647,045	0	0	0	0	647,045
0	1,907,817	0	0	0	0	1,907,817
0	(178,878)	0	0	0	0	(178,878)
\$ 125,774 \$	6,993,848 \$	175,616 \$	685,457 \$	861,073 \$	0 \$	7,854,921

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Due to Component Units
 Due to State of Tennessee
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues

Total Liabilities

Fund Balances

Restricted:
 Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare

(Continued)

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

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Total	Community Development/ Industrial Park	Highway Capital Projects	Total	
\$	0	152,855	0	0	0	152,855
	0	0	0	685,457	685,457	685,457
	0	0	175,616	0	175,616	175,616
	0	123,869	0	0	0	123,869
	0	66,771	0	0	0	66,771
	0	53,746	0	0	0	53,746
	0	49,328	0	0	0	49,328
	0	369,266	0	0	0	369,266
\$	0	4,255,706	175,616	685,457	861,073	5,116,779
\$	125,774	6,993,848	175,616	685,457	861,073	7,854,921

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
Restricted (Cont.):
Restricted for Other Operations
Restricted for Highways/Public Works
Restricted for Capital Outlay
Committed:
Committed for General Government
Committed for Public Safety
Committed for Public Health and Welfare
Assigned:
Assigned for Public Safety
Assigned for Public Health and Welfare
Total Fund Balances
Total Liabilities and Fund Balances

Madison County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds					
	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control	District Attorney General
<u>Revenues</u>						
Local Taxes	\$ 1,161,566	\$ 941,343	\$ 1,673,743	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	10,531	25,977
Charges for Current Services	960	0	0	514,277	0	0
Other Local Revenues	707	37,409	0	1,111	0	0
State of Tennessee	9,000	94,767	0	3,927,816	0	0
Federal Government	213,159	0	0	597,841	0	0
Other Governments and Citizens Groups	171,863	0	0	340,320	0	0
Total Revenues	\$ 1,557,255	\$ 1,073,519	\$ 1,673,743	\$ 5,381,365	\$ 10,531	\$ 25,977
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,670
Public Safety	1,457,672	0	0	1,565,855	10,672	0
Public Health and Welfare	0	988,842	0	2,911,876	0	0
Other Operations	0	0	128,078	188,539	0	0
Instruction	0	0	650,000	0	0	0
Total Expenditures	\$ 1,457,672	\$ 988,842	\$ 778,078	\$ 4,666,270	\$ 10,672	\$ 18,670
Excess (Deficiency) of Revenues Over Expenditures	\$ 99,583	\$ 84,677	\$ 895,665	\$ 715,095	\$ (141)	\$ 7,307
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ (2,493,621)	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (2,493,621)	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances Fund Balance, July 1, 2011	\$ 99,583	\$ 84,677	\$ (1,597,956)	\$ 715,095	\$ (141)	\$ 7,307
Fund Balance, July 1, 2011	271,208	229,006	3,627,332	781,993	28,972	8,630
Fund Balance, June 30, 2012	\$ 370,791	\$ 313,683	\$ 2,029,376	\$ 1,497,088	\$ 28,831	\$ 15,937

(Continued)

Exhibit G-2

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

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Total	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 3,776,652	\$ 0	\$ 0	\$ 0	\$ 3,776,652
Fines, Forfeitures, and Penalties	0	36,508	0	0	0	36,508
Charges for Current Services	51,514	566,751	0	0	0	566,751
Other Local Revenues	0	39,227	42,204	0	42,204	81,431
State of Tennessee	0	4,031,583	0	0	0	4,031,583
Federal Government	0	811,000	0	0	0	811,000
Other Governments and Citizens Groups	0	512,183	0	0	0	512,183
Total Revenues	\$ 51,514	\$ 9,773,904	\$ 42,204	\$ 0	\$ 42,204	\$ 9,816,108
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 51,514	\$ 70,184	\$ 0	\$ 0	\$ 0	\$ 70,184
Public Safety	0	3,034,199	0	0	0	3,034,199
Public Health and Welfare	0	3,900,718	0	0	0	3,900,718
Other Operations	0	316,617	75,414	0	75,414	392,031
Instruction	0	650,000	0	0	0	650,000
Total Expenditures	\$ 51,514	\$ 7,971,718	\$ 75,414	\$ 0	\$ 75,414	\$ 8,047,132
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 1,802,186	\$ (33,210)	\$ 0	\$ (33,210)	\$ 1,768,976
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ (2,493,621)	\$ 0	\$ 0	\$ 0	\$ (2,493,621)
Total Other Financing Sources (Uses)	\$ 0	\$ (2,493,621)	\$ 0	\$ 0	\$ 0	\$ (2,493,621)
Net Change in Fund Balances	\$ 0	\$ (691,435)	\$ (33,210)	\$ 0	\$ (33,210)	\$ (724,645)
Fund Balance, July 1, 2011	0	4,947,141	208,826	685,457	894,283	5,841,424
Fund Balance, June 30, 2012	\$ 0	\$ 4,255,706	\$ 175,616	\$ 685,457	\$ 861,073	\$ 5,116,779

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,161,566	\$ 0	\$ 1,161,566	\$ 1,149,247	\$ 1,149,247	\$ 12,319
Charges for Current Services	960	0	960	0	0	960
Other Local Revenues	707	0	707	500	500	207
State of Tennessee	9,000	0	9,000	9,000	9,000	0
Federal Government	213,159	0	213,159	169,106	199,106	14,053
Other Governments and Citizens Groups	171,863	0	171,863	50,000	100,172	71,691
Total Revenues	\$ 1,557,255	\$ 0	\$ 1,557,255	\$ 1,377,853	\$ 1,458,025	\$ 99,230
<u>Expenditures</u>						
<u>Public Safety</u>						
Juvenile Services	\$ 1,457,672	(1,611)	\$ 1,456,061	\$ 1,535,812	\$ 1,575,235	\$ 119,174
Total Expenditures	\$ 1,457,672	(1,611)	\$ 1,456,061	\$ 1,535,812	\$ 1,575,235	\$ 119,174
Excess (Deficiency) of Revenues Over Expenditures	\$ 99,583	1,611	\$ 101,194	(157,959)	\$ (117,210)	\$ 218,404
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 99,583	1,611	\$ 101,194	(157,959)	\$ (117,210)	\$ 218,404
	271,208	(1,611)	269,597	193,817	193,817	75,780
Fund Balance, June 30, 2012	\$ 370,791	0	\$ 370,791	\$ 35,858	\$ 76,607	\$ 294,184

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 941,343	\$ 0	\$ 0	\$ 941,343	\$ 910,075	\$ 910,075	\$ 31,268
Other Local Revenues	37,409	0	0	37,409	4,450	36,450	959
State of Tennessee	94,767	0	0	94,767	117,000	147,000	(52,233)
Total Revenues	\$ 1,073,519	\$ 0	\$ 0	\$ 1,073,519	\$ 1,031,525	\$ 1,093,525	\$ (20,006)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Convenience Centers	\$ 558,684	(7,358)	674	\$ 552,000	\$ 569,566	\$ 584,066	\$ 32,066
Landfill Operation and Maintenance	430,158	0	0	430,158	472,500	502,500	72,342
Total Expenditures	\$ 988,842	(7,358)	674	\$ 982,158	\$ 1,042,066	\$ 1,086,566	\$ 104,408
Excess (Deficiency) of Revenues Over Expenditures	\$ 84,677	7,358	(674)	\$ 91,361	(10,541)	\$ 6,959	\$ 84,402
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 84,677	7,358	(674)	\$ 91,361	(10,541)	\$ 6,959	\$ 84,402
	229,006	(7,358)	0	221,648	140,752	140,752	80,896
Fund Balance, June 30, 2012	\$ 313,683	0	(674)	\$ 313,009	\$ 130,211	\$ 147,711	\$ 165,298

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,673,743	\$ 1,627,810	\$ 1,634,810	\$ 38,933
Total Revenues	\$ 1,673,743	\$ 1,627,810	\$ 1,634,810	\$ 38,933
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 95,000	\$ 0	\$ 95,000	\$ 0
Miscellaneous	33,078	31,751	38,751	5,673
<u>Instruction</u>				
Regular Instruction Program	650,000	0	650,000	0
Total Expenditures	\$ 778,078	\$ 31,751	\$ 783,751	\$ 5,673
Excess (Deficiency) of Revenues Over Expenditures	\$ 895,665	\$ 1,596,059	\$ 851,059	\$ 44,606
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (2,493,621)	\$ 0	\$ (2,493,621)	\$ 0
Total Other Financing Sources (Uses)	\$ (2,493,621)	\$ 0	\$ (2,493,621)	\$ 0
Net Change in Fund Balance	\$ (1,597,956)	\$ 1,596,059	\$ (1,642,562)	\$ 44,606
Fund Balance, July 1, 2011	3,627,332	3,608,698	3,608,698	18,634
Fund Balance, June 30, 2012	\$ 2,029,376	\$ 5,204,757	\$ 1,966,136	\$ 63,240

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 514,277	\$ 0	\$ 0	\$ 514,277	\$ 559,185	\$ 562,479	\$ (48,202)
Other Local Revenues	1,111	0	0	1,111	0	0	1,111
State of Tennessee	3,927,816	0	0	3,927,816	3,893,674	4,194,714	(266,898)
Federal Government	597,841	0	0	597,841	698,208	825,855	(228,014)
Other Governments and Citizens Groups	340,320	0	0	340,320	163,385	169,885	170,435
<u>Total Revenues</u>	<u>\$ 5,381,365</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,381,365</u>	<u>\$ 5,314,452</u>	<u>\$ 5,752,933</u>	<u>\$ (371,568)</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Correctional Incentive Program Improvements	\$ 472,890	\$ (17,796)	\$ 0	\$ 455,094	\$ 508,600	\$ 511,894	\$ 56,800
Work Release Program	739,981	(1,200)	0	738,781	872,513	880,173	141,392
Other Emergency Management	304,184	0	49,328	353,512	486,487	614,135	260,623
Public Safety Grant Programs	48,800	0	0	48,800	50,000	50,000	1,200
Public Health and Welfare							
Maternal and Child Health Services	2,848,783	(25,374)	9,495	2,832,904	2,972,941	3,248,612	415,708
Sanitation Education/Information	63,093	0	504	63,597	48,805	66,513	2,916
Other Operations	15,965	0	0	15,965	211,721	211,721	195,756
ARRA Grant # 10	172,574	0	0	172,574	163,385	175,885	3,311
Miscellaneous	4,666,270	\$ (44,370)	\$ 59,327	\$ 4,681,227	\$ 5,314,452	\$ 5,758,933	\$ 1,077,706
<u>Total Expenditures</u>							
Excess (Deficiency) of Revenues Over Expenditures	\$ 715,095	\$ 44,370	\$ (59,327)	\$ 700,138	\$ 0	\$ (6,000)	\$ 706,138
Net Change in Fund Balance	\$ 715,095	\$ 44,370	\$ (59,327)	\$ 700,138	\$ 0	\$ (6,000)	\$ 706,138
Fund Balance, July 1, 2011	781,993	(44,370)	0	737,623	67,144	674,144	63,479
Fund Balance, June 30, 2012	\$ 1,497,088	\$ 0	\$ (59,327)	\$ 1,437,761	\$ 67,144	\$ 668,144	\$ 769,617

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,531	\$ 35,800	\$ 35,800	\$ (25,269)
Total Revenues	\$ 10,531	\$ 35,800	\$ 35,800	\$ (25,269)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 10,672	\$ 8,342	\$ 13,442	\$ 2,770
Total Expenditures	\$ 10,672	\$ 8,342	\$ 13,442	\$ 2,770
Excess (Deficiency) of Revenues Over Expenditures	\$ (141)	\$ 27,458	\$ 22,358	\$ (22,499)
Net Change in Fund Balance	\$ (141)	\$ 27,458	\$ 22,358	\$ (22,499)
Fund Balance, July 1, 2011	28,972	18,187	18,187	10,785
Fund Balance, June 30, 2012	\$ 28,831	\$ 45,645	\$ 40,545	\$ (11,714)

Exhibit G-8

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Community Development/Industrial Park Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 42,204	\$ 32,000	\$ 32,000	\$ 10,204
Total Revenues	\$ 42,204	\$ 32,000	\$ 32,000	\$ 10,204
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 75,414	\$ 75,320	\$ 75,320	\$ (94)
Total Expenditures	\$ 75,414	\$ 75,320	\$ 75,320	\$ (94)
Excess (Deficiency) of Revenues Over Expenditures	\$ (33,210)	\$ (43,320)	\$ (43,320)	\$ 10,110
Net Change in Fund Balance	\$ (33,210)	\$ (43,320)	\$ (43,320)	\$ 10,110
Fund Balance, July 1, 2011	208,826	179,452	179,452	29,374
Fund Balance, June 30, 2012	\$ 175,616	\$ 136,132	\$ 136,132	\$ 39,484

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,423,155	\$ 6,455,511	\$ 6,460,511	\$ (37,356)
Other Local Revenues	246,416	583,765	498,697	(252,281)
Federal Government	151,509	0	151,509	0
Other Governments and Citizens Groups	731,374	0	731,374	0
Total Revenues	<u>\$ 7,552,454</u>	<u>\$ 7,039,276</u>	<u>\$ 7,842,091</u>	<u>\$ (289,637)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 4,650,000	\$ 7,631,500	\$ 4,650,000	\$ 0
<u>Interest on Debt</u>				
General Government	2,864,458	0	3,080,899	216,441
<u>Other Debt Service</u>				
General Government	126,896	0	132,042	5,146
Total Expenditures	<u>\$ 7,641,354</u>	<u>\$ 7,631,500</u>	<u>\$ 7,862,941</u>	<u>\$ 221,587</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (88,900)</u>	<u>\$ (592,224)</u>	<u>\$ (20,850)</u>	<u>\$ (68,050)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 150,000	\$ 731,374	\$ 150,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 150,000</u>	<u>\$ 731,374</u>	<u>\$ 150,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 61,100	\$ 139,150	\$ 129,150	\$ (68,050)
Fund Balance, July 1, 2011	6,211,888	6,285,393	6,211,888	0
Fund Balance, June 30, 2012	<u>\$ 6,272,988</u>	<u>\$ 6,424,543</u>	<u>\$ 6,341,038</u>	<u>\$ (68,050)</u>

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside the incorporated City of Jackson and to account for the City of Jackson’s portion (40 percent) of the hotel/motel tax. These revenues are received by the county from the State of Tennessee and from the hotels and motels located in Madison County and are forwarded to the City of Jackson on a monthly basis.

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

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

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

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

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

Exhibit I-1

Madison County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	Agency Funds						Total
	Cities - Sales Tax	Cities - Property Tax	Watershed District	Joint Venture	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,534,788	\$ 0	\$ 4,534,788
Equity in Pooled Cash and Investments	52,729	4,061	55,973	26,178	0	0	138,941
Accounts Receivable	53,699	0	0	26,850	4,551	0	85,100
Due from Other Governments	2,062,672	7,962	0	0	0	2,119	2,072,753
Total Assets	\$ 2,169,100	\$ 12,023	\$ 55,973	\$ 53,028	\$ 4,539,339	\$ 2,119	\$ 6,831,582
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 2,169,100	\$ 12,023	\$ 0	\$ 0	\$ 0	\$ 2,119	\$ 2,183,242
Due to Litigants, Heirs, and Others	0	0	0	0	4,539,339	0	4,539,339
Other Current Liabilities	0	0	55,973	53,028	0	0	109,001
Total Liabilities	\$ 2,169,100	\$ 12,023	\$ 55,973	\$ 53,028	\$ 4,539,339	\$ 2,119	\$ 6,831,582

Exhibit I-2

Madison County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 52,924	\$ 12,975,288	\$ 12,975,483	\$ 52,729
Accounts Receivable	55,300	53,699	55,300	53,699
Due from Other Governments	1,990,000	2,062,672	1,990,000	2,062,672
Total Assets	\$ 2,098,224	\$ 15,091,659	\$ 15,020,783	\$ 2,169,100
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,098,224	\$ 15,091,659	\$ 15,020,783	\$ 2,169,100
Total Liabilities	\$ 2,098,224	\$ 15,091,659	\$ 15,020,783	\$ 2,169,100
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 4,133	\$ 317,709	\$ 317,781	\$ 4,061
Due from Other Governments	5,175	7,962	5,175	7,962
Total Assets	\$ 9,308	\$ 325,671	\$ 322,956	\$ 12,023
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 9,308	\$ 325,671	\$ 322,956	\$ 12,023
Total Liabilities	\$ 9,308	\$ 325,671	\$ 322,956	\$ 12,023
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 55,973	\$ 0	\$ 0	\$ 55,973
Total Assets	\$ 55,973	\$ 0	\$ 0	\$ 55,973
<u>Liabilities</u>				
Other Current Liabilities	\$ 55,973	\$ 0	\$ 0	\$ 55,973
Total Liabilities	\$ 55,973	\$ 0	\$ 0	\$ 55,973
<u>Joint Venture Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 26,462	\$ 192,905	\$ 193,189	\$ 26,178
Accounts Receivable	27,600	26,850	27,600	26,850
Total Assets	\$ 54,062	\$ 219,755	\$ 220,789	\$ 53,028
<u>Liabilities</u>				
Other Current Liabilities	\$ 54,062	\$ 219,755	\$ 220,789	\$ 53,028
Total Liabilities	\$ 54,062	\$ 219,755	\$ 220,789	\$ 53,028

(Continued)

Exhibit I-2

Madison County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,258,672	\$ 20,633,140	\$ 20,357,024	\$ 4,534,788
Accounts Receivable	0	4,551	0	4,551
Total Assets	\$ 4,258,672	\$ 20,637,691	\$ 20,357,024	\$ 4,539,339
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,258,672	\$ 20,637,691	\$ 20,357,024	\$ 4,539,339
Total Liabilities	\$ 4,258,672	\$ 20,637,691	\$ 20,357,024	\$ 4,539,339
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 11,973	\$ 11,973	\$ 0
Due from Other Governments	2,100	2,119	2,100	2,119
Total Assets	\$ 2,100	\$ 14,092	\$ 14,073	\$ 2,119
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,100	\$ 14,092	\$ 14,073	\$ 2,119
Total Liabilities	\$ 2,100	\$ 14,092	\$ 14,073	\$ 2,119
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 4,258,672	\$ 20,633,140	\$ 20,357,024	\$ 4,534,788
Equity in Pooled Cash and Investments	139,492	13,497,875	13,498,426	138,941
Accounts Receivable	82,900	85,100	82,900	85,100
Due from Other Governments	1,997,275	2,072,753	1,997,275	2,072,753
Total Assets	\$ 6,478,339	\$ 36,288,868	\$ 35,935,625	\$ 6,831,582
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,109,632	\$ 15,431,422	\$ 15,357,812	\$ 2,183,242
Due to Litigants, Heirs, and Others	4,258,672	20,637,691	20,357,024	4,539,339
Other Current Liabilities	110,035	219,755	220,789	109,001
Total Liabilities	\$ 6,478,339	\$ 36,288,868	\$ 35,935,625	\$ 6,831,582

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, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 75,219,852	\$ 392,862	\$ 8,516,717	\$ (66,310,273)
Support Services	40,468,764	10,647	1,697,596	(38,760,521)
Operation of Non-Instructional Services	9,987,773	1,198,397	8,204,504	(584,872)
Other Debt Service	731,374	0	0	(731,374)
Total Governmental Activities	\$ 126,407,763	\$ 1,601,906	\$ 18,418,817	\$ (106,387,040)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 13,190,914
Local Option Sales Taxes				35,143,777
Other Local Taxes				5,853
Grants and Contributions Not Restricted to Specific Programs				51,287,724
Miscellaneous				118,409
Total General Revenues				\$ 99,746,677
Change in Net Assets				\$ (6,640,363)
Net Assets, July 1, 2011				93,687,097
Net Assets, June 30, 2012				\$ 87,046,734

Exhibit J-2

Madison County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Madison County School Department
June 30, 2012

	Major Funds			Nonmajor	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Fund Central Cafeteria	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 4,903,408	\$ 313,701	\$ 334,536	\$ 2,638,161	\$ 8,189,806
Accounts Receivable	1,947	0	0	0	1,947
Due from Other Governments	7,332,211	594,763	0	0	7,926,974
Due from Primary Government	650,000	0	0	0	650,000
Property Taxes Receivable	9,441,223	0	2,988,488	0	12,429,711
Allowance for Uncollectible Property Taxes	(651,546)	0	(190,410)	0	(841,956)
Prepaid Items	9,974	713	0	364	11,051
Total Assets	<u>\$ 21,687,217</u>	<u>\$ 909,177</u>	<u>\$ 3,132,614</u>	<u>\$ 2,638,525</u>	<u>\$ 28,367,533</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 40,597	\$ 0	\$ 0	\$ 0	\$ 40,597
Payroll Deductions Payable	2,447,347	239,251	0	91,807	2,778,405
Retainage Payable	0	0	14,606	0	14,606
Deferred Revenue - Current Property Taxes	8,627,094	0	2,754,281	0	11,381,375
Deferred Revenue - Delinquent Property Taxes	115,561	0	31,147	0	146,708
Other Deferred Revenues	2,919,986	0	0	0	2,919,986
Total Liabilities	<u>\$ 14,150,585</u>	<u>\$ 239,251</u>	<u>\$ 2,800,034</u>	<u>\$ 91,807</u>	<u>\$ 17,281,677</u>
<u>Fund Balances</u>					
Nonspendable:					
Prepaid Items	\$ 9,974	\$ 713	\$ 0	\$ 364	\$ 11,051
Restricted:					
Restricted for Education	0	369,213	0	0	369,213
Restricted for Operation of Non-Instructional Services	0	0	0	2,546,354	2,546,354
Committed:					
Committed for Education	1,209,760	0	0	0	1,209,760
Committed for Capital Outlay	0	0	332,580	0	332,580
Assigned:					
Assigned for Education	219,188	300,000	0	0	519,188
Unassigned	6,097,710	0	0	0	6,097,710
Total Fund Balances	<u>\$ 7,536,632</u>	<u>\$ 669,926</u>	<u>\$ 332,580</u>	<u>\$ 2,546,718</u>	<u>\$ 11,085,856</u>
Total Liabilities and Fund Balances	<u>\$ 21,687,217</u>	<u>\$ 909,177</u>	<u>\$ 3,132,614</u>	<u>\$ 2,638,525</u>	<u>\$ 28,367,533</u>

Exhibit J-3

Madison County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Madison County School Department
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 11,085,856
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,091,562	
Add: buildings and improvements net of accumulated depreciation	70,081,671	
Add: infrastructure net of accumulated depreciation	519,474	
Add: other capital assets net of accumulated depreciation	<u>7,136,457</u>	79,829,164
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (6,617,962)	
Less: compensated absences payable	<u>(317,018)</u>	(6,934,980)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,066,694</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 87,046,734</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, 2012

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	Education Capital Projects	Fund Central Cafeteria	
<u>Revenues</u>					
Local Taxes	\$ 46,285,766	\$ 0	\$ 2,847,768	\$ 0	\$ 49,133,534
Licenses and Permits	9,662	0	0	0	9,662
Charges for Current Services	401,029	0	0	1,198,397	1,599,426
Other Local Revenues	468,794	0	5,450	38,725	512,969
State of Tennessee	47,099,581	0	0	72,860	47,172,441
Federal Government	149,965	13,818,518	0	6,823,587	20,792,070
Other Governments and Citizens Groups	731,364	0	0	0	731,364
Total Revenues	\$ 95,146,161	\$ 13,818,518	\$ 2,853,218	\$ 8,133,569	\$ 119,951,466
<u>Expenditures</u>					
Current:					
Instruction	\$ 60,899,864	\$ 7,113,217	\$ 0	\$ 0	\$ 68,013,081
Support Services	34,275,290	6,901,581	0	0	41,176,871
Operation of Non-Instructional Services	1,530,492	0	0	8,191,091	9,721,583
Debt Service:					
Other Debt Service	731,374	0	0	0	731,374
Capital Projects	0	0	3,207,365	0	3,207,365
Total Expenditures	\$ 97,437,020	\$ 14,014,798	\$ 3,207,365	\$ 8,191,091	\$ 122,850,274
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,290,859)	\$ (196,280)	\$ (354,147)	\$ (57,522)	\$ (2,898,808)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 65,612	\$ 0	\$ 43,731	\$ 0	\$ 109,343
Transfers In	150,000	0	0	0	150,000
Transfers Out	0	(150,000)	0	0	(150,000)
Total Other Financing Sources (Uses)	\$ 215,612	\$ (150,000)	\$ 43,731	\$ 0	\$ 109,343
Net Change in Fund Balances	\$ (2,075,247)	\$ (346,280)	\$ (310,416)	\$ (57,522)	\$ (2,789,465)
Fund Balance, July 1, 2011	9,611,879	1,016,206	642,996	2,604,240	13,875,321
Fund Balance, June 30, 2012	\$ 7,536,632	\$ 669,926	\$ 332,580	\$ 2,546,718	\$ 11,085,856

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, 2012

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)		\$	(2,789,465)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,737,721	
Less: current-year depreciation expense		<u>(3,575,058)</u>	(1,837,337)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets	\$	(1,813)	
Less: proceeds received from the disposal of capital assets		<u>(21,250)</u>	(23,063)
(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, 2012	\$	3,066,694	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(3,227,697)</u>	(161,003)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in compensated absences payable	\$	27,915	
Change in other postemployment benefits liability		<u>(1,857,410)</u>	<u>(1,829,495)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (6,640,363)</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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 46,285,766	\$ 0	\$ 0	\$ 46,285,766	\$ 47,032,302	\$ 47,032,302	\$ (746,536)
Licenses and Permits	9,662	0	0	9,662	8,800	8,800	862
Charges for Current Services	401,029	0	0	401,029	388,000	388,000	13,029
Other Local Revenues	468,794	0	0	468,794	322,000	331,134	137,660
State of Tennessee	47,099,581	0	0	47,099,581	46,399,619	47,281,811	(182,230)
Federal Government	149,965	0	0	149,965	143,000	143,000	6,965
Other Governments and Citizens Groups	731,364	0	0	731,364	95,140	752,045	(20,681)
Total Revenues	\$ 95,146,161	\$ 0	\$ 0	\$ 95,146,161	\$ 94,388,861	\$ 95,937,092	\$ (790,931)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 47,680,312	\$ (260,566)	\$ 54,066	\$ 47,473,812	\$ 48,149,284	\$ 48,302,509	\$ 828,697
Special Education Program	9,170,732	(7,069)	1,065	9,164,728	9,369,700	9,366,130	201,402
Vocational Education Program	3,829,271	(2,690)	0	3,826,581	4,294,300	4,142,785	316,204
Other	219,549	(329)	370	219,590	362,995	370,095	150,505
<u>Support Services</u>							
Attendance	257,855	(120)	95	257,830	253,450	286,075	28,245
Health Services	442,652	0	0	442,652	470,570	486,620	43,968
Other Student Support	3,340,962	0	0	3,340,962	3,528,500	3,468,025	127,063
Regular Instruction Program	2,521,891	(5,513)	9,828	2,526,206	2,655,400	2,650,180	123,974
Special Education Program	503,469	0	586	504,055	507,200	510,770	6,715
Vocational Education Program	121,147	0	0	121,147	131,700	131,700	10,553
Other Programs	1,663,269	(215,333)	1,372	1,449,308	721,772	1,535,602	86,294
Board of Education	1,891,437	0	0	1,891,437	1,982,346	1,982,346	90,909

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 713,939	\$ (1,000)	\$ 3,118	\$ 716,057	\$ 859,750	\$ 871,450	\$ 155,393
Office of the Principal	6,169,782	0	0	6,169,782	6,333,650	6,346,820	177,038
Fiscal Services	567,601	(1,458)	678	566,821	649,700	649,700	82,879
Human Services/Personnel	343,181	0	334	343,515	390,425	392,425	48,910
Operation of Plant	6,433,191	(2,410)	0	6,430,781	7,076,095	6,859,870	429,089
Maintenance of Plant	3,161,037	(90,796)	70,972	3,141,213	3,202,700	3,236,994	95,781
Transportation	5,398,483	0	2,396	5,400,879	5,410,300	5,690,783	289,904
Central and Other	745,394	(188,243)	74,281	631,432	652,851	672,652	41,220
<u>Operation of Non-Instructional Services</u>							
Food Service	1,166	0	0	1,166	1,168	1,168	2
Community Services	94,550	0	0	94,550	102,875	102,875	8,325
Early Childhood Education	1,434,776	0	27	1,434,803	1,456,430	1,463,462	28,659
<u>Capital Outlay</u>							
Regular Capital Outlay	0	0	0	0	26,149	26,149	26,149
Other Debt Service							
Education	731,374	0	0	731,374	731,374	731,374	0
Total Expenditures	\$ 97,437,020	\$ (775,527)	\$ 219,188	\$ 96,880,681	\$ 99,320,684	\$ 100,278,559	\$ 3,397,878
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,290,859)	\$ 775,527	\$ (219,188)	\$ (1,734,520)	\$ (4,931,823)	\$ (4,341,467)	\$ 2,606,947
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 65,612	\$ 0	\$ 0	\$ 65,612	\$ 0	\$ 59,646	\$ 5,966

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Other Financing Sources (Uses) (Cont.)							
Transfers In	\$ 150,000	\$ 0	\$ 0	\$ 150,000	\$ 300,000	\$ 300,000	\$ (150,000)
Total Other Financing Sources (Uses)	\$ 215,612	\$ 0	\$ 0	\$ 215,612	\$ 300,000	\$ 359,646	\$ (144,034)
Net Change in Fund Balance	\$ (2,075,247)	\$ 775,527	\$ (219,188)	\$ (1,518,908)	\$ (4,631,823)	\$ (3,981,821)	\$ 2,462,913
Fund Balance, July 1, 2011	9,611,879	(775,527)	0	8,836,352	7,645,063	7,645,063	1,191,289
Fund Balance, June 30, 2012	\$ 7,536,632	\$ 0	\$ (219,188)	\$ 7,317,444	\$ 3,013,240	\$ 3,663,242	\$ 3,654,202

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 13,818,518	0	0	\$ 13,818,518	\$ 13,057,374	\$ 15,527,799	\$ (1,709,281)
Total Revenues	\$ 13,818,518	0	0	\$ 13,818,518	\$ 13,057,374	\$ 15,527,799	\$ (1,709,281)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,333,334	(87,566)	34,986	\$ 3,280,754	\$ 3,264,865	\$ 3,515,031	\$ 234,277
Alternative Instruction Program	339,000	0	0	339,000	340,000	340,000	1,000
Special Education Program	3,216,898	(6,567)	0	3,210,331	2,680,660	3,806,237	595,906
Vocational Education Program	223,985	(7,748)	0	216,237	198,501	216,309	72
<u>Support Services</u>							
Health Services	231,989	0	0	231,989	246,270	247,802	15,813
Other Student Support	88,238	0	0	88,238	97,601	95,305	7,067
Regular Instruction Program	5,342,164	(1,700)	2,402	5,342,866	5,257,883	6,321,963	979,097
Special Education Program	1,011,372	(446)	2,733	1,013,659	721,537	1,256,829	243,170
Vocational Education Program	2,964	0	0	2,964	5,000	5,000	2,036
Office of the Principal	7,388	0	0	7,388	0	7,550	162
Transportation	217,466	0	0	217,466	245,057	268,266	50,800
Total Expenditures	\$ 14,014,798	(104,027)	40,121	\$ 13,950,892	\$ 13,057,374	\$ 16,080,292	\$ 2,129,400
Excess (Deficiency) of Revenues Over Expenditures	\$ (196,280)	104,027	(40,121)	(132,374)	0	(552,493)	420,119
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	0	0	0	341,750	318,851	(318,851)

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Other Financing Sources (Uses) (Cont.)							
Transfers Out	\$ (150,000) \$	0 \$	0 \$	(150,000) \$	(641,750) \$	(618,851) \$	468,851
Total Other Financing Sources (Uses)	\$ (150,000) \$	0 \$	0 \$	(150,000) \$	(300,000) \$	(300,000) \$	150,000
Net Change in Fund Balance	\$ (346,280) \$	104,027 \$	(40,121) \$	(282,374) \$	(300,000) \$	(852,493) \$	570,119
Fund Balance, July 1, 2011	1,016,206	(104,027)	0	912,179	300,000	902,377	9,802
Fund Balance, June 30, 2012	\$ 669,926 \$	0 \$	(40,121) \$	629,805 \$	0 \$	49,884 \$	579,921

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,198,397	\$ 0	\$ 1,198,397	\$ 1,415,000	\$ 1,415,000	\$ (216,603)
Other Local Revenues	38,725	0	38,725	5,000	25,080	13,645
State of Tennessee	72,860	0	72,860	74,000	74,000	(1,140)
Federal Government	6,823,587	0	6,823,587	6,392,000	6,828,032	(4,445)
Total Revenues	\$ 8,133,569	\$ 0	\$ 8,133,569	\$ 7,886,000	\$ 8,342,112	\$ (208,543)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 8,191,091	\$ (104,866)	\$ 8,086,225	\$ 7,886,000	\$ 8,528,347	\$ 442,122
Total Expenditures	\$ 8,191,091	\$ (104,866)	\$ 8,086,225	\$ 7,886,000	\$ 8,528,347	\$ 442,122
Excess (Deficiency) of Revenues Over Expenditures	\$ (57,522)	\$ 104,866	\$ 47,344	\$ 0	\$ (186,235)	\$ 233,579
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (57,522)	\$ 104,866	\$ 47,344	\$ 0	\$ (186,235)	\$ 233,579
	2,604,240	(104,866)	2,499,374	2,784,968	2,784,968	(285,594)
Fund Balance, June 30, 2012	\$ 2,546,718	\$ 0	\$ 2,546,718	\$ 2,784,968	\$ 2,598,733	\$ (52,015)

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,847,768	\$ 0	\$ 0	\$ 2,847,768	\$ 2,871,069	\$ 2,871,069	\$ (23,301)
Other Local Revenues	5,450	0	0	5,450	0	0	5,450
Total Revenues	\$ 2,853,218	\$ 0	\$ 0	\$ 2,853,218	\$ 2,871,069	\$ 2,871,069	\$ (17,851)
<u>Expenditures</u>							
<u>Capital Projects</u>							
Education Capital Projects	\$ 3,207,365	(745,331)	225,816	\$ 2,687,850	\$ 2,896,755	\$ 2,921,499	\$ 233,649
Total Expenditures	\$ 3,207,365	(745,331)	225,816	\$ 2,687,850	\$ 2,896,755	\$ 2,921,499	\$ 233,649
Excess (Deficiency) of Revenues Over Expenditures	\$ (354,147)	745,331	(225,816)	165,368	(25,686)	(50,430)	215,798
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 43,731	0	0	43,731	0	24,744	18,987
Total Other Financing Sources (Uses)	\$ 43,731	0	0	43,731	0	24,744	18,987
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (310,416)	745,331	(225,816)	209,099	(25,686)	(25,686)	234,785
	642,996	(745,331)	0	(102,335)	125,686	125,686	(228,021)
Fund Balance, June 30, 2012	\$ 332,580	0	(225,816)	106,764	100,000	100,000	6,764

Exhibit J-10

Madison County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Madison County School Department
Fiduciary Fund
June 30, 2012

	<u>Other Trust Pension Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 997,849</u>
Total Assets	<u>\$ 997,849</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Retirees	<u>\$ 997,849</u>
Total Net Assets	<u><u>\$ 997,849</u></u>

Exhibit J-11

Madison County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Madison County School Department
Fiduciary Fund
For the Year Ended June 30, 2012

	<u>Other Trust Pension Trust Fund</u>
<u>ADDITIONS</u>	
<u>Contributions</u>	
Tennessee Consolidated Retirement System	\$ 344,551
Employer	353,430
Total Contributions	<u>\$ 697,981</u>
<u>Investment Income</u>	
Interest Earned	\$ 8,096
Total Investment Income	<u>\$ 8,096</u>
Total Additions	<u>\$ 706,077</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 669,652
Trustee's Commission	75
Total Deductions	<u>\$ 669,727</u>
Change in Net Assets	\$ 36,350
Net Assets, July 1, 2011	<u>961,499</u>
Net Assets, June 30, 2012	<u>\$ 997,849</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Madison County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Paid and/or Matured	
						During Period	Outstanding 6-30-12
<u>NOTES PAYABLE</u>							
<u>Payable through General Fund</u>							
Wastewater Facilities Revolving Funds Loan	\$ 250,000	3.3	% 11-20-1992	2-22-12	\$ 40,948	\$ 40,948	\$ 0
Total Payable through General Fund					\$ 40,948	\$ 40,948	\$ 0
<u>Payable through General Debt Service Fund</u>							
Refunding Notes, Series 2004	21,315,000	4 to 5	3-15-04	4-1-13	\$ 5,600,000	\$ 4,000,000	\$ 1,600,000
Total Payable through General Debt Service Fund					\$ 5,600,000	\$ 4,000,000	\$ 1,600,000
Total Notes Payable					\$ 5,640,948	\$ 4,040,948	\$ 1,600,000
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Refunding Bonds - Series 2004 School and Public Improvement	1,925,000	5	3-15-04	4-1-16	\$ 1,925,000	\$ 0	\$ 1,925,000
Refunding Bonds Series 2004	23,620,000	3.85 to 5	12-1-04	4-1-18	23,620,000	0	23,620,000
Refunding Bonds - Series 2004B	2,125,000	5	12-1-04	4-1-14	2,125,000	0	2,125,000
Refunding Bonds - Series 2006	2,355,000	4.8	3-15-06	4-1-19	2,355,000	0	2,355,000
Refunding Bonds - Series 2006A	5,035,000	4.04	5-31-06	6-1-19	4,135,000	200,000	3,935,000
Build America Bonds	10,820,000	1.1 to 5.25	11-17-09	4-20-25	10,395,000	450,000	9,945,000
Refunding Bonds, Series 2010	15,395,000	3 to 4	3-31-10	6-30-23	15,395,000	0	15,395,000
Total Bonds Payable					\$ 59,950,000	\$ 650,000	\$ 59,300,000

Exhibit K-2

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

Year Ending June 30	Note		Total
	Principal	Interest	
2013	\$ 1,600,000	\$ 80,000	\$ 1,680,000
Total	\$ 1,600,000	\$ 80,000	\$ 1,680,000

Year Ending June 30	Bonds		Total
	Principal	Interest	
2013	\$ 1,000,000	\$ 2,567,521	\$ 3,567,521
2014	4,735,000	2,536,071	7,271,071
2015	6,715,000	2,315,553	9,030,553
2016	7,015,000	2,060,600	9,075,600
2017	7,385,000	1,724,024	9,109,024
2018	7,765,000	1,368,538	9,133,538
2019	4,870,000	992,668	5,862,668
2020	4,830,000	788,482	5,618,482
2021	5,035,000	592,395	5,627,395
2022	5,235,000	385,775	5,620,775
2023	2,715,000	206,656	2,921,656
2024	1,000,000	104,000	1,104,000
2025	1,000,000	52,500	1,052,500
Total	\$ 59,300,000	\$ 15,694,783	\$ 74,994,783

Exhibit K-3

Madison County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Madison County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ 150,000
Local Purpose Tax	General	Court judgment	493,621
"	General Capital Projects	Land purchase	2,000,000
Highway/Public Works	General	Finance department operations	<u>29,203</u>
Total Transfers Primary Government			<u>\$ 2,672,824</u>
<u>DISCRETELY PRESENTED MADISON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Cash flow funds	\$ 150,000
Total Transfers Discretely Presented Madison County School Department			<u>\$ 150,000</u>

Madison County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Madison County School Department
For the Year Ended June 30, 2012

Official	Authorization for Salary	\$	Salary Paid During Period	\$	Bond	Surety
County Mayor	Section 8-24-102, TCA		98,052		50,000	Travelers Casualty and Surety Company
Highway Engineer:						
Fred Bowyer (7-1-11 through 8-31-11)	Section 8-24-102, TCA		38,252 (1)		100,000	Fidelity and Deposit Company of Maryland
Bart Walls (9-1-11 through 6-30-12)	Section 8-24-102, TCA		94,948 (2)		100,000	Travelers Casualty and Surety Company
Director of Schools	State Board of Education and County Board of Education		117,000 (3)		50,000	"
Trustee	Section 8-24-102, TCA		73,862 (4)		3,681,000	"
Assessor of Property	Section 8-24-102, TCA		73,852 (5)		10,000	Hartford Fire Insurance Company
Director of Finance	County Commission		85,389 (6)		50,000	Travelers Casualty and Surety Company
County Clerk	Section 8-24-102, TCA		73,852 (5)		50,000	"
Circuit and General Session Courts Clerk	Section 8-24-102, TCA		81,073 (5)		50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge		81,073 (5) (7)		70,000	RLI Insurance Company
Juvenile Court Clerk	Chapter 212, Private Acts of 1990		72,214		50,000	Travelers Casualty and Surety Company
Register	Section 8-24-102, TCA		73,852 (5)		50,000	"
Sheriff	Section 8-24-102, TCA, and County Commission		93,383 (8)		50,000	"
Employees Blanket Bond:						
Office:						
County Mayor:						
All Employees					150,000	Local Government Property and Casualty Fund
Highway Engineer:						
All Employees					150,000	"
Director of Schools:						
All Employees					150,000	"

- (1) Includes accrued leave of \$20,492.
 - (2) Includes accrued leave of \$6,147.
 - (3) Includes a chief executive officer training supplement of \$1,000.
 - (4) Includes a certified public administrator supplement of \$1,648.
 - (5) Includes a certified public administrator supplement of \$1,638.
 - (6) Includes education incentive pay of \$1,500.
 - (7) Does not include special commissioner fees of \$51,514.
 - (8) Includes compensation of \$13,947 for supervision of the county workhouse (penal farm).
- Does not include a law enforcement training supplement of \$600 and a clothing allowance of \$750.

Madison County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Local		Drug Control
				Purpose Tax	Special Purpose	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 16,176,674	\$ 1,067,245	\$ 859,133	\$ 1,508,260	\$ 0	\$ 0
Trustee's Collections - Prior Year	378,068	25,698	21,609	61,071	0	0
Trustee's Collections - Bankruptcy	23,938	1,556	1,353	2,942	0	0
Circuit/Clerk & Master Collections - Prior Years	432,688	26,803	26,803	40,844	0	0
Interest and Penalty	90,808	6,315	5,116	12,649	0	0
Payments in-Lieu-of Taxes - Local Utilities	326,773	21,559	17,355	30,467	0	0
Payments in-Lieu-of Taxes - Other	161,906	10,682	8,599	15,096	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	917,846	0	0	0	0	0
Hotel/Motel Tax	391,509	0	0	0	0	0
Litigation Tax - General	298,484	0	0	0	0	0
Litigation Tax - Special Purpose	265,860	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	1,739,354	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	25,888	1,708	1,375	2,414	0	0
Wholesale Beer Tax	306,530	0	0	0	0	0
Interstate Telecommunications Tax	2,180	0	0	0	0	0
<u>Total Local Taxes</u>	<u>\$ 21,538,506</u>	<u>\$ 1,161,566</u>	<u>\$ 941,343</u>	<u>\$ 1,673,743</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 37,516	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Animal Vaccination	9,167	0	0	0	0	0
Cable TV Franchise	259,057	0	0	0	0	0
<u>Permits</u>						
Building Permits	42,959	0	0	0	0	0
Other Permits	360	0	0	0	0	0
<u>Total Licenses and Permits</u>	<u>\$ 349,059</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

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

	General	Special Revenue Funds					Drug Control
		Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 37,994	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	52,965	0	0	0	0	0	0
Drug Control Fines	2,208	0	0	0	0	0	0
Drug Court Fees	6,319	0	0	0	0	0	0
Jail Fees	26,024	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0
DUI Treatment Fines	2,375	0	0	0	0	0	0
Data Entry Fee - Circuit Court	2,971	0	0	0	0	0	0
Courtroom Security Fee	1,302	0	0	0	0	0	0
Victims Assistance Assessments	10,246	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	38,641	0	0	0	0	0	0
Officers Costs	159,513	0	0	0	0	0	0
Game and Fish Fines	387	0	0	0	0	0	0
Drug Control Fines	13,611	0	0	0	0	0	10,269
Drug Court Fees	7,025	0	0	0	0	0	0
Jail Fees	39,897	0	0	0	0	0	0
Interpreter Fees	285	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0
DUI Treatment Fines	8,537	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	21,658	0	0	0	0	0	0
Courtroom Security Fee	2,851	0	0	0	0	0	0
Victims Assistance Assessments	30,281	0	0	0	0	0	0
<u>Juvenile Court</u>							
Officers Costs	1,080	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	6,245	0	0	0	0	0	0
Data Entry Fee - Chancery Court	12,015	0	0	0	0	0	0
Courtroom Security Fee	21	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Courts in Other District Counties</u>						
District Attorney General Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	6,269	0	0	0	0	262
Total Fines, Forfeitures, and Penalties	\$ 490,720	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,531
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 3,674	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Health Department Collections	263,959	0	0	0	0	0
Other General Service Charges	7,658	960	0	0	0	0
<u>Fees</u>						
Engineer Review Fees	1,918	0	0	0	0	0
Recreation Fees	62,355	0	0	0	0	0
Copy Fees	309	0	0	0	0	0
Telephone Commissions	258,588	0	0	0	0	0
Vending Machine Collections	125,962	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	30,762	0	0	0	0	0
Data Processing Fee - Sheriff	19,265	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,600	0	0	0	0	0
Data Processing Fee - County Clerk	6,925	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	0	0	0	0	514,277	0
TBI Criminal Background Fees	1,680	0	0	0	0	0
Total Charges for Current Services	\$ 787,655	\$ 960	\$ 0	\$ 0	\$ 514,277	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 2,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	67,234	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Materials and Supplies	\$ 36	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Gasoline	5,337	0	0	0	0	0
Sale of Recycled Materials	0	0	8,345	0	37	0
Miscellaneous Refunds	192,751	707	29,064	0	1,074	0
Expenditure Credits	1,624	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	29,093	0	0	0	0	0
Sale of Property	19,929	0	0	0	0	0
Damages Recovered from Individuals	563	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	6,646	0	0	0	0	0
<u>Total Other Local Revenues</u>	\$ 325,513	\$ 707	\$ 37,409	\$ 0	\$ 1,111	\$ 0
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 873,619	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	454,699	0	0	0	0	0
General Sessions Court Clerk	705,480	0	0	0	0	0
Clerk and Master	621,618	0	0	0	0	0
Juvenile Court Clerk	174,264	0	0	0	0	0
Register	363,589	0	0	0	0	0
Sheriff	48,739	0	0	0	0	0
Trustee	1,633,914	0	0	0	0	0
<u>Total Fees Received from County Officials</u>	\$ 4,875,922	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
General Government Grants	\$ 101,137	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Juvenile Services Program	0	0	94,767	0	0	0
Solid Waste Grants						

(Continued)

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

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control
<u>State of Tennessee (Cont.)</u>						
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	\$ 40,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Grants	0	0	0	0	43,606	0
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	3,242,113	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	0
Litter Program	0	0	0	0	53,093	0
<u>Other State Revenues</u>						
Income Tax	305,784	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0
Alcoholic Beverage Tax	126,794	0	0	0	0	0
Mixed Drink Tax	10,868	0	0	0	0	0
Prisoner Transportation	13,401	0	0	0	0	0
Contracted Prisoner Boarding	705,075	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	61,005	0	0	0	0	0
Other State Revenues	46,983	9,000	0	0	589,004	0
<u>Total State of Tennessee</u>	<u>\$ 1,445,432</u>	<u>\$ 9,000</u>	<u>\$ 94,767</u>	<u>\$ 0</u>	<u>\$ 3,927,816</u>	<u>\$ 0</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 52,493	\$ 0	\$ 0	\$ 0	\$ 209,372	\$ 0
Disaster Relief	10,932	0	0	0	0	0
Law Enforcement Grants	26,284	0	0	0	12,300	0
Other Federal through State	82,955	213,159	0	0	360,204	0
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Juvenile Services	Solid Waste / Sanitation	Local Purpose Tax	Special Purpose	Drug Control
Federal Government (Cont.)						
<u>Direct Federal Revenue (Cont.)</u>						
ARRA Grant # 10	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,965	\$ 0
Other Direct Federal Revenue	23,600	0	0	0	0	0
Total Federal Government	\$ 196,264	\$ 213,159	\$ 0	\$ 0	\$ 597,841	\$ 0
Other Governments and Citizens Groups						
<u>Other Governments</u>						
Prisoner Board	\$ 40,432	\$ 171,863	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	555,106	0	0	0	0	0
Contracted Services	1,221,330	0	0	0	340,320	0
Total Other Governments and Citizens Groups	\$ 1,816,868	\$ 171,863	\$ 0	\$ 0	\$ 340,320	\$ 0
Total	\$ 31,825,939	\$ 1,557,255	\$ 1,073,519	\$ 1,673,743	\$ 5,381,365	\$ 10,531

(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			Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	Community Development/Industrial Park			
							Development	Industrial Park		
Local Taxes										
<u>County Property Taxes</u>										
Current Property Tax	\$ 0	\$ 0	\$ 1,651,476	\$ 5,823,040	\$ 1,240,998	\$ 0	\$ 28,326,826			
Trustee's Collections - Prior Year	0	0	40,431	49,754	86,194	0	662,825			
Trustee's Collections - Bankruptcy	0	0	2,622	7,439	3,109	0	42,959			
Circuit/Clerk & Master Collections - Prior Years	0	0	49,779	211,877	15,316	0	804,110			
Interest and Penalty	0	0	9,949	20,459	16,148	0	161,444			
Payments in-Lieu-of Taxes - Local Utilities	0	0	33,360	117,627	25,069	0	572,210			
Payments in-Lieu-of Taxes - Other	0	0	16,529	58,281	12,421	0	283,514			
<u>County Local Option Taxes</u>										
Local Option Sales Tax	0	0	0	0	0	0	917,846			
Hotel/Motel Tax	0	0	0	0	0	0	391,509			
Litigation Tax - General	0	0	0	0	0	0	298,484			
Litigation Tax - Special Purpose	0	0	0	0	0	0	265,860			
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	125,359	0	0	125,359			
Business Tax	0	0	0	0	0	0	1,739,354			
Mineral Severance Tax	0	0	29,378	0	0	0	29,378			
<u>Statutory Local Taxes</u>										
Bank Excise Tax	0	0	2,643	9,319	1,986	0	45,333			
Wholesale Beer Tax	0	0	0	0	0	0	306,530			
Interstate Telecommunications Tax	0	0	0	0	0	0	2,180			
Total Local Taxes	\$ 0	\$ 0	\$ 1,836,167	\$ 6,423,155	\$ 1,401,241	\$ 0	\$ 34,975,721			
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,516			
Animal Vaccination	0	0	0	0	0	0	9,167			
Cable TV Franchise	0	0	0	0	0	0	259,057			
<u>Permits</u>										
Building Permits	0	0	0	0	0	0	42,959			
Other Permits	0	0	0	0	0	0	360			
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 349,059			

(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			Total
	Constituti		Highway / Public Works	General Debt Service		General Capital Projects	Development/ Industrial Park	Community	
	District Attorney General	tional Officers - Fees							
	\$	0	0	0	0	0	0	0	\$
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines		0	0	0	0	0	0	0	37,994
Officers Costs		0	0	0	0	0	0	0	52,965
Drug Control Fines		0	0	0	0	0	0	0	2,208
Drug Court Fees		0	0	0	0	0	0	0	6,319
Jail Fees		0	0	0	0	0	0	0	26,024
District Attorney General Fees		15,203	0	0	0	0	0	0	15,203
DUI Treatment Fines		0	0	0	0	0	0	0	2,375
Data Entry Fee - Circuit Court		0	0	0	0	0	0	0	2,971
Courtroom Security Fee		0	0	0	0	0	0	0	1,302
Victims Assistance Assessments		0	0	0	0	0	0	0	10,246
<u>General Sessions Court</u>									
Fines		0	0	0	0	0	0	0	38,641
Officers Costs		0	0	0	0	0	0	0	159,513
Game and Fish Fines		0	0	0	0	0	0	0	387
Drug Control Fines		0	0	0	0	0	0	0	23,880
Drug Court Fees		0	0	0	0	0	0	0	7,025
Jail Fees		0	0	0	0	0	0	0	39,897
Interpreter Fees		0	0	0	0	0	0	0	285
District Attorney General Fees		6,600	0	0	0	0	0	0	6,600
DUI Treatment Fines		0	0	0	0	0	0	0	8,537
Data Entry Fee - General Sessions Court		0	0	0	0	0	0	0	21,658
Courtroom Security Fee		0	0	0	0	0	0	0	2,851
Victims Assistance Assessments		0	0	0	0	0	0	0	30,281
<u>Juvenile Court</u>									
Officers Costs		0	0	0	0	0	0	0	1,080
<u>Chancery Court</u>									
Officers Costs		0	0	0	0	0	0	0	6,245
Data Entry Fee - Chancery Court		0	0	0	0	0	0	0	12,015
Courtroom Security Fee		0	0	0	0	0	0	0	21

(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			Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park			
						Development	Industrial Park		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Courts in Other District Counties</u>									
District Attorney General Fees	\$ 4,174	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,174
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	6,531
Total Fines, Forfeitures, and Penalties	\$ 25,977	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 527,228
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	0	0	0	0	0	0	0	0	3,674
Health Department Collections	0	0	0	0	0	0	0	0	263,959
Other General Service Charges	0	0	0	0	0	0	0	0	8,618
<u>Fees</u>									
Engineer Review Fees	0	0	0	0	0	0	0	0	1,918
Recreation Fees	0	0	0	0	0	0	0	0	62,355
Copy Fees	0	0	0	0	0	0	0	0	309
Telephone Commissions	0	0	0	0	0	0	0	0	258,588
Vending Machine Collections	0	0	0	0	0	0	0	0	125,962
Constitutional Officers' Fees and Commissions	0	51,514	0	0	0	0	0	0	51,514
Data Processing Fee - Register	0	0	0	0	0	0	0	0	30,762
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	19,265
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	4,600
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	6,925
<u>Education Charges</u>									
Community Service Fees - Adults	0	0	0	0	0	0	0	0	514,277
TBI Criminal Background Fees	0	0	0	0	0	0	0	0	1,680
Total Charges for Current Services	\$ 0	\$ 51,514	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,354,406
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 0	\$ 0	\$ 0	\$ 246,416	\$ 0	\$ 0	\$ 0	\$ 0	\$ 248,716
Lease/Rentals	0	0	0	0	0	0	42,204	0	109,438

(Continued)

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund		Capital Projects Funds			Total
	Constituti- onal Officers - Fees				General Debt Service	General Capital Projects	Community Development/ Industrial Park			
	District Attorney General									
<u>Other Local Revenues (Cont.)</u>										
<u>Recurring Items (Cont.)</u>										
Sale of Materials and Supplies	\$	0	\$	24,428	\$	0	\$	0	\$	24,464
Sale of Gasoline		0		0		0		0		5,337
Sale of Recycled Materials		0		0		0		0		8,382
Miscellaneous Refunds		0		2,750		0		22,290		248,636
Expenditure Credits		0		0		0		0		1,624
<u>Nonrecurring Items</u>										
Sale of Equipment		0		0		0		0		28,093
Sale of Property		0		0		0		0		19,929
Damages Recovered from Individuals		0		0		0		0		563
<u>Other Local Revenues</u>										
Other Local Revenues	\$	0	\$	0	\$	0	\$	0	\$	6,646
Total Other Local Revenues	\$	0	\$	27,178	\$	246,416	\$	22,290	\$	42,204
										\$
										\$
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of Salary</u>										
County Clerk	\$	0	\$	0	\$	0	\$	0	\$	873,619
Circuit Court Clerk		0		0		0		0		454,699
General Sessions Court Clerk		0		0		0		0		705,480
Clerk and Master		0		0		0		0		621,618
Juvenile Court Clerk		0		0		0		0		174,264
Register		0		0		0		0		363,589
Sheriff		0		0		0		0		48,739
Trustee		0		0		0		0		1,633,914
Total Fees Received from County Officials	\$	0	\$	0	\$	0	\$	0	\$	4,875,922
<u>State of Tennessee</u>										
General Government Grants	\$	0	\$	0	\$	0	\$	0	\$	101,137
Juvenile Services Program		0		0		0		0		94,767
Solid Waste Grants										

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund	Capital Projects Funds			Total
	Constituti- onal Officers - Fees					General Debt Service	General Capital Projects	Community Development/ Industrial Park	
	District Attorney General								
State of Tennessee (Cont.)									
Public Safety Grants									
Law Enforcement Training Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,800
Drug Control Grants	0	0	0	0	0	0	0	0	43,606
Health and Welfare Grants									
Health Department Programs	0	0	0	0	0	0	0	0	3,242,113
Public Works Grants									
Bridge Program	0	0	16,811	0	0	0	0	0	16,811
State Aid Program	0	0	406,209	0	0	0	0	0	406,209
Litter Program	0	0	0	0	0	0	0	0	53,093
Other State Revenues									
Income Tax	0	0	0	0	0	0	0	0	305,784
Beer Tax	0	0	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	126,794
Mixed Drink Tax	0	0	0	0	0	0	0	0	10,868
Prisoner Transportation	0	0	0	0	0	0	0	0	13,401
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	705,075
Gasoline and Motor Fuel Tax	0	0	2,303,203	0	0	0	0	0	2,303,203
Petroleum Special Tax	0	0	70,923	0	0	0	0	0	70,923
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	0	0	0	61,005
Other State Revenues	0	0	0	0	0	0	0	0	644,987
Total State of Tennessee	\$ 0	\$ 0	\$ 2,797,146	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,274,161
Federal Government									
Federal Through State									
Civil Defense Reimbursement	\$ 0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 0	261,865
Disaster Relief	0	0	300,993	0	0	0	0	0	311,925
Law Enforcement Grants	0	0	0	0	0	0	0	0	38,584
Other Federal through State	0	0	0	0	0	0	0	0	656,318
Direct Federal Revenue									
Tax Credit Bond Rebate	0	0	0	151,509	0	0	0	0	151,509

(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			Total
	Constituti				General Debt Service	General Capital Projects	Community Development/Industrial Park	
	District Attorney General	Highway / Public Works	tional Officers - Fees					
<u>Federal Government (Cont.)</u>								
<u>Direct Federal Revenue (Cont.)</u>								
ARRA Grant # 10	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,965	
Other Direct Federal Revenue	0	0	0	0	0	0	23,600	
Total Federal Government	\$ 0	\$ 300,993	\$ 151,509	\$ 0	\$ 0	\$ 0	\$ 1,459,766	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 212,295	
Contracted Services	0	0	731,374	0	1,000,000	0	2,286,480	
Total Other Governments and Citizens Groups	0	0	0	0	0	0	1,561,650	
Total	\$ 0	\$ 0	\$ 731,374	\$ 0	\$ 1,000,000	\$ 0	\$ 4,060,425	
<u>Total</u>	\$ 25,977	\$ 51,514	\$ 4,961,484	\$ 7,552,454	\$ 2,423,531	\$ 42,204	\$ 56,579,516	

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 10,021,390	\$ 0	\$ 0	\$ 2,699,606	\$ 12,720,996
Trustee's Collections - Prior Year	303,060	0	0	23,715	326,775
Trustee's Collections - Bankruptcy	18,553	0	0	1,993	20,546
Circuit/Clerk & Master Collections - Prior Years	347,171	0	0	28,081	375,252
Interest and Penalty	70,567	0	0	8,501	79,068
Payments in-Lieu-of Taxes - T.V.A.	1,539	0	0	0	1,539
Payments in-Lieu-of Taxes - Local Utilities	202,435	0	0	54,533	256,968
Payments in-Lieu-of Taxes - Other	326,101	0	0	27,019	353,120
<u>County Local Option Taxes</u>					
Local Option Sales Tax	34,973,059	0	0	0	34,973,059
<u>Statutory Local Taxes</u>					
Bank Excise Tax	16,038	0	0	4,320	20,358
Interstate Telecommunications Tax	5,853	0	0	0	5,853
Total Local Taxes	\$ 46,285,766	\$ 0	\$ 0	\$ 2,847,768	\$ 49,133,534
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 7,182	\$ 0	\$ 0	\$ 0	\$ 7,182
<u>Permits</u>					
Other Permits	2,480	0	0	0	2,480
Total Licenses and Permits	\$ 9,662	\$ 0	\$ 0	\$ 0	\$ 9,662
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 3,350	\$ 0	\$ 0	\$ 0	\$ 3,350
Tuition - Other	389,512	0	0	0	389,512
Lunch Payments - Children	0	0	747,640	0	747,640
Lunch Payments - Adults	0	0	188,867	0	188,867
Income from Breakfast	0	0	23,368	0	23,368
A la carte Sales	0	0	238,522	0	238,522
<u>Other Charges for Services</u>					
Other Charges for Services	8,167	0	0	0	8,167
Total Charges for Current Services	\$ 401,029	\$ 0	\$ 1,198,397	\$ 0	\$ 1,599,426
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 18,645	\$ 0	\$ 18,645
Refund of Telecommunication & Internet Fees (E-Rate)	186,402	0	0	0	186,402
Miscellaneous Refunds	56,374	0	0	0	56,374
Expenditure Credits	936	0	0	0	936
<u>Nonrecurring Items</u>					
Sale of Equipment	58,234	0	20,080	5,450	83,764
Damages Recovered from Individuals	398	0	0	0	398
Contributions and Gifts	166,450	0	0	0	166,450
Total Other Local Revenues	\$ 468,794	\$ 0	\$ 38,725	\$ 5,450	\$ 512,969

(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	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 730,149	\$ 0	\$ 0	\$ 0	\$ 730,149
<u>State Education Funds</u>					
Basic Education Program	42,884,000	0	0	0	42,884,000
Early Childhood Education	1,212,865	0	0	0	1,212,865
School Food Service	0	0	72,860	0	72,860
Other State Education Funds	194,214	0	0	0	194,214
Statewide Student Management System (SSMS) - ARRA	33,420	0	0	0	33,420
Career Ladder Program	412,307	0	0	0	412,307
Career Ladder - Extended Contract	178,100	0	0	0	178,100
Career Ladder - Extended Contract - ARRA	18,643	0	0	0	18,643
<u>Other State Revenues</u>					
Mixed Drink Tax	9,432	0	0	0	9,432
State Revenue Sharing - T.V.A.	1,204,429	0	0	0	1,204,429
Other State Grants	200,371	0	0	0	200,371
Other State Revenues	21,651	0	0	0	21,651
Total State of Tennessee	\$ 47,099,581	\$ 0	\$ 72,860	\$ 0	\$ 47,172,441
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 4,105,738	\$ 0	\$ 4,105,738
USDA - Commodities	0	0	298,432	0	298,432
Breakfast	0	0	2,208,457	0	2,208,457
USDA - Other	0	0	210,960	0	210,960
Vocational Education - Basic Grants to States	0	264,579	0	0	264,579
Other Vocational	7,897	0	0	0	7,897
Title I Grants to Local Education Agencies	0	5,652,880	0	0	5,652,880
Special Education - Grants to States	0	4,446,566	0	0	4,446,566
Special Education Preschool Grants	0	56,421	0	0	56,421
English Language Acquisition Grants	0	66,694	0	0	66,694
Eisenhower Professional Development State Grants	0	780,177	0	0	780,177
Race-to-the-Top - ARRA	0	2,470,205	0	0	2,470,205
Other Federal through State	0	80,996	0	0	80,996
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	142,068	0	0	0	142,068
Total Federal Government	\$ 149,965	\$ 13,818,518	\$ 6,823,587	\$ 0	\$ 20,792,070
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 681,224	\$ 0	\$ 0	\$ 0	\$ 681,224
<u>Other</u>					
Other	50,140	0	0	0	50,140
Total Other Governments and Citizens Groups	\$ 731,364	\$ 0	\$ 0	\$ 0	\$ 731,364
Total	\$ 95,146,161	\$ 13,818,518	\$ 8,133,569	\$ 2,853,218	\$ 119,951,466

Exhibit K-7

Madison County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Secretary to Board	\$	36,426	
Board and Committee Members Fees		94,201	
Social Security		9,893	
Handling Charges and Administrative Costs		2,100	
State Retirement		5,293	
Employee and Dependent Insurance		3,768	
Life Insurance		57	
Travel		371	
Office Supplies		1,306	
Total County Commission			\$ 153,415

County Mayor/Executive

County Official/Administrative Officer	\$	98,052	
Educational Incentive - Other County Employees		3,000	
Other Salaries and Wages		40,401	
Social Security		10,241	
Handling Charges and Administrative Costs		1,732	
State Retirement		20,117	
Employee and Dependent Insurance		6,864	
Life Insurance		262	
Communication		1,819	
Data Processing Services		1,920	
Travel		5,822	
Other Contracted Services		23,956	
Office Supplies		2,019	
Other Supplies and Materials		2,473	
Other Charges		11,000	
Total County Mayor/Executive			229,678

Personnel Office

Supervisor/Director	\$	67,320	
Educational Incentive - Other County Employees		4,125	
Other Salaries and Wages		43,505	
Social Security		7,916	
Handling Charges and Administrative Costs		3,501	
State Retirement		16,103	
Employee and Dependent Insurance		13,698	
Life Insurance		189	
Communication		1,666	
Contracts with Private Agencies		70	

(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.)

Data Processing Services	\$	2,085	
Dues and Memberships		255	
Travel		141	
Other Contracted Services		32,409	
Office Supplies		<u>1,108</u>	
Total Personnel Office			\$ 194,091

County Attorney

Other Contracted Services	\$	<u>50,000</u>	
Total County Attorney			50,000

Election Commission

County Official/Administrative Officer	\$	72,214	
Deputy(ies)		44,316	
Election Commission		6,800	
Election Workers		83,079	
Social Security		13,021	
Handling Charges and Administrative Costs		3,463	
State Retirement		16,932	
Employee and Dependent Insurance		13,760	
Life Insurance		214	
Communication		4,700	
Operating Lease Payments		16,850	
Legal Notices, Recording, and Court Costs		6,659	
Maintenance and Repair Services - Equipment		38,186	
Postal Charges		2,722	
Printing, Stationery, and Forms		4,345	
Rentals		310	
Travel		2,901	
Office Supplies		4,646	
Data Processing Equipment		<u>953</u>	
Total Election Commission			336,071

Register of Deeds

County Official/Administrative Officer	\$	72,214	
Deputy(ies)		150,308	
Educational Incentive - Official/Admin Officer		1,638	
Educational Incentive - Other County Employees		2,250	
Social Security		16,235	
Handling Charges and Administrative Costs		6,228	

(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.)

State Retirement	\$	32,333	
Employee and Dependent Insurance		24,072	
Life Insurance		416	
Communication		75	
Data Processing Supplies		20,103	
Office Supplies		8,524	
Total Register of Deeds			\$ 334,396

Codes Compliance

Other Salaries and Wages	\$	35,742	
Social Security		2,425	
Handling Charges and Administrative Costs		1,732	
State Retirement		5,193	
Employee and Dependent Insurance		6,864	
Life Insurance		63	
Communication		1,344	
Contracts with Private Agencies		35,000	
Maintenance and Repair Services - Vehicles		674	
Other Contracted Services		3,460	
Gasoline		1,827	
Office Supplies		2,111	
Total Codes Compliance			96,435

County Buildings

Supervisor/Director	\$	42,298	
Custodial Personnel		23,377	
Part-time Personnel		9,009	
Overtime Pay		5,616	
Social Security		5,694	
Handling Charges and Administrative Costs		2,809	
State Retirement		10,359	
Employee and Dependent Insurance		10,632	
Life Insurance		130	
Communication		1,013	
Maintenance and Repair Services - Buildings		40,876	
Maintenance and Repair Services - Vehicles		1,014	
Other Contracted Services		16,101	
Custodial Supplies		20,211	
Gasoline		2,662	
Utilities		715	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Building Improvements	\$ 10,206	
Heating and Air Conditioning Equipment	42,193	
Total County Buildings		\$ 244,915

Other Facilities

Custodial Personnel	\$ 37,080	
Communication	26,164	
Maintenance and Repair Services - Buildings	131,450	
Pest Control	2,640	
Custodial Supplies	1,724	
Utilities	298,567	
Total Other Facilities		497,625

Preservation of Records

County Official/Administrative Officer	\$ 11,157	
Assistant(s)	9,936	
Social Security	1,614	
Communication	400	
Travel	789	
Disposal Fees	294	
Office Supplies	3,467	
Utilities	8,263	
Other Supplies and Materials	5,560	
Total Preservation of Records		41,480

Risk Management

Supervisor/Director	\$ 15,964	
Social Security	1,092	
Handling Charges and Administrative Costs	890	
State Retirement	2,320	
Employee and Dependent Insurance	2,735	
Life Insurance	37	
Travel	1,649	
Office Supplies	1,720	
Total Risk Management		26,407

Finance

Accounting and Budgeting

Supervisor/Director	\$ 83,889	
Educational Incentive - Other County Employees	12,675	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Other Salaries and Wages	\$ 545,946	
Board and Committee Members Fees	2,500	
Social Security	45,360	
Handling Charges and Administrative Costs	20,361	
State Retirement	91,460	
Employee and Dependent Insurance	77,589	
Life Insurance	1,195	
Audit Services	41,738	
Communication	6,277	
Data Processing Services	23,821	
Travel	3,387	
Office Supplies	11,051	
Utilities	13,434	
Office Equipment	2,478	
Total Accounting and Budgeting		\$ 983,161

Property Assessor's Office

County Official/Administrative Officer	\$ 72,214	
Deputy(ies)	386,536	
Educational Incentive - Official/Admin Officer	2,013	
Board and Committee Members Fees	2,410	
In-Service Training	1,400	
Social Security	31,786	
Handling Charges and Administrative Costs	15,175	
State Retirement	62,759	
Employee and Dependent Insurance	56,288	
Life Insurance	835	
Audit Services	55,485	
Communication	1,994	
Data Processing Services	30,384	
Dues and Memberships	2,040	
Maintenance and Repair Services - Vehicles	567	
Rentals	37,283	
Travel	7,781	
Office Supplies	16,072	
Total Property Assessor's Office		783,022

Reappraisal Program

Part-time Personnel	\$ 8,344
Other Salaries and Wages	91,776

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Social Security	\$	7,623	
Handling Charges and Administrative Costs		5,098	
State Retirement		15,276	
Employee and Dependent Insurance		19,638	
Life Insurance		215	
Data Processing Services		9,767	
Maintenance and Repair Services - Vehicles		5,179	
Rentals		18,583	
Travel		180	
Gasoline		11,179	
Office Supplies		6,643	
Total Reappraisal Program			\$ 199,501

County Trustee's Office

County Official/Administrative Officer	\$	72,214	
Deputy(ies)		123,937	
Part-time Personnel		19,340	
Educational Incentive - Official/Admin Officer		1,648	
Educational Incentive - Other County Employees		2,250	
In-Service Training		990	
Social Security		15,722	
Handling Charges and Administrative Costs		6,334	
State Retirement		28,501	
Employee and Dependent Insurance		19,944	
Life Insurance		406	
Communication		280	
Data Processing Services		8,181	
Dues and Memberships		312	
Printing, Stationery, and Forms		7,918	
Travel		3,380	
Office Supplies		4,925	
Total County Trustee's Office			316,282

County Clerk's Office

County Official/Administrative Officer	\$	72,214	
Deputy(ies)		341,691	
Part-time Personnel		13,233	
Educational Incentive - Official/Admin Officer		1,638	
Social Security		30,460	
Handling Charges and Administrative Costs		11,964	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

State Retirement	\$	57,481	
Employee and Dependent Insurance		41,748	
Life Insurance		810	
Unemployment Compensation		6,837	
Communication		2,114	
Dues and Memberships		250	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Office Equipment		14,243	
Travel		1,363	
Data Processing Supplies		144	
Office Supplies		10,551	
Data Processing Equipment		6,100	
Total County Clerk's Office			\$ 615,841

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	79,435	
Deputy(ies)		604,772	
Educational Incentive - Official/Admin Officer		1,638	
Educational Incentive - Other County Employees		6,300	
Jury and Witness Expense		53,644	
Social Security		48,911	
Handling Charges and Administrative Costs		22,389	
State Retirement		97,194	
Employee and Dependent Insurance		84,371	
Life Insurance		1,242	
Operating Lease Payments		9,524	
Travel		2,668	
Data Processing Supplies		489	
Duplicating Supplies		1,492	
Office Supplies		24,795	
Data Processing Equipment		17,459	
Total Circuit Court			1,056,323

General Sessions Court

Judge(s)	\$	148,330
Other Salaries and Wages		83,208
Social Security		14,692
Handling Charges and Administrative Costs		3,463
State Retirement		33,643

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Employee and Dependent Insurance	\$	13,728	
Life Insurance		432	
Travel		1,764	
Office Supplies		12,204	
Total General Sessions Court			\$ 311,464

Drug Court

Social Security	\$	536	
State Retirement		1,091	
Employee and Dependent Insurance		617	
Other Charges		27,729	
Total Drug Court			29,973

Chancery Court

County Official/Administrative Officer	\$	79,435	
Deputy(ies)		299,949	
Part-time Personnel		69,376	
Educational Incentive - Official/Admin Officer		1,638	
Educational Incentive - Other County Employees		3,000	
Jury and Witness Expense		50	
Social Security		31,823	
Handling Charges and Administrative Costs		13,339	
State Retirement		55,124	
Employee and Dependent Insurance		48,720	
Life Insurance		737	
Communication		1,537	
Maintenance and Repair Services - Office Equipment		11,957	
Travel		3,574	
Data Processing Supplies		17,148	
Office Supplies		31,743	
Total Chancery Court			669,150

Juvenile Court

Judge(s)	\$	148,330	
Part-time Personnel		11,004	
Other Salaries and Wages		83,439	
Social Security		15,005	
Handling Charges and Administrative Costs		2,621	
State Retirement		32,742	
Employee and Dependent Insurance		9,941	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Life Insurance	\$	415	
Unemployment Compensation		1,433	
Communication		3,404	
Data Processing Services		2,275	
Dues and Memberships		810	
Janitorial Services		276	
Maintenance and Repair Services - Buildings		5,349	
Maintenance and Repair Services - Equipment		655	
Rentals		2,310	
Travel		3,045	
Custodial Supplies		981	
Office Supplies		3,099	
Periodicals		78	
Utilities		21,251	
Other Supplies and Materials		547	
Building Improvements		2,461	
Communication Equipment		465	
Data Processing Equipment		1,480	
Heating and Air Conditioning Equipment		1,000	
Total Juvenile Court			\$ 354,416

District Attorney General

Assistant(s)	\$	68,602	
Social Security		5,077	
Handling Charges and Administrative Costs		1,077	
State Retirement		9,910	
Employee and Dependent Insurance		4,026	
Life Insurance		126	
Total District Attorney General			88,818

Office of Public Defender

Salary Supplements	\$	56,412	
Social Security		4,040	
Handling Charges and Administrative Costs		1,688	
State Retirement		8,197	
Employee and Dependent Insurance		6,576	
Life Insurance		105	
Travel		999	
Total Office of Public Defender			78,017

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Contracts with Government Agencies	\$ 249,632	
Other Contracted Services	77,280	
Other Charges	20,000	
Total Other Administration of Justice		\$ 346,912

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 79,436	
Deputy(ies)	3,199,256	
Part-time Personnel	42,270	
Educational Incentive - Other County Employees	6,300	
Overtime Pay	109,979	
Other Salaries and Wages	38,584	
In-Service Training	50,800	
Social Security	250,890	
Handling Charges and Administrative Costs	76,257	
State Retirement	482,056	
Employee and Dependent Insurance	378,245	
Life Insurance	6,494	
Communication	111,314	
Contracts with Government Agencies	53,320	
Contracts with Private Agencies	15,340	
Data Processing Services	20,589	
Maintenance and Repair Services - Buildings	15,830	
Maintenance and Repair Services - Vehicles	153,383	
Pest Control	480	
Rentals	5,000	
Travel	38,291	
Custodial Supplies	2,930	
Gasoline	308,558	
Law Enforcement Supplies	22,424	
Office Supplies	38,413	
Uniforms	71,328	
Utilities	38,036	
Law Enforcement Equipment	35,801	
Motor Vehicles	57,206	
Total Sheriff's Department		5,708,810

Special Patrols

Deputy(ies)	\$ 458,652	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Overtime Pay	\$ 99,064	
Other Salaries and Wages	32,031	
Social Security	41,161	
Handling Charges and Administrative Costs	14,937	
State Retirement	82,406	
Employee and Dependent Insurance	53,203	
Life Insurance	879	
Maintenance and Repair Services - Vehicles	10,258	
Gasoline	28,991	
Uniforms	12,363	
Total Special Patrols		\$ 833,945

Jail

Deputy(ies)	\$ 4,005,775	
Salary Supplements	500	
Maintenance Personnel	94,496	
Part-time Personnel	22,650	
Educational Incentive - Other County Employees	15,000	
Overtime Pay	183,772	
In-Service Training	74,143	
Social Security	301,982	
Handling Charges and Administrative Costs	135,546	
State Retirement	724,502	
Employee and Dependent Insurance	517,579	
Life Insurance	7,139	
Communication	6,321	
Data Processing Services	6,052	
Maintenance and Repair Services - Equipment	12,147	
Medical and Dental Services	30,000	
Custodial Supplies	39,245	
Drugs and Medical Supplies	271,809	
Food Preparation Supplies	14,111	
Food Supplies	433,812	
Law Enforcement Supplies	81,701	
Office Supplies	30,381	
Prisoners Clothing	15,444	
Uniforms	43,334	
Other Supplies and Materials	17,208	
Total Jail		7,084,649

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

County Official/Administrative Officer	\$	13,947	
Guards		1,002,999	
Overtime Pay		46,422	
In-Service Training		12,000	
Social Security		76,943	
Handling Charges and Administrative Costs		40,044	
State Retirement		141,322	
Employee and Dependent Insurance		117,847	
Life Insurance		2,118	
Unemployment Compensation		505	
Communication		8,364	
Data Processing Services		1,115	
Maintenance and Repair Services - Buildings		23,677	
Maintenance and Repair Services - Equipment		8,841	
Maintenance and Repair Services - Vehicles		3,159	
Pest Control		840	
Custodial Supplies		8,308	
Drugs and Medical Supplies		18,305	
Food Preparation Supplies		6,070	
Food Supplies		114,719	
Gasoline		6,262	
Law Enforcement Supplies		3,437	
Office Supplies		2,978	
Prisoners Clothing		2,926	
Uniforms		9,992	
Utilities		87,933	
Other Supplies and Materials		8,005	
Total Workhouse			\$ 1,769,078

Juvenile Services

County Official/Administrative Officer	\$	72,214
Deputy(ies)		35,249
Accountants/Bookkeepers		46,371
Clerical Personnel		86,080
Part-time Personnel		15,029
Social Security		18,245
Handling Charges and Administrative Costs		7,773
State Retirement		33,662
Employee and Dependent Insurance		27,810
Life Insurance		451

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Unemployment Compensation	\$	89	
Communication		2,290	
Data Processing Services		490	
Maintenance and Repair Services - Equipment		177	
Printing, Stationery, and Forms		716	
Rentals		8,021	
Data Processing Supplies		1,000	
Office Supplies		3,501	
Total Juvenile Services			\$ 359,168

Fire Prevention and Control

Supervisor/Director	\$	57,288	
Mechanic(s)		80,710	
Other Salaries and Wages		138,191	
Social Security		19,479	
Handling Charges and Administrative Costs		8,658	
State Retirement		30,010	
Employee and Dependent Insurance		34,371	
Life Insurance		377	
Communication		21,783	
Engineering Services		7,585	
Maintenance and Repair Services - Equipment		48,114	
Travel		239	
Equipment and Machinery Parts		98,979	
Gasoline		35,700	
Utilities		49,514	
Gravel and Chert		1,611	
Total Fire Prevention and Control			632,609

Civil Defense

Supervisor/Director	\$	61,451	
Part-time Personnel		1,154	
Overtime Pay		2,864	
Other Salaries and Wages		86,831	
Social Security		10,340	
Handling Charges and Administrative Costs		6,034	
State Retirement		21,486	
Employee and Dependent Insurance		22,644	
Life Insurance		217	
Unemployment Compensation		27	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Communication	\$ 17,971	
Dues and Memberships	315	
Maintenance Agreements	2,496	
Maintenance and Repair Services - Buildings	5,231	
Maintenance and Repair Services - Equipment	10,168	
Maintenance and Repair Services - Vehicles	8,290	
Printing, Stationery, and Forms	144	
Travel	1,727	
Other Contracted Services	2,181	
Gasoline	5,682	
Office Supplies	2,034	
Utilities	23,785	
Other Supplies and Materials	18,834	
Building Improvements	563	
Total Civil Defense		\$ 312,469

Disaster Relief

Other Contracted Services	\$ 421,009	
Utilities	356	
Total Disaster Relief		421,365

Inspection and Regulation

County Official/Administrative Officer	\$ 42,356	
Other Salaries and Wages	57,046	
In-Service Training	580	
Social Security	7,081	
Handling Charges and Administrative Costs	3,323	
State Retirement	14,174	
Employee and Dependent Insurance	11,625	
Life Insurance	187	
Unemployment Compensation	795	
Communication	1,389	
Dues and Memberships	265	
Maintenance and Repair Services - Vehicles	1,829	
Travel	1,377	
Gasoline	2,642	
Office Supplies	4,377	
Total Inspection and Regulation		149,046

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Supervisor/Director	\$	12,750	
Social Security		581	
State Retirement		1,765	
Employee and Dependent Insurance		203	
Contracts with Government Agencies		39,750	
Contracts with Public Carriers		6,100	
Pauper Burials		150	
Other Contracted Services		45,375	
Other Charges		150	
Total County Coroner/Medical Examiner			\$ 106,824

Other Public Safety

Other Salaries and Wages	\$	12,393	
Social Security		888	
State Retirement		1,801	
Employee and Dependent Insurance		1,296	
Travel		1,179	
Other Supplies and Materials		103	
Total Other Public Safety			17,660

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	214,776	
Paraprofessionals		24,480	
Other Salaries and Wages		897,029	
Social Security		76,909	
Handling Charges and Administrative Costs		20,023	
State Retirement		156,973	
Employee and Dependent Insurance		70,776	
Life Insurance		2,048	
Communication		13,027	
Data Processing Services		26,515	
Janitorial Services		38,030	
Maintenance Agreements		762	
Maintenance and Repair Services - Buildings		21,616	
Maintenance and Repair Services - Vehicles		2,986	
Postal Charges		4,094	
Travel		14,854	
Drugs and Medical Supplies		85,012	
Gasoline		9,282	

(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.)

Office Supplies	\$ 19,836	
Utilities	38,783	
Liability Insurance	6,089	
Motor Vehicles	4,000	
Total Local Health Center		\$ 1,747,900

Rabies and Animal Control

Overtime Pay	\$ 8,597	
Other Salaries and Wages	83,573	
Social Security	6,301	
Handling Charges and Administrative Costs	4,685	
State Retirement	10,981	
Employee and Dependent Insurance	17,642	
Life Insurance	159	
Unemployment Compensation	6,372	
Communication	3,979	
Maintenance and Repair Services - Buildings	3,024	
Maintenance and Repair Services - Vehicles	1,328	
Printing, Stationery, and Forms	806	
Veterinary Services	4,156	
Animal Food and Supplies	3,833	
Drugs and Medical Supplies	2,819	
Gasoline	9,437	
Office Supplies	443	
Uniforms	3,611	
Utilities	5,248	
Total Rabies and Animal Control		176,994

Other Local Welfare Services

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

Social, Cultural, and Recreational Services

Libraries

State Retirement	\$ 60,540	
Other Fringe Benefits	12,215	
Contributions	903,354	
Total Libraries		976,109

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Supervisor/Director	\$	59,232	
Part-time Personnel		15,859	
Overtime Pay		3,401	
Other Salaries and Wages		393,243	
Social Security		33,092	
Handling Charges and Administrative Costs		16,706	
State Retirement		65,760	
Employee and Dependent Insurance		65,501	
Life Insurance		850	
Unemployment Compensation		1,463	
Communication		9,835	
Legal Notices, Recording, and Court Costs		78	
Maintenance and Repair Services - Equipment		137,280	
Travel		1,286	
Remittance of Revenue Collected		2,175	
Gasoline		38,077	
Utilities		69,179	
Other Supplies and Materials		3,523	
Other Charges		10,952	
Total Parks and Fair Boards			\$ 927,492

Other Social, Cultural, and Recreational

Other Salaries and Wages	\$	19,458	
Social Security		985	
Other Supplies and Materials		49,314	
Total Other Social, Cultural, and Recreational			69,757

Agriculture and Natural Resources

Agriculture Extension Service

Other Salaries and Wages	\$	144,650	
Social Security		3,592	
Other Fringe Benefits		22,222	
Communication		4,928	
Contributions		3,300	
Office Supplies		2,760	
Total Agriculture Extension Service			181,452

Soil Conservation

Other Salaries and Wages	\$	77,763	
Social Security		5,561	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Handling Charges and Administrative Costs	\$	1,732	
State Retirement		10,120	
Employee and Dependent Insurance		6,864	
Life Insurance		146	
Travel		1,473	
Total Soil Conservation			\$ 103,659

Flood Control

Contributions	\$	50,000	
Other Contracted Services		257,975	
Total Flood Control			307,975

Other Operations

Industrial Development

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

Airport

Part-time Personnel	\$	65,586	
Other Salaries and Wages		194,529	
Social Security		18,719	
Handling Charges and Administrative Costs		227	
State Retirement		28,279	
Employee and Dependent Insurance		24,535	
Other Fringe Benefits		6,401	
Contributions		210,240	
Liability Insurance		25,700	
Total Airport			574,216

Other Charges

Handling Charges and Administrative Costs	\$	14,624	
Disability Insurance		36,689	
Medical and Dental Services		251,029	
Excess Risk Insurance		20,176	
Medical Claims		217,868	
Total Other Charges			540,386

Contributions to Other Agencies

Contributions	\$	266,985	
Total Contributions to Other Agencies			266,985

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Board and Committee Members Fees	\$	1,762	
Other Fringe Benefits		3,912	
Communication		61,934	
Consultants		1,318	
Contracts with Government Agencies		24,000	
Contracts with Other Public Agencies		1,501	
Contributions		2,000	
Data Processing Services		7,040	
Dues and Memberships		15,841	
Evaluation and Testing		1,508	
Legal Services		24,363	
Legal Notices, Recording, and Court Costs		18,933	
Postal Charges		85,244	
Remittance of Revenue Collected		55,597	
Other Contracted Services		505,000	
Utilities		159,680	
Excess Risk Insurance		16,554	
Liability Insurance		383,612	
Refunds		539	
Trustee's Commission		404,062	
Fines, Assessments, and Penalties		99,751	
Other Charges		13,254	
Total Miscellaneous			\$ 1,887,405

Principal on Debt

General Government

Principal on Notes	\$	40,948	
Total General Government			40,948

Interest on Debt

General Government

Interest on Notes	\$	666	
Total General Government			666

Total General Fund \$ 33,324,590

Juvenile Services Fund

Public Safety

Juvenile Services

County Official/Administrative Officer	\$	61,200	
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(Continued)

Exhibit K-7

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

Juvenile Services Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Supervisor/Director	\$ 130,980	
Accountants/Bookkeepers	40,110	
Social Workers	282,658	
Paraprofessionals	57,511	
Guards	199,772	
Clerical Personnel	53,951	
Overtime Pay	20,266	
Social Security	59,027	
Handling Charges and Administrative Costs	41,855	
State Retirement	98,961	
Employee and Dependent Insurance	122,148	
Life Insurance	1,484	
Disability Insurance	1,603	
Unemployment Compensation	758	
Communication	11,590	
Data Processing Services	17,503	
Evaluation and Testing	101	
Maintenance and Repair Services - Buildings	14,345	
Maintenance and Repair Services - Equipment	11,306	
Maintenance and Repair Services - Vehicles	4,400	
Medical and Dental Services	14,399	
Printing, Stationery, and Forms	1,415	
Travel	9,508	
Other Contracted Services	39,872	
Custodial Supplies	2,814	
Data Processing Supplies	190	
Food Supplies	15,394	
Gasoline	4,607	
Office Supplies	1,275	
Utilities	38,560	
Other Supplies and Materials	3,487	
Liability Insurance	17,755	
Medical Claims	14,880	
Refunds	172	
Trustee's Commission	22,820	
Data Processing Equipment	8,768	
Other Equipment	30,227	
Total Juvenile Services		<u>\$ 1,457,672</u>
Total Juvenile Services Fund		\$ 1,457,672

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$ 57,672	
Part-time Personnel	278,815	
Social Security	25,611	
State Retirement	6,655	
Employee and Dependent Insurance	3,768	
Life Insurance	109	
Unemployment Compensation	1,930	
Other Fringe Benefits	11,827	
Communication	6,616	
Evaluation and Testing	13	
Operating Lease Payments	9,912	
Maintenance and Repair Services - Equipment	22,335	
Maintenance and Repair Services - Vehicles	26,350	
Travel	6,706	
Gasoline	36,573	
Uniforms	1,950	
Utilities	11,922	
Other Supplies and Materials	2,359	
Trustee's Commission	18,432	
Other Charges	29,129	
Total Convenience Centers		\$ 558,684

Landfill Operation and Maintenance

Contracts with Government Agencies	\$ 267,994	
Other Contracted Services	162,164	
Total Landfill Operation and Maintenance		430,158

Total Solid Waste/Sanitation Fund \$ 988,842

Local Purpose Tax Fund

Other Operations

Industrial Development

Airport Improvement	\$ 95,000	
Total Industrial Development		\$ 95,000

Miscellaneous

Trustee's Commission	\$ 33,078	
Total Miscellaneous		33,078

(Continued)

Exhibit K-7

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

Local Purpose Tax Fund (Cont.)

Instruction

Regular Instruction Program

Contributions	\$ 650,000	
Total Regular Instruction Program		\$ 650,000

Total Local Purpose Tax Fund		\$ 778,078
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Special Purpose Fund

Public Safety

Correctional Incentive Program Improvements

Probation Officer(s)	\$ 218,136	
Social Security	16,052	
Handling Charges and Administrative Costs	3,724	
State Retirement	24,358	
Employee and Dependent Insurance	14,920	
Life Insurance	263	
Communication	18,413	
Evaluation and Testing	53,771	
Maintenance and Repair Services - Buildings	350	
Rentals	27,530	
Travel	19,305	
Office Supplies	6,502	
Utilities	3,604	
Motor Vehicles	65,962	
Total Correctional Incentive Program Improvements		\$ 472,890

Work Release Program

Other Salaries and Wages	\$ 425,332	
Social Security	38,938	
Handling Charges and Administrative Costs	5,755	
State Retirement	48,497	
Employee and Dependent Insurance	24,120	
Life Insurance	822	
Unemployment Compensation	1,494	
Communication	14,800	
Maintenance and Repair Services - Buildings	25,657	
Maintenance and Repair Services - Vehicles	44,097	
Rentals	69,792	
Travel	9,983	
Office Supplies	15,557	
Utilities	12,891	
Other Equipment	2,246	
Total Work Release Program		739,981

(Continued)

Exhibit K-7

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

Special Purpose Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Explosives and Drilling Supplies	\$ 30,468	
Instructional Supplies and Materials	3,765	
Testing	24,998	
Other Supplies and Materials	38,075	
In Service/Staff Development	51,496	
Communication Equipment	10,861	
Data Processing Equipment	84,586	
Office Equipment	59,935	
Total Other Emergency Management		\$ 304,184

Public Safety Grant Programs

Educational Incentive - Other County Employees	\$ 1,875	
Other Salaries and Wages	37,204	
Social Security	2,901	
Handling Charges and Administrative Costs	108	
State Retirement	5,411	
Employee and Dependent Insurance	300	
Life Insurance	59	
Communication	461	
Travel	481	
Total Public Safety Grant Programs		48,800

Public Health and Welfare

Maternal and Child Health Services

Part-time Personnel	\$ 102,354	
Other Salaries and Wages	1,394,817	
Social Security	106,393	
Handling Charges and Administrative Costs	44,986	
State Retirement	196,111	
Employee and Dependent Insurance	160,120	
Life Insurance	2,557	
Advertising	103,865	
Bank Charges	6,646	
Communication	33,931	
Maintenance Agreements	12,300	
Postal Charges	4,114	
Printing, Stationery, and Forms	11,148	
Travel	31,219	
Remittance of Revenue Collected	291,267	
Other Contracted Services	620	

(Continued)

Exhibit K-7

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

Special Purpose Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services (Cont.)

Drugs and Medical Supplies	\$ 80,960	
Office Supplies	186,092	
Utilities	31,724	
Other Supplies and Materials	588	
Liability Insurance	2,850	
Other Charges	4,293	
Office Equipment	4,997	
Site Development	34,831	
Total Maternal and Child Health Services		\$ 2,848,783

Sanitation Education/Information

Other Salaries and Wages	\$ 25,335	
Social Security	1,913	
Unemployment Compensation	270	
Gasoline	9,147	
Other Supplies and Materials	26,428	
Total Sanitation Education/Information		63,093

Other Operations

ARRA Grant # 10

Travel	\$ 628	
Data Processing Equipment	1,112	
Law Enforcement Equipment	14,225	
Total ARRA Grant # 10		15,965

Miscellaneous

Other Salaries and Wages	\$ 146,434	
Social Security	10,601	
Handling Charges and Administrative Costs	3,886	
Employee and Dependent Insurance	6,241	
Life Insurance	268	
Refunds	1	
Trustee's Commission	5,143	
Total Miscellaneous		172,574

Total Special Purpose Fund \$ 4,666,270

(Continued)

Exhibit K-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	5,000	
Maintenance Agreements		1,620	
Other Contracted Services		2,680	
Office Supplies		1,145	
Refunds		100	
Trustee's Commission		127	
Total Drug Enforcement			\$ 10,672

Total Drug Control Fund \$ 10,672

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	2,035	
Travel		6,847	
Office Supplies		3,693	
Trustee's Commission		266	
Other Charges		5,829	
Total District Attorney General			\$ 18,670

Total District Attorney General Fund 18,670

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	51,514	
Total Chancery Court			\$ 51,514

Total Constitutional Officers - Fees Fund 51,514

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	133,200	
Clerical Personnel		98,633	
Part-time Personnel		8,901	
Educational Incentive - Other County Employees		6,000	
Social Security		18,315	
State Retirement		33,158	
Employee and Dependent Insurance		19,049	

(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.)

Data Processing Services	\$	690	
Dues and Memberships		4,938	
Maintenance and Repair Services - Buildings		6,803	
Maintenance and Repair Services - Office Equipment		557	
Postal Charges		547	
Printing, Stationery, and Forms		293	
Travel		528	
Office Supplies		2,704	
Other Charges		1,201	
Total Administration			\$ 335,517

Highway and Bridge Maintenance

Materials Supervisor	\$	55,432	
Foremen		324,846	
Equipment Operators		461,519	
Truck Drivers		80,531	
Laborers		38,119	
Social Security		69,512	
State Retirement		136,833	
Employee and Dependent Insurance		132,106	
Maintenance and Repair Services - Equipment		1,266	
Travel		329	
Asphalt - Hot Mix		42,364	
Asphalt - Liquid		817,474	
Concrete		2,266	
Crushed Stone		378,249	
Riprap		41,392	
Lubricants		880	
Pipe - Metal		4,853	
Road Signs		26,988	
Sand		151	
Small Tools		1,497	
Wood Products		3,178	
Gravel and Chert		67,147	
Chemicals		66,683	
Other Supplies and Materials		4,477	
Other Charges		155,868	
Total Highway and Bridge Maintenance			2,913,960

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	84,879	
Social Security		6,001	
State Retirement		12,333	
Employee and Dependent Insurance		16,610	
Laundry Service		1,570	
Maintenance and Repair Services - Equipment		23,370	
Diesel Fuel		106,369	
Equipment Parts - Heavy		4,498	
Equipment and Machinery Parts		95,876	
Garage Supplies		3,641	
Gasoline		64,514	
Lubricants		5,778	
Small Tools		296	
Tires and Tubes		16,871	
Other Supplies and Materials		10,088	
Total Operation and Maintenance of Equipment			\$ 452,694

Other Charges

Communication	\$	12,718	
Contracts with Private Agencies		427	
Natural Gas		15,728	
Liability Insurance		78,359	
Trustee's Commission		59,674	
Other Charges		30	
Total Other Charges			166,936

Employee Benefits

Handling Charges and Administrative Costs	\$	23,341	
Employee and Dependent Insurance		26,339	
Disability Insurance		2,312	
Evaluation and Testing		122	
Medical and Dental Services		46,110	
Medical Claims		49,032	
Total Employee Benefits			147,256

Capital Outlay

Engineering Services	\$	46,874	
Asphalt - Hot Mix		551,614	
Riprap		15,771	
Bridge Construction		350,710	

(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 (Cont.)

Building Improvements	\$ 3,392	
Other Capital Outlay	41,364	
Total Capital Outlay		\$ 1,009,725

Total Highway/Public Works Fund \$ 5,026,088

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 650,000	
Principal on Notes	4,000,000	
Total General Government		\$ 4,650,000

Interest on Debt

General Government

Interest on Bonds	\$ 2,583,252	
Interest on Notes	281,206	
Total General Government		2,864,458

Other Debt Service

General Government

Trustee's Commission	\$ 124,446	
Other Debt Service	2,450	
Total General Government		126,896

Total General Debt Service Fund 7,641,354

General Capital Projects Fund

General Government

County Buildings

Building Improvements	\$ 221,856	
Total County Buildings		\$ 221,856

Finance

Accounting and Budgeting

Data Processing Equipment	\$ 2,538	
Total Accounting and Budgeting		2,538

Property Assessor's Office

Data Processing Equipment	\$ 27,403	
Total Property Assessor's Office		27,403

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Public Safety

Sheriff's Department

Maintenance and Repair Services - Buildings	\$ 32,000	
Motor Vehicles	135,000	
Total Sheriff's Department		\$ 167,000

Juvenile Services

Building Improvements	\$ 17,989	
Total Juvenile Services		17,989

Fire Prevention and Control

Engineering Services	\$ 1,200	
Motor Vehicles	339,767	
Total Fire Prevention and Control		340,967

Civil Defense

Communication Equipment	\$ 22,757	
Total Civil Defense		22,757

Public Health and Welfare

Rabies and Animal Control

Motor Vehicles	\$ 15,167	
Total Rabies and Animal Control		15,167

Convenience Centers

Building Improvements	\$ 5,718	
Motor Vehicles	115,486	
Solid Waste Equipment	47,698	
Total Convenience Centers		168,902

Social, Cultural, and Recreational Services

Libraries

Building Improvements	\$ 17,500	
Total Libraries		17,500

Parks and Fair Boards

Motor Vehicles	\$ 17,463	
Other Capital Outlay	59,868	
Total Parks and Fair Boards		77,331

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Other Operations

Airport

Airport Improvement	\$ 13,425	
Total Airport		\$ 13,425

Miscellaneous

Trustee's Commission	\$ 28,272	
Building Improvements	<u>2,736,584</u>	
Total Miscellaneous		2,764,856

Capital Projects

Other General Government Projects

Land	\$ 3,000,000	
Total Other General Government Projects		<u>3,000,000</u>

Total General Capital Projects Fund		\$ 6,857,691
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Community Development/Industrial Park Fund

Other Operations

Industrial Development

Contributions	\$ 75,000	
Trustee's Commission	<u>414</u>	
Total Industrial Development		<u>\$ 75,414</u>

Total Community Development/Industrial Park Fund		<u>75,414</u>
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Total Governmental Funds - Primary Government		<u>\$ 60,896,855</u>
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Exhibit K-8

Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Madison County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 32,895,654	
Career Ladder Program	299,506	
Career Ladder Extended Contracts	155,786	
Homebound Teachers	98,789	
Educational Assistants	1,052,854	
Speech Pathologist	28,056	
Certified Substitute Teachers	647,404	
Social Security	2,548,406	
State Retirement	3,465,662	
Life Insurance	64,747	
Medical Insurance	3,244,436	
Dental Insurance	126,408	
Other Fringe Benefits	775,829	
Other Contracted Services	241,380	
Instructional Supplies and Materials	810,736	
Textbooks	829,312	
Other Supplies and Materials	82,310	
Other Charges	13,866	
Regular Instruction Equipment	299,171	
Total Regular Instruction Program		\$ 47,680,312

Special Education Program

Teachers	\$ 5,436,925	
Career Ladder Program	58,866	
Homebound Teachers	63,319	
Educational Assistants	603,092	
Speech Pathologist	531,646	
Certified Substitute Teachers	108,498	
Social Security	468,461	
State Retirement	597,614	
Life Insurance	12,174	
Medical Insurance	558,741	
Dental Insurance	26,299	
Contracts with Private Agencies	337,377	
Other Contracted Services	254,382	
Instructional Supplies and Materials	40,803	
Other Supplies and Materials	33,160	
Special Education Equipment	39,375	
Total Special Education Program		9,170,732

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)
Instruction (Cont.)

Vocational Education Program

Teachers	\$ 2,557,420	
Career Ladder Program	26,500	
Other Salaries and Wages	291,878	
Certified Substitute Teachers	42,560	
Social Security	208,567	
State Retirement	261,328	
Life Insurance	5,473	
Medical Insurance	219,854	
Dental Insurance	10,078	
Other Contracted Services	1,100	
Instructional Supplies and Materials	97,629	
Vocational Instruction Equipment	106,884	
Total Vocational Education Program		\$ 3,829,271

Other

Supervisor/Director	\$ 90,679	
Clerical Personnel	29,513	
Social Security	8,886	
State Retirement	12,581	
Life Insurance	216	
Medical Insurance	4,597	
Dental Insurance	618	
Travel	1,589	
Other Contracted Services	45,376	
Office Supplies	1,503	
Other Supplies and Materials	23,379	
In Service/Staff Development	612	
Total Other		219,549

Support Services

Attendance

Supervisor/Director	\$ 116,469
Career Ladder Program	1,000
Other Salaries and Wages	26,011
Social Security	10,551
State Retirement	17,413
Life Insurance	273
Medical Insurance	6,819
Dental Insurance	512

(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.)

Attendance (Cont.)

Travel	\$	5,779	
Other Contracted Services		71,474	
Other Supplies and Materials		1,554	
Total Attendance			\$ 257,855

Health Services

Medical Personnel	\$	303,869	
Social Security		20,254	
State Retirement		36,766	
Life Insurance		581	
Medical Insurance		47,536	
Dental Insurance		2,210	
Travel		5,613	
Other Contracted Services		4,905	
Other Supplies and Materials		17,137	
In Service/Staff Development		3,781	
Total Health Services			442,652

Other Student Support

Career Ladder Program	\$	24,200	
Guidance Personnel		1,957,850	
Psychological Personnel		357,842	
Clerical Personnel		108,709	
Other Salaries and Wages		19,479	
Social Security		174,376	
State Retirement		225,933	
Life Insurance		4,589	
Medical Insurance		200,452	
Dental Insurance		7,927	
Contracts with Government Agencies		120,110	
Travel		24,239	
Other Contracted Services		115,256	
Total Other Student Support			3,340,962

Regular Instruction Program

Supervisor/Director	\$	320,163	
Career Ladder Program		46,400	
Librarians		1,211,939	
Clerical Personnel		92,214	

(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.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	59,458	
Social Security		124,087	
State Retirement		163,512	
Life Insurance		3,142	
Medical Insurance		127,447	
Dental Insurance		6,230	
Travel		61,028	
Other Contracted Services		9,600	
Instructional Supplies and Materials		17,098	
Library Books/Media		99,738	
Office Supplies		5,857	
Other Supplies and Materials		115,648	
In Service/Staff Development		54,130	
Other Charges		4,200	
Total Regular Instruction Program			\$ 2,521,891

Special Education Program

Supervisor/Director	\$	169,666	
Career Ladder Program		4,000	
Clerical Personnel		29,628	
Other Salaries and Wages		124,587	
Social Security		24,484	
State Retirement		34,693	
Life Insurance		606	
Medical Insurance		17,120	
Dental Insurance		844	
Maintenance and Repair Services - Equipment		1,471	
Travel		58,448	
Other Supplies and Materials		12,072	
In Service/Staff Development		25,850	
Total Special Education Program			503,469

Vocational Education Program

Supervisor/Director	\$	65,758	
Secretary(ies)		29,628	
Social Security		7,026	
State Retirement		10,256	
Life Insurance		184	
Medical Insurance		3,734	

(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.)

Vocational Education Program (Cont.)

Dental Insurance	\$	114	
Travel		3,838	
Other Supplies and Materials		609	
Total Vocational Education Program			\$ 121,147

Other Programs

Supervisor/Director	\$	68,867	
Teachers		75,264	
Bus Drivers		14,813	
Educational Assistants		29,379	
Other Salaries and Wages		239,687	
Social Security		30,821	
State Retirement		46,916	
Life Insurance		226	
Medical Insurance		7,090	
Dental Insurance		456	
On-Behalf Payments to OPEB		730,149	
Communication		2,247	
Postal Charges		151	
Printing, Stationery, and Forms		5,485	
Travel		9,563	
Other Contracted Services		22,918	
Diesel Fuel		8,569	
Other Supplies and Materials		114,094	
In Service/Staff Development		15,388	
Other Charges		2,232	
Maintenance Equipment		23,855	
Regular Instruction Equipment		211,161	
Transportation Equipment		3,938	
Total Other Programs			1,663,269

Board of Education

Secretary to Board	\$	3,600	
Board and Committee Members Fees		32,400	
Social Security		2,748	
State Retirement		520	
Unemployment Compensation		184,102	
Audit Services		48,300	
Contributions		527	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)
Support Services (Cont.)

Board of Education (Cont.)

Dues and Memberships	\$	13,314	
Legal Services		75,049	
Premiums on Corporate Surety Bonds		135	
Trustee's Commission		731,882	
Workers' Compensation Insurance		771,016	
In Service/Staff Development		14,596	
Other Charges		13,248	
Total Board of Education			\$ 1,891,437

Director of Schools

County Official/Administrative Officer	\$	116,000	
Assistant(s)		101,000	
Career Ladder Program		2,000	
Secretary(ies)		142,355	
Social Security		26,540	
State Retirement		39,716	
Life Insurance		606	
Medical Insurance		17,209	
Dental Insurance		1,108	
Advertising		900	
Communication		210,651	
Dues and Memberships		4,906	
Maintenance and Repair Services - Equipment		20,565	
Postal Charges		10,132	
Travel		4,256	
Office Supplies		4,703	
Other Supplies and Materials		288	
In Service/Staff Development		6,028	
Other Charges		4,976	
Total Director of Schools			713,939

Office of the Principal

Principals	\$	2,063,620	
Career Ladder Program		35,800	
Assistant Principals		1,133,101	
Secretary(ies)		1,194,087	
Other Salaries and Wages		367,710	
Social Security		342,513	
State Retirement		492,604	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)
Support Services (Cont.)

Office of the Principal (Cont.)

Life Insurance	\$	8,862	
Medical Insurance		364,635	
Dental Insurance		17,749	
Travel		17,403	
Other Supplies and Materials		124,528	
Other Charges		7,170	
Total Office of the Principal			\$ 6,169,782

Fiscal Services

Supervisor/Director	\$	44,076	
Accountants/Bookkeepers		88,562	
Secretary(ies)		35,074	
Social Security		10,308	
State Retirement		18,901	
Life Insurance		269	
Medical Insurance		6,660	
Dental Insurance		598	
Contributions		355,106	
Travel		471	
Other Contracted Services		3,165	
Office Supplies		3,075	
Other Supplies and Materials		189	
In Service/Staff Development		1,147	
Total Fiscal Services			567,601

Human Services/Personnel

Supervisor/Director	\$	168,489	
Clerical Personnel		30,565	
Other Salaries and Wages		68,490	
Social Security		19,789	
State Retirement		31,694	
Life Insurance		503	
Medical Insurance		10,150	
Dental Insurance		1,247	
Advertising		2,839	
Travel		713	
Other Contracted Services		2,460	
Office Supplies		1,152	
Other Supplies and Materials		531	

(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.)

In Service/Staff Development	\$	2,937	
Other Charges		1,622	
Total Human Services/Personnel			\$ 343,181

Operation of Plant

Custodial Personnel	\$	1,237,221	
Overtime Pay		15,785	
Other Salaries and Wages		28,376	
Social Security		90,338	
State Retirement		140,927	
Life Insurance		2,155	
Medical Insurance		134,939	
Dental Insurance		5,327	
Travel		569	
Other Contracted Services		606,783	
Custodial Supplies		258,163	
Electricity		2,507,857	
Natural Gas		431,922	
Water and Sewer		262,680	
Building and Contents Insurance		699,150	
Plant Operation Equipment		10,999	
Total Operation of Plant			6,433,191

Maintenance of Plant

Secretary(ies)	\$	59,788	
Overtime Pay		13,672	
Other Salaries and Wages		1,578,252	
Social Security		117,736	
State Retirement		230,161	
Life Insurance		3,101	
Medical Insurance		140,504	
Dental Insurance		7,537	
Travel		366	
Other Supplies and Materials		1,008,955	
In Service/Staff Development		965	
Total Maintenance of Plant			3,161,037

Transportation

Supervisor/Director	\$	74,495	
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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.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Mechanic(s)	\$	282,239	
Bus Drivers		1,987,533	
Overtime Pay		25,330	
Other Salaries and Wages		475,331	
Social Security		201,175	
State Retirement		332,598	
Life Insurance		4,065	
Medical Insurance		275,007	
Dental Insurance		15,207	
Travel		1,715	
Diesel Fuel		951,736	
Gasoline		145,322	
Tires and Tubes		123,545	
Vehicle Parts		445,550	
In Service/Staff Development		6,010	
Other Charges		39,597	
Transportation Equipment		12,028	
Total Transportation			\$ 5,398,483

Central and Other

Supervisor/Director	\$	78,648	
Other Salaries and Wages		184,269	
Social Security		20,026	
State Retirement		37,333	
Life Insurance		485	
Medical Insurance		21,797	
Dental Insurance		629	
Travel		1,701	
Other Contracted Services		221,358	
Other Supplies and Materials		25,009	
In Service/Staff Development		25,514	
Other Equipment		128,625	
Total Central and Other			745,394

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		76	
State Retirement		90	
Total Food Service			1,166

(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.)

Community Services

Other Salaries and Wages	\$	79,997	
Social Security		6,026	
State Retirement		3,801	
Medical Insurance		1,932	
Other Supplies and Materials		2,794	
Total Community Services			\$ 94,550

Early Childhood Education

Teachers	\$	744,092	
Clerical Personnel		22,292	
Educational Assistants		268,901	
Certified Substitute Teachers		24,003	
Social Security		71,203	
State Retirement		104,350	
Life Insurance		1,921	
Medical Insurance		113,305	
Dental Insurance		3,933	
Travel		299	
Other Contracted Services		1,679	
Instructional Supplies and Materials		62,967	
In Service/Staff Development		15,052	
Other Charges		779	
Total Early Childhood Education			1,434,776

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	731,374	
Total Education			<u>731,374</u>

Total General Purpose School Fund \$ 97,437,020

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	991,587	
Clerical Personnel		228,543	
Educational Assistants		110,060	
Other Salaries and Wages		168,983	
Certified Substitute Teachers		17,391	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	106,937	
State Retirement		143,959	
Life Insurance		2,736	
Medical Insurance		103,413	
Dental Insurance		5,784	
Tuition		33,709	
Other Contracted Services		111,807	
Instructional Supplies and Materials		413,127	
Other Supplies and Materials		2,386	
Other Charges		38,092	
Regular Instruction Equipment		854,820	
Total Regular Instruction Program			\$ 3,333,334

Alternative Instruction Program

Other Contracted Services	\$	339,000	
Total Alternative Instruction Program			339,000

Special Education Program

Teachers	\$	136,780	
Educational Assistants		1,847,904	
Speech Pathologist		72,726	
Certified Substitute Teachers		2,065	
Non-certified Substitute Teachers		104	
Social Security		147,598	
State Retirement		237,388	
Life Insurance		3,576	
Medical Insurance		154,018	
Dental Insurance		11,305	
Contracts with Private Agencies		29,059	
Other Contracted Services		165,017	
Instructional Supplies and Materials		150,952	
Other Supplies and Materials		59,253	
Special Education Equipment		199,153	
Total Special Education Program			3,216,898

Vocational Education Program

Educational Assistants	\$	15,842	
Other Salaries and Wages		60,815	
Social Security		4,902	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

State Retirement	\$	9,409	
Life Insurance		128	
Medical Insurance		8,283	
Dental Insurance		289	
Employer Medicare		454	
Vocational Instruction Equipment		123,863	
Total Vocational Education Program			\$ 223,985

Support Services

Health Services

Medical Personnel	\$	170,452	
Social Security		11,647	
State Retirement		24,672	
Life Insurance		313	
Medical Insurance		20,910	
Dental Insurance		1,226	
Other Supplies and Materials		2,769	
Total Health Services			231,989

Other Student Support

Psychological Personnel	\$	4,018	
Clerical Personnel		5,984	
Other Salaries and Wages		21,822	
Social Security		2,351	
State Retirement		3,882	
Life Insurance		22	
Travel		45,378	
Other Contracted Services		4,322	
Other Supplies and Materials		459	
Total Other Student Support			88,238

Regular Instruction Program

Supervisor/Director	\$	79,120	
Instructional Computer Personnel		1,365,952	
Secretary(ies)		35,250	
Clerical Personnel		26,808	
Other Salaries and Wages		758,654	
Certified Substitute Teachers		16,415	
In-Service Training		364,125	

(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 (Cont.)

Social Security	\$	196,604	
State Retirement		242,962	
Life Insurance		3,963	
Medical Insurance		121,892	
Dental Insurance		5,149	
Consultants		129,800	
Travel		15,676	
Other Contracted Services		579,905	
Other Supplies and Materials		601,528	
In Service/Staff Development		724,666	
Other Charges		6,760	
Other Equipment		66,935	
Total Regular Instruction Program			\$ 5,342,164

Special Education Program

Assessment Personnel	\$	102,684	
Secretary(ies)		28,159	
Other Salaries and Wages		335,706	
In-Service Training		36,775	
Social Security		35,281	
State Retirement		56,241	
Life Insurance		873	
Medical Insurance		47,916	
Dental Insurance		3,122	
Maintenance and Repair Services - Equipment		3,613	
Other Contracted Services		143,942	
Other Supplies and Materials		49,716	
In Service/Staff Development		60,838	
Other Equipment		106,506	
Total Special Education Program			1,011,372

Vocational Education Program

Travel	\$	2,964	
Total Vocational Education Program			2,964

Office of the Principal

Principals	\$	6,331	
Social Security		484	
State Retirement		573	
Total Office of the Principal			7,388

(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.)

Transportation

Clerical Personnel	\$	20,426	
Social Security		1,563	
State Retirement		2,957	
Life Insurance		38	
Contracts with Vehicle Owners		183,683	
Transportation Equipment		8,799	
Total Transportation			<u>\$ 217,466</u>

Total School Federal Projects Fund \$ 14,014,798

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	69,272	
Accountants/Bookkeepers		94,764	
Cafeteria Personnel		2,497,792	
Other Salaries and Wages		189,812	
Social Security		203,873	
State Retirement		347,312	
Life Insurance		4,459	
Medical Insurance		212,017	
Dental Insurance		16,602	
Unemployment Compensation		16,166	
Other Fringe Benefits		5,436	
Communication		8,978	
Maintenance and Repair Services - Equipment		50,000	
Transportation - Other than Students		16,547	
Travel		18,372	
Other Contracted Services		117,496	
Food Supplies		3,277,812	
Uniforms		25,407	
USDA - Commodities		298,432	
Other Supplies and Materials		383,953	
Trustee's Commission		11,269	
In Service/Staff Development		37,052	
Food Service Equipment		288,268	
Total Food Service			<u>\$ 8,191,091</u>

Total Central Cafeteria Fund 8,191,091

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Engineering Services	\$	51,976
Trustee's Commission		55,883
Building Improvements		1,367,118
Maintenance Equipment		52,865
Regular Instruction Equipment		885,988
Transportation Equipment		793,535
Total Education Capital Projects		<u>3,207,365</u>
Total Education Capital Projects Fund		<u>\$ 3,207,365</u>
Total Governmental Funds - Madison County School Department		<u>\$ 122,850,274</u>

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, 2012

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 245,105	\$ 245,105
Prior Year's Property Tax	0	7,391	7,391
Interest and Penalty	0	1,042	1,042
Local Option Sales Tax	12,191,146	64,171	12,255,317
Hotel/Motel Tax	784,142	0	784,142
Total Cash Receipts	<u>\$ 12,975,288</u>	<u>\$ 317,709</u>	<u>\$ 13,292,997</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 12,845,729	\$ 312,075	\$ 13,157,804
Trustee's Commission	129,754	5,706	135,460
Total Cash Disbursements	<u>\$ 12,975,483</u>	<u>\$ 317,781</u>	<u>\$ 13,293,264</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ (195)	\$ (72)	\$ (267)
Cash Balance, July 1, 2011	52,924	4,133	57,057
Cash Balance, June 30, 2012	<u>\$ 52,729</u>	<u>\$ 4,061</u>	<u>\$ 56,790</u>

SINGLE AUDIT SECTION



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

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

September 28, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Madison County's basic financial statements and have issued our report thereon dated September 28, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Madison County Emergency Communications District, a discretely presented component unit, as described in our report on Madison County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Madison County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Madison County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Madison County's internal control over financial reporting. Accordingly, we do not

express an opinion on the effectiveness of Madison County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be 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 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 following deficiency described in the accompany Schedule of Findings and Questioned Costs to be a material weakness: 12.02.

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 following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.03, 12.05, 12.07, 12.08, and 12.10.

Compliance and Other Matters

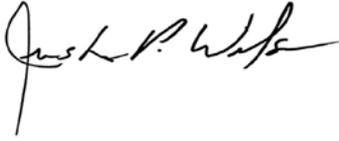
As part of obtaining reasonable assurance about whether Madison County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.01, 12.04, 12.06, 12.09, 12.11, 12.12, and 12.13.

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
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REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

September 28, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Madison County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Madison County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Madison County's management. Our responsibility is to express an opinion on Madison County's compliance based on our audit.

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

material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Madison County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Madison County's compliance with those requirements.

In our opinion, Madison County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Madison County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Madison County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madison County's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

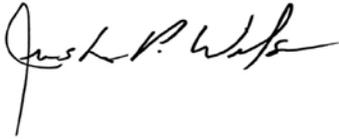
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County as of and for the year ended June 30, 2012, and have issued our report thereon dated September 28, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Madison County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Recovery Act of 2009: Capital Improvement and Maintenance	10.687	(2)	\$ 15,965
Emergency Watershed Protection Program	10.923	(3)	245,417
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	2,208,457
National School Lunch Program	10.555	N/A	4,316,698 (7)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	298,432 (7)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(4)	<u>603,720</u>
Total U.S. Department of Agriculture			<u>\$ 7,688,689</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	\$ 26,284
Passed-through State Department of Children's Services:			
Juvenile Accountability Block Grants	16.523	(2)	101,137
Passed-through State Office of Criminal Justice Programs:			
Crime Victim Assistance	16.575	(2)	36,503
Passed-through State Commission on Children and Youth:			
Enforcing Underage Drinking Laws Program	16.727	(2)	30,000
Passed-through State Department of Finance and Administration:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(2)	<u>12,300</u>
Total U.S. Department of Justice			<u>\$ 206,224</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	<u>\$ 10,989</u>
Total U.S. Department of Transportation			<u>\$ 10,989</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 5,546,372
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	71,470
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	3,925,109
Special Education - Preschool Grants	84.173	N/A	50,862
Special Education - Grants to States, Recovery Act	84.391	N/A	491,178
Special Education - Preschool Grants, Recovery Act	84.392	N/A	8,428
Career and Technical Education - Basic Grants to States	84.048	(2)	272,327
Safe and Drug-free Schools and Communities - National Programs	84.184	(2)	9,985
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	77
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	(2)	16,550
Education Technology State Grants, Recovery Act	84.386	(2)	14,689

(Continued)

Madison County, Tennessee

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Assistive Technology - State Grants for Protection and Advocacy	84.343	(2)	\$ 34,862
English Language Acquisition State Grants	84.365	(2)	71,846
Improving Teacher Quality State Grants	84.367	(2)	997,311
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	2,470,205
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	52,063
Education Jobs Fund	84.410	(2)	33,527
Total U.S. Department of Education			<u>\$ 14,066,861</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-12-36873-00	\$ 26,424
Family Planning - Services	93.217	GU1235699	245,771
Immunization Cooperation Agreements	93.268	GG1238189	174,181
The Affordable Care Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(5)	303,242
ARRA - Prevention and Wellness - State, Territories and Pacific Islands	93.723	GG-1235194	35,000
HIV Prevention Activities - Health Department Based	93.940	(6)	300,803
Preventive Health and Health Services Block Grant	93.991	GG1235352	46,906
Total U.S. Department of Health and Human Services			<u>\$ 1,132,327</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 311,925
Homeland Security Grant Program	97.067	(2)	569,576
Total U.S. Department of Homeland Security			<u>\$ 881,501</u>
Total Expenditures of Federal Awards			<u>\$ 23,986,591</u>
		<u>Contract Number</u>	
State Grants:			
Archives Grant - Tennessee Secretary of State	N/A	(2)	\$ 6,300
May 2010 Flood Stream Debris Removal and Repair - State Department of Environment and Conservation	N/A	DG-12-37638-00	50,000
Child and Family Intervention Services - State Department of Children's Services	N/A	GG1235087	146,656
State Supplement Juvenile Improvement Funds - State Commission on Children and Youth	N/A	(2)	9,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	DG-12-35171-01	94,767
Coordinated School Health - State Department of Education	N/A	(2)	135,000
ACT/Explore - State Department of Education	N/A	(2)	13,779
ConnecTenn - State Department of Education	N/A	(2)	45,305
Arts Student Ticket Subsidy - State Department of Education	N/A	(2)	7,170
Lottery for Education: After School Program - State Department of Education	N/A	(2)	118,183
Early Childhood Education - State Department of Education	N/A	(2)	1,212,865
Safe Schools - State Department of Education	N/A	(2)	48,244
School to Work - State Department of Human Services	N/A	GG-08-22119-00	29,381

(Continued)

Madison County, Tennessee

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants: (Cont.)			
High Schools that Work - State Department of Education	N/A	(2)	\$ 7,897
Litter Program - State Department of Transportation	N/A	(2)	53,093
Drug Court Grant - State Department of Finance and Administration	N/A	(2)	43,606
Help Us Grow Successfully (HUGS) Services - State Department of Health	N/A	GG1234904	65,912
Adolescent Pregnancy Prevention - State Department of Health	N/A	GG1029034-01	280
TennderCare Outreach - State Department of Health	N/A	(2)	172,462
Grant in Aid - State Department of Health	N/A	GG1234919	49,500
Tuberculosis Control, Prevention and Outreach Services - State Department of Health	N/A	GG1235404	81,836
TennCare School Based Dental Prevention Program - State Department of Health	N/A	GG-1236180	145,104
Community Assistance - State Department of Correction	N/A	GG-11-31899-03	<u>589,004</u>
Total State Grants			<u>\$ 3,125,344</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) 68-4741-0-976: \$113,026; 68-4741-1-066: \$132,391.

(4) GG1133380: \$226,083; GG1237191: \$377,637.

(5) GG-12-36829-00: \$243,125; GG-1134949: \$35,329; GG1134127: \$24,788.

(6) GG1135616: \$176,662; GG1237940: \$124,141.

(7) Total for CFDA No. 10.555 is \$4,615,130.

Madison County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Madison County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

MADISON COUNTY

Finding Number	Page Number	Subject
11.01	202	The legality of the Local Purpose Tax Fund is questioned

OFFICE OF FINANCE DIRECTOR

Finding Number	Page Number	Subject
11.02	203	Funds required material audit adjustments for proper financial statement presentation
11.03	204	The office had deficiencies in budget operations
11.04(B)	206	Deficiencies were noted in the Office of Community Corrections

MADISON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Madison County is unqualified.
2. The audit of the financial statements of Madison County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Madison County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I, Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389), Improving Teacher Quality State Grants (CFDA No. 84.367), and State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$719,598 threshold was used to distinguish between Type A and Type B federal programs.
9. Madison County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The finance director, Health Department regional director, and clerk and master provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

MADISON COUNTY

FINDING 12.01 **THE LOCAL PURPOSE TAX FUND WAS IMPROPERLY USED FOR SCHOOL PURPOSES**

(Material Noncompliance Under Government Auditing Standards)

In 2008, the Madison County Commission established the Local Purpose Tax Fund as a special revenue fund to stabilize future revenue shortfalls and fund unexpected expenditures at the discretion of the County Commission. The Local Purpose Tax Fund was funded by a general property tax. In prior years, the only expenditures from the Local Purpose Tax Fund, except for annual trustee's commissions, have been contributions to the General Purpose School Fund. During the 2011-12 year, \$650,000 was contributed to the General Purpose School Fund for school purposes as well as other expenditures for the primary government. Therefore, the \$650,000 transferred to the General Purpose School Fund resulted in property taxes collected for non-school purposes being expended for school purposes. In opinion 92-03, the state attorney general opined that the General Assembly has, by various statutes, authorized counties to levy taxes for county general purposes. County general purposes levy is defined as a levy for all county purposes except roads, bridges, schools, debt service, sinking funds, and levies pursuant to special tax laws.

It should be noted that this finding has been corrected for the 2012-13 year. Beginning July 1, 2012, the Local Purpose Tax Fund is funded by business taxes collected by the State of Tennessee on-behalf of Madison County instead of a general property tax. The County Commission has also adopted stabilization arrangement criteria establishing the conditions under which amounts may be expended from the Local Purpose Tax Fund.

OFFICE OF FINANCE DIRECTOR

FINDING 12.02 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION OF THE HIGHWAY/PUBLIC WORKS FUND**

(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2012, various general ledger account balances of the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Madison County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's

financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. An employee of the Highway Department had always set up gas tax receivables. That employee retired, and the Finance Department did not set up the receivable.

FINDING 12.03 **SOME PURCHASE ORDERS WERE ISSUED AFTER THE PURCHASES WERE MADE**

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

In some instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase. This deficiency exists due to a lack of management oversight.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. Multiple memos regarding purchase orders and dates have been disseminated. Another strongly worded memo has been sent out.

FINDING 12.04 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission as noted below:

- A. Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
District Attorney General	\$ 99
County Coroner/Medical Examiner	7,797
Libraries	915

- B. Total expenditures of the Community Development/Industrial Park Fund exceeded appropriations by \$94.

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

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to correct the deficiencies noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

We concur. Health insurance changes for the assistant attorney general and retirees from the library caused these major categories to go over budget. In addition, the county coroner performed more autopsies than originally budgeted. A budget amendment should have been made. Better communication will eliminate these problems in the future. Also, the Industrial Park Fund received more revenue than was budgeted, which caused trustee’s commissions to be over budget by \$94.

FINDING 12.05 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF COMMUNITY CORRECTIONS**

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

Duties were not segregated adequately in the Office of Community Corrections. One employee is responsible for receipting and depositing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management’s decisions based on the availability of financial

resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

Last year the Finance Department conducted training for most departments in basic governmental accounting. This office did receive the training; however, since the office is a quasi-state agency, Madison County has little control of them.

FINDING 12.06 THE EMERGENCY MANAGEMENT AGENCY HAD DEFICIENCIES IN PAYROLL PROCEDURES FOR THE AGENCY'S PROJECT MANAGER
(Noncompliance Under *Government Auditing Standards*)

On February 5, 2008, the director of the Jackson-Madison County Emergency Management Agency (EMA) hired a project manager to perform various special projects for the agency. The director and the project manager agreed that the project manager would be paid minimum wage based on the number of hours worked. Our examination revealed the following deficiencies:

- A. After examining the project manager's time sheets and interviewing the director, project manager, and other agency employees, we concluded that the time sheets for the project manager did not represent the actual hours worked. The director and project manager advised auditors that time sheets were required by the Finance Department to process payroll. However, both the director and the project manager admitted the hours recorded on the time sheets did not represent actual hours worked. The project manager informed auditors that he did not have any records to substantiate the actual time worked on projects. He further admitted in a written statement that the hours compiled were reported to make the week balance. The project manager was paid approximately \$38,054 for 59 pay periods from February 5, 2008, through March 31, 2011. We could not determine the actual hours the project manager worked or the proper amount of pay he should have received; therefore, based upon their admission of the inaccurate time sheets, the entire \$38,054 is questioned.
- B. On July 21, 2009, the project manager submitted a letter to the director of the EMA requesting a leave of absence without pay. The project manager was absent from his position from July 22, 2009, through August 26, 2009. However, the project manager continued to receive his regular pay from the Finance Department even though time sheets were not filed showing hours worked. The payroll clerk at the Finance Department informed auditors that

the director of the EMA should have submitted a letter to the Finance Department advising them to discontinue the employee's pay since he would be on leave of absence without pay. During this period, the project manager improperly received \$1,633. The project manager reimbursed the county \$1,633 on January 30, 2012.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

The project manager should prepare time sheets that accurately reflect the actual hours worked, and these time sheets should be reviewed by the director for accuracy and approval. The director should notify the Finance Department of any change in an employee's work status. The Finance Department should not issue payroll checks without time sheets to support the time worked. County officials should determine if any of the remaining \$36,421 (\$38,054 less \$1,633) paid to the project manager was for time not worked and seek restitution for any overpayments.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

- A. The Mayor's Office was satisfied that the project manager was paid his correct salary for the hours worked. The time sheets in question, as with most all time sheets, showed only the total hours worked for a particular day. The Mayor's Office has since changed all time sheets to reflect a starting and stopping time.
- B. The document the Finance Department received in July 2009 from EMA stated that the project manager was salaried. Without a letter stating that the project manager was on unpaid leave, the Finance Department did not know to withhold pay from the project manager. As stated in part B of the finding, the money was reimbursed.

AUDITOR'S COMMENT

The director and project manager advised auditors that time sheets were required by the Finance Department to process payroll; however, the Finance Department processed the project manager's payroll without any time sheets.

FINDING 12.07 **THE DIRECTOR OF THE EMERGENCY MANAGEMENT AGENCY IMPROPERLY USED COUNTY ASSETS**

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

Our investigation of the Jackson-Madison County Emergency Management Agency revealed the following irregularities related to the use of county assets:

- A. Through interviews of EMA employees and an examination of records of the office, auditors determined that the director of the EMA used a county vehicle and fuel to go on several hunting trips. Also, when questioned by auditors

regarding this matter, the director admitted to using the vehicle for this purpose and to using a county vehicle to extricate a family farm tractor out of a muddy field.

- B. The director admitted to auditors and provided documents verifying that he took county employees to his residence to perform various personal tasks while on county time.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

County assets should not be used for personal benefit. County employees should not be used to perform tasks on private property. County officials should determine an amount for the above-noted abuses and seek reimbursement from the director.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The Mayor's Office assessed the director \$293.32 for improper use of county assets, which the director has now paid. Also, along with the assessment, a written warning was issued to the director from the Mayor's Office stating that termination is a possibility if another incident occurs.

OFFICE OF COUNTY MAYOR

Rabies Control Office

The Rabies Control Office operates as a part of the Madison County Health Department. The office collects fees for adoptions, pick-ups, vaccinations, and registrations. On January 13, 2011, the Madison County Trustee's Office alerted the Health Department's administrator of possible irregularities in deposits made by the Rabies Control Office. The Trustee's Office informed the administrator that the Rabies Control Office made a deposit on the January 13, 2011, that represented collections received from November 8, 2010, through January 7, 2011, while their previous deposit had been made on August 18, 2010, which represented collections from July 1, 2010, through July 30, 2010. Therefore, no deposits had been made for collections received by the Rabies Control Office from August 1, 2010, through November 7, 2010. On the afternoon of January 13, 2011, the Health Department's regional environmental director went to the Rabies Control Office to inquire about the missing collections. The rabies control supervisor informed the director that money was missing and had been missing for about seven months, but he (the supervisor) had been putting money out of his pocket back into the account as he could. The supervisor informed the director that the Rabies Control Office had been flooded in May 2010, and during the cleanup a deposit may have been thrown away. As a result of an internal investigation performed by the Health Department, our office received allegations of deposits not being properly made by the Rabies Control Office. Our investigation and the Health Department's internal investigation revealed deficiencies noted in Findings 12.08 through 12.11 related to the collections and deposits of funds collected by the Rabies Control Office.

FINDING 12.08

RECEIPTS COULD NOT BE DETERMINED

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

The Rabies Control Office did not account for all of their receipts as noted below:

- A. The Rabies Control Office charges fees for services at the facility, issues prenumbered receipts for collections, and deposits these funds with the Madison County Trustee’s Office. Although we were advised by employees that receipts were issued for all collections, we were unable to obtain all receipt books for inspection. To complicate our review, it should be noted that receipts were not issued in sequential order. Therefore, we were unable to determine if all funds received by the Rabies Control Office were properly receipted and deposited with the county trustee. Section 9-2-103, *Tennessee Code Annotated*, requires official prenumbered receipts be issued for all collections.

The table below lists the missing receipt books and demonstrates that receipts 14101 – 14250 were not issued in sequential order.

Receipt Number	Receipt Date Beginning	Receipt Date Ending
13811 - 14000	7-1-09	1-7-10
14001 - 14050	missing	
14051 - 14083	5-26-10	6-30-10
14084 - 14100	7-1-10	7-22-10
14101 - 14250	1-13-10	5-24-10
14251 - 14350	7-22-10	11-6-10
14351 - 14400	missing	
14401 - 14450	missing	
14451 - 14600	11-8-10	3-9-11

In addition to the three missing receipt books noted above, receipt book 13401 through 13450 was missing, and we could not determine whether those receipts were issued in 2007-08 or 2008-09.

- B. When an individual purchases a pet from the Rabies Control Office, the individual prepays for a vaccination and receives a receipt. The new pet owner takes the pet to a local veterinarian, shows the receipt as proof that the vaccination has been prepaid, and the veterinarian administers the vaccination. The veterinarian will make a copy of the customer’s receipt and send the copy with an invoice to the Health Department for payment. We discovered three receipts within the missing receipt books sequence of numbers (#14001 for \$38 dated 3-11-10, #14401 for \$28 dated 10-20-09, and #14411 for \$38 dated 2-2-10) that had been filed by veterinarians. All three of these receipts totaling \$104 had been issued by the rabies control

supervisor and had not been deposited with the county trustee. See Finding 12.11 for conclusions concerning these four missing receipt books.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections in sequential order, and these receipts should be on file for audit inspection.

MANAGEMENT'S RESPONSE – HEALTH DEPARTMENT REGIONAL DIRECTOR

Immediately upon learning from the Trustee's Office that there might be a problem with collections, this office began an investigation. The environmental manager took control of all receipt books, accounted for the sequence of the numbers, and began issuing one receipt book at a time. The Rabies Control Office must turn in the completed book before another book can be issued. All completed receipt books are on file at the Health Department located at 803 North Parkway, Jackson, Tennessee.

FINDING 12.09 **COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS OF RECEIPT** (Noncompliance Under *Government Auditing Standards*)

The Rabies Control Office did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to an official bank account within three days of collection. This deficiency is illustrated by the fact that on January 13, 2011, the Rabies Control Office made a deposit that represented collections received from November 8, 2010, through January 7, 2011. The office's previous deposit had been made on August 18, 2010, which represented collections from July 1, 2010, through July 30, 2010. Therefore, no deposits had been made for collections received by the Rabies Control Office from August 1, 2010, through November 7, 2010. This deficiency was the result of a lack of management oversight. The delay in depositing funds increases the risks of fraud and misappropriation.

RECOMMENDATION

Management should ensure that all funds are deposited with the county trustee within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – HEALTH DEPARTMENT REGIONAL DIRECTOR

The Health Department had policies and procedures concerning the handling of cash in place during that time. The rabies control supervisor was familiar with those policies. After taking over that position in January 2010, it appears from the review that he continued to follow those policies and procedures. However, at some point, he made the decision not to follow those policies.

Immediately, upon learning about the receipts problem, we met with the Rabies Control Office staff individually and reinforced those policies, and instead of having the Rabies

Control Office take the deposit to the Trustee's Office, we had the receipts brought to the Health Department, along with the receipt book. We validated the receipts, reconciled them with the receipt book, initialed the transaction, prepared the deposit, and delivered the deposit to the Trustee's Office within the three days as required by state statute.

FINDING 12.10 COLLECTIONS WERE NOT ACCOUNTED FOR PROPERLY OR ADEQUATELY SAFEGUARDED
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Collections were not accounted for properly or adequately safeguarded as noted in the Health Department's internal investigation:

- A. On January 13, 2011, during the course of the Health Department's internal investigation, the supervisor at the Rabies Control Office advised the Health Department regional environmental director that the Rabies Control Office had between \$400 and \$500 in the office safe. However, on the next day, the supervisor delivered \$2,630 (\$1,620 in \$20s; \$600 in \$100s; \$320 in \$10s) to the Health Department's Finance Office for collections received August 2, 2010, through October 31, 2010, for receipt numbers 14255 through 14349. The supervisor advised the director that the additional money was in a second safe. The director advised us that the number of large denominations comprising this deposit was highly unusual due to the breakdown of fees charged.

- B. On January 20, 2011, the regional environmental director was summoned to the Rabies Control Office by the supervisor who presented the director with a money bag containing \$1,230. These funds had allegedly been thrown away during the May 2010 flood clean-up. The supervisor informed the director that the bag had been found in a syringe box inside a cat cage that was sitting on the floor in the storage trailer. These funds comprised receipt numbers 14181 through 14200 issued for the period April 5, 2010, through April 14, 2010, and receipt numbers 14222 through 14250 issued for the period May 3, 2010, through May 24, 2010. These receipts could not have been lost or misplaced as a result of the flood, as alleged by the Rabies Control supervisor, since the flood occurred on May 1, 2010, and some of the receipts in this bag represented collections for the period May 2, 2010, through May 24, 2010.

RECOMMENDATION

Collections should be adequately safeguarded, accounted for properly, and deposited with the county trustee on a current basis.

MANAGEMENT'S RESPONSE – HEALTH DEPARTMENT REGIONAL DIRECTOR

Management agrees with the recommendation. Policies and procedures in place are

written so this will be accomplished. See comments of Finding 12.08 as to the changes made at the Rabies Control Office immediately after learning of the receipts issue.

FINDING 12.11 **AN ESTIMATED CASH SHORTAGE OF \$5,308 EXISTED AT THE RABIES CONTROL OFFICE**
 (Noncompliance Under *Government Auditing Standards*)

As noted in Finding 12.08, four receipt books were missing. Using collection amounts from a sample of ten receipts books, we determined that the average amount of collections reflected in each receipt book was \$1,327. Therefore, there is an estimated cash shortage of \$5,308 (four receipt books at \$1,327 each equals \$5,308).

Receipt Book Numbers	Amount
13801 - 13850	\$ 1,076
13851 - 13900	1,466
13901 - 13950	1,354
13951 - 14000	1,436
14051 - 14100	1,343
14101 - 14150	1,271
14151 - 14200	1,286
14201 - 14250	1,201
14251 - 14300	1,458
14310 - 14350	<u>1,278</u>
 Total	 <u>\$ 13,169</u>
 Average Collections from 10 Receipts Books	 <u>\$ 1,327</u>
 Estimated Collections - four missing books	 <u>\$ 5,308</u>

RECOMMENDATION

Management should review the deficiencies and internal control weaknesses in the operation of the Rabies Control Office and make a determination on a course of action.

MANAGEMENT’S RESPONSE – HEALTH DEPARTMENT REGIONAL DIRECTOR

Management agrees. Immediately upon learning of the receipts issue, policies were reinforced with all Rabies Control Office staff. Since January 13, 2011, all receipts continue to be reconciled daily in the Finance Administration Office at the 804 North Parkway location. Deposits are made within state statute requirements.

Debit machines are now used at that location (as well as at all windows where receipts are collected), a check cashing validation process is in place to accept checks and know they will clear the bank, and we no longer accept cash at the Rabies Control Office location.

OFFICE OF COUNTY CLERK

FINDING 12.12 **A DEPUTY CLERK ALLEGEDLY FAILED TO PROCESS CERTAIN VEHICLE REGISTRATIONS** (Noncompliance Under *Government Auditing Standards*)

The county clerk filed a fraud reporting form with our office dated June 29, 2012, alleging certain irregularities on vehicle registrations that had been processed by a deputy clerk of the office. The county clerk advised that the deputy clerk had deleted certain title applications and transfers after the transactions had been completed. One of these deleted transactions was brought to the county clerk's attention by an individual who was issued a traffic citation and discovered that his license plate number was not registered for his vehicle. However, the individual involved had the completed paperwork documenting the registration. The county clerk was unable to determine a valid reason for the deletions of these transactions. The state Comptroller's Division of Investigations is currently reviewing these deleted transactions, and any findings will be reported in subsequent communications.

OFFICE OF CLERK AND MASTER

FINDING 12.13 **CASH TOTALING \$500 WAS UNACCOUNTED** (Noncompliance Under *Government Auditing Standards*)

On May 24, 2012, the clerk and master discovered that cash totaling \$500 from May 22, 2012, receipts was missing. As a result, on May 29, 2012, the clerk and master informed our office of this cash shortage and filed a Fraud Reporting Form. Subsequently, our office performed an investigation; however, due to a lack of internal controls, we were unable to determine who may have taken the funds.

The office maintains 12 individual cash drawers for the employees. Instead of being located at each employee's workstation, these cash drawers were located in an unlocked safe. During the workday, employees went into the safe to place collections into their respective cash drawer. At the close of business, the employees stored the receipts for the day in envelopes in the safe. These envelopes and the cash drawers were locked in the safe overnight.

The following internal control deficiencies provided opportunity for these funds to be misappropriated:

- A. During the workday, all employees' cash drawers were stored in an unlocked safe.
- B. All employees went into the safe to access their cash drawer.
- C. All employees, as well as numerous other individuals, had access to the room where the unlocked safe was located.
- D. Although the safe was locked overnight, almost all employees had keys to the office and knew the combination to the safe.
- E. Cash, which had been taken out of the safe, was left unattended on the office counter during the daily checkout and deposit slip preparation.

The clerk and master liquidated the cash shortage of \$500 on May 30, 2012, from personal funds.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

Management should review its internal control procedures related to collections and cash drawer maintenance. Each employee should secure their own cash drawer during the workday. Cash on hand and deposits in transit should be stored in a secured location not accessible to all employees and the general public. Access to the safe should be restricted.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I have reviewed the internal control procedures, which were in place at the time this incident occurred. This review resulted in the following:

Digital combinations have been added to the safe(s) in the office, which allows the safe(s) to remain locked at all times during the day. With the old combination, a customer would have to wait several minutes while the deputy attempted to unlock an older, sometimes contrary combination lock. It should be noted that the unlocked safe was in the innermost portion of the office. The general public did not have access to the safe without walking through the front office, into the interior portion of the office, past at least five employees, and then opening the door to our break area.

Cash on hand is in each individual locked box as it always has been. The individual cash boxes have always been locked and remain locked now. Only the individual in charge of the box and I have keys to the box. However, the safe that houses the boxes is now locked at all times.

Deposits in transit are now stored in a separate locked box once they are processed, and the funds are removed from the individual cash boxes. While it is true that the cash from the deposit on May 24, 2012, could have been left on an employee's desk during the processing of the deposit (for approximately five minutes), the doors to the office in which that

employee's desk is located were locked at all times when the employee was not in possession of the funds from that day's deposit.

In my opinion, access to the safe by employees who are charged with writing receipts and making deposits is necessary for the efficient operation of the office. Anyone who does not handle receipting and/or depositing of funds does not have access to the safe.

The only other authorized access to any portion of the office (besides employees) has been given to key maintenance personnel and security officers in the building.

As stated in the finding, the shortage was liquidated with personal funds. However, it should be noted that several members of my staff attempted to donate their own personal funds to liquidate the shortage. These funds were returned to the deputies. It is noted that they did wish to accept the responsibility for securing funds collected in our office.

I believe it is my sole responsibility to ensure that these deputies have a safe and secure environment in which to conduct business and serve the general public. I understand that the funds collected in this office belong to the taxpayers of Madison County, and I will continue to attempt to maintain the level of service that we have always provided.

BEST PRACTICE

MADISON COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Madison County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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

There were no findings and questioned costs for federal awards.

**MADISON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012**

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