

ANNUAL FINANCIAL REPORT
MADISON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

**ANNUAL FINANCIAL REPORT
MADISON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006**

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

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

*ARTHUR L. ALEXANDER
Director*

*NORMAN NORMENT, CGFM
Audit Manager*

*HORACE WISEMAN, CGFM
Auditor 4*

*MARVIN BOND, CGFM
ELISHA CROWELL, CFE
State Auditors*

This financial report is available at www.comptroller.state.tn.us

MADISON COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Madison County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the basic financial statements of Madison County as of and for the year ended June 30, 2006.

Results

Our report on the aggregate discretely presented component units is qualified because an actuarial valuation was not performed for the former City of Jackson Teacher Retirement Plan. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ The office did not solicit competitive bids for some applicable purchases.
- ◆ Tax anticipation and capital outlay notes were not approved by the state director of Local Finance, and a Report of Debt Obligations was not filed with the state director of Local Finance for a capital outlay note.
- ◆ General ledger accounts were not reconciled monthly in the General Purpose School and School Federal Projects Funds.
- ◆ Cash on deposit with the trustee was not reconciled monthly in the General Purpose School, School Federal Projects, and Central Cafeteria Funds.
- ◆ Receivables and expenditures were not properly posted in the School Federal Projects Fund.
- ◆ Subsequent to June 30, 2006, we noted that the General Purpose School Fund had a cash overdraft of \$400,518 at July 31, 2006.
- ◆ General Purpose School Fund expenditures and encumbrances exceeded appropriations approved by the County Commission at the major category level of control (the legal level of control).
- ◆ An actuarial valuation had not been performed for the former City of Jackson Teacher Retirement Plan which is presented as a Pension Trust Fund of the discretely presented Madison County School Department.

INTRODUCTORY SECTION

Madison County Officials

June 30, 2006

Officials

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

Board of County Commissioners

Charles Byrd, Chairman	William Martin
Jimmy Arnold	Luther Mercer
Richard Beach, Sr.	Maria Mitchell
Fred Birmingham	Dale Morton
Katie Brantley	John Newman
Claudell Brown, Jr.	James Pearson
Aaron Ellison	Joe Roland
Bill Hall	Lacy Rose
Jim Ed Hart	Douglas Roth
Arthur Johnson, Jr.	Bart Swift
Mark Johnstone	Bill Walls
Terry Kuykendall	Arthur Wilson
Don Lindsey	

Board of Education

Robert Alvey, Jr.44, Chairman
Karen Bell
Gene Cain
Carol Carter-Estes
David Cliftt
Dr. Joe Mays
Ben Rudd
Dr. Robert Smith
Keith Turner

Finance Committee

John Newman, Chairman
Fred Bowyer
Jerry Gist
Mark Johnstone
Dale Morton
Bart Swift
Roy Weaver

Madison County Officials (Cont.)

Budget Committee

Wayne Powers, Chairman
Phil Bryant
Jerry Gist
Gary Ligon
Larry Lowrance

Luther Mercer
Maria Mitchell
Jack Naylor
Joe Roland

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

January 2, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Madison County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Madison County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Madison County Emergency Communications District, which represent 2.25 percent and .7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Madison County Emergency Communications District is based on the report of the other auditors.

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

An actuarial valuation has not been performed for the former City of Jackson Teacher Retirement Plan, which is presented as a Pension Trust Fund of the discretely presented Madison County School Department. Without an actuarial valuation, the required disclosures to the Notes to the Financial Statements for this plan could not be included to conform with accounting principles generally accepted in the United States of America. The effects on the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not presenting the required actuarial valuation for the former City of Jackson Teacher Retirement Plan in the notes to the financial statements as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Madison County, Tennessee, as of June 30, 2006, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United State of America.

Additionally, 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, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 2, 2007, on our consideration of Madison County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

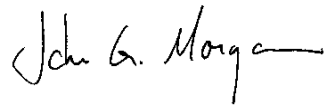
As described in Note V.B., Madison County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 42, Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries.

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

The budgetary comparison information on pages 67 through 73 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Madison County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Madison County, Tennessee
Statement of Net Assets
June 30, 2006

	Primary Government Governmental Activities	Component Units	
		Madison County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 163,094	\$ 0	\$ 1,611,685
Equity in Pooled Cash and Investments	12,206,599	3,039,616	0
Accounts Receivable	185,681	0	74,138
Due from Other Governments	2,154,762	7,759,466	0
Property Taxes Receivable	23,967,020	13,467,595	0
Allowance for Uncollectible Property Taxes	(1,135,410)	(682,163)	0
Notes Receivable - Long-Term	204,566	0	0
Deferred Charges - Debt Issuance Costs	602,146	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	4,904,634	2,091,562	0
Construction in Progress	340,667	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	19,283,253	73,559,511	0
Infrastructure	14,593,879	0	0
Other Capital Assets	4,195,492	3,913,926	683,897
Total Assets	<u>\$ 81,666,383</u>	<u>\$ 103,149,513</u>	<u>\$ 2,369,720</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 473,289	\$ 14,642	\$ 32,743
Payroll Deductions Payable	76,651	1,791,967	0
Accrued Interest Payable	812,611	0	0
Deferred Revenue - Current Property Taxes	21,977,670	12,235,386	0
Noncurrent Liabilities:			
Due Within One Year	6,736,771	267,085	0
Due In More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	73,507,710	0	0
Total Liabilities	<u>\$ 103,584,702</u>	<u>\$ 14,309,080</u>	<u>\$ 32,743</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 23,404,192	\$ 0	\$ 683,897
Invested in Capital Assets	0	79,564,999	0
Restricted for:			
Capital Projects	910,732	421,198	0
Debt Service	5,303,285	0	0
Juvenile Service	213,529	0	0
Solid Waste/Sanitation	607,065	0	0
Highway/Public Works	2,675,815	0	0
Central Cafeteria	0	2,198,041	0
Title I Grants to Local Education Agencies	0	670,971	0
Special Education - Grants to States	0	614,907	0
Basic Education Program	0	1,334,510	0
Other Purposes	681,110	162,695	0
Unrestricted	(55,714,047)	3,873,112	1,653,080
Total Net Assets	<u>\$ (21,918,319)</u>	<u>\$ 88,840,433</u>	<u>\$ 2,336,977</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, 2006

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Program Revenues			Primary Government	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Madison County School Department	Emergency Communications District	
Primary Government: Governmental Activities:								
General Government	\$ 2,717,040	\$ 1,434,959	\$ 20,475	\$ 517,000	\$ (744,606)	\$ 0	\$ 0	
Finance	2,854,105	3,068,837	28,593	0	243,325	0	0	
Administration of Justice	3,098,130	2,418,137	331,631	0	(348,362)	0	0	
Public Safety	20,023,617	5,373,138	693,209	736,901	(13,220,369)	0	0	
Public Health and Welfare	7,023,561	1,746,409	3,238,010	0	(2,039,142)	0	0	
Social, Cultural, and Recreational Services	2,492,059	308,343	72,301	0	(2,111,415)	0	0	
Agriculture & Natural Resources	289,024	75,754	0	0	(213,270)	0	0	
Other Operations	1,229,677	144,827	0	13,498	(1,071,352)	0	0	
Highways/Public Works	4,132,589	270,707	2,459,754	21,454	(1,380,674)	0	0	
Interest on Long-term Debt	3,978,056	0	0	0	(3,978,056)	0	0	
Other Debt Service	698,478	0	511,222	0	(187,256)	0	0	
Total Primary Government	\$ 48,536,336	\$ 14,841,111	\$ 7,355,195	\$ 1,288,853	\$ (25,051,177)	\$ 0	\$ 0	
Component Units:								
Madison County School Department	\$ 106,457,537	\$ 2,147,918	\$ 15,954,486	\$ 22,321	\$ 0	\$ (88,332,812)	\$ 0	
Emergency Communications District	532,769	642,577	0	0	0	0	109,808	
Total Component Units	\$ 106,990,306	\$ 2,790,495	\$ 15,954,486	\$ 22,321	\$ 0	\$ (88,332,812)	\$ 109,808	

(Continued)

Exhibit B

Madison County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Madison County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 17,423,087	\$ 14,830,159	\$ 0
Property Taxes Levied for Debt Service					5,625,167	0	0
Local Option Sales Tax					1,144,381	32,734,734	0
Other Local Taxes					2,839,598	15,595	0
Grants and Contributions Not Restricted for Specific Programs					1,787,542	40,550,871	10,000
Unrestricted Investment Earnings					371,327	342,895	95,509
Miscellaneous					170,511	93,647	5,280
Total General Revenues					<u>\$ 29,361,613</u>	<u>\$ 88,567,901</u>	<u>\$ 110,789</u>
<u>Special Item</u>							
Special Item - Refund on Health Insurance					\$ 0	\$ 643,704	\$ 0
<u>Extraordinary Item</u>							
Extraordinary Item - Tornado Damage					\$ 0	\$ 379,087	\$ 0
Change in Net Assets							
Net Assets, July 1, 2005					\$ 4,310,436	\$ 1,257,880	\$ 220,597
Prior Period Adjustment					(26,822,654)	90,952,292	2,116,380
					593,899	(3,369,739)	0
Net Assets, June 30, 2006					<u>\$ (21,918,319)</u>	<u>\$ 88,840,433</u>	<u>\$ 2,336,977</u>

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

Exhibit C-1

Madison County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2006

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 163,094	\$ 163,094
Equity in Pooled Cash and Investments	4,073,596	2,386,391	3,752,901	1,700,957	11,913,845
Accounts Receivable	181,694	0	2,059	1,928	185,681
Due from Other Governments	1,670,391	419,795	0	64,576	2,154,762
Due from Other Funds	194,595	0	0	1,600	196,195
Property Taxes Receivable	12,618,644	1,685,194	7,898,035	1,765,147	23,967,020
Allowance for Uncollectible Property Taxes	(622,743)	(84,119)	(327,142)	(101,406)	(1,135,410)
Notes Receivable - Long-Term	204,566	0	0	0	204,566
Total Assets	<u>\$ 18,320,743</u>	<u>\$ 4,407,261</u>	<u>\$ 11,325,853</u>	<u>\$ 3,595,896</u>	<u>\$ 37,649,753</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 274,276	\$ 29,675	\$ 0	\$ 30,672	\$ 334,623
Payroll Deductions Payable	67,273	4,866	0	4,512	76,651
Due to Other Funds	0	0	0	164,114	164,114
Deferred Revenue - Current Property Taxes	11,506,633	1,534,218	7,364,245	1,572,574	21,977,670
Deferred Revenue - Delinquent Property Taxes	402,888	55,053	170,164	75,072	703,177
Other Deferred Revenues	845,917	201,156	0	0	1,047,073
Total Liabilities	<u>\$ 13,096,987</u>	<u>\$ 1,824,968</u>	<u>\$ 7,534,409</u>	<u>\$ 1,846,944</u>	<u>\$ 24,303,308</u>
Fund Balances					
Reserved for Encumbrances	\$ 230,179	\$ 430,152	\$ 0	\$ 9,971	\$ 670,302
Reserved for Litter Enforcement Awards	2,300	0	0	0	2,300
Reserved for Drug Court	12,832	0	0	0	12,832
Reserved for Computer System - Register	135,003	0	0	0	135,003
Reserved for Automation Purposes - Circuit Court	105,470	0	0	0	105,470
Reserved for Automation Purposes - Chancery Court	3,851	0	0	0	3,851
Reserved for Automation Purposes - Sheriff	2,383	0	0	0	2,383
Reserved for Long-Term Notes Receivable	204,566	0	0	0	204,566
Unreserved, Reported In:					
General Fund	4,527,172	0	0	0	4,527,172
Special Revenue Funds	0	2,152,141	0	845,963	2,998,104
Debt Service Funds	0	0	3,791,444	0	3,791,444
Capital Projects Funds	0	0	0	893,018	893,018
Total Fund Balances	<u>\$ 5,223,756</u>	<u>\$ 2,582,293</u>	<u>\$ 3,791,444</u>	<u>\$ 1,748,952</u>	<u>\$ 13,346,445</u>
Total Liabilities and Fund Balances	<u>\$ 18,320,743</u>	<u>\$ 4,407,261</u>	<u>\$ 11,325,853</u>	<u>\$ 3,595,896</u>	<u>\$ 37,649,753</u>

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

Exhibit C-2

Madison County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2006

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)		\$ 13,346,445
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 4,904,634	
Add: construction in progress	340,667	
Add: building and improvements net of accumulated depreciation	19,283,253	
Add: infrastructure net of accumulated depreciation	14,593,879	
Add: other capital assets net of accumulated depreciation	<u>4,195,492</u>	43,317,925
(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.		
		122,007
(3) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (28,833,551)	
Less: bonds payable	(48,250,000)	
Add: deferred charges - debt issuance costs	602,146	
Less: accrued interest on bonds and notes	(812,611)	
Less: compensated absences payable	(1,150,712)	
Less: deferred amount on unamortized debt premium	(4,164,506)	
Add: deferred amount on refunding	<u>2,154,288</u>	(80,454,946)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>1,750,250</u>
Net assets of governmental activities (Exhibit A)		<u>\$ (21,918,319)</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, 2006

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 17,401,358	\$ 1,904,969	\$ 6,009,582	\$ 2,447,616	\$ 27,763,525
Licenses and Permits	547,755	0	0	0	547,755
Fines, Forfeitures, and Penalties	503,458	0	0	35,658	539,116
Charges for Current Services	1,429,616	0	0	5,020	1,434,636
Other Local Revenues	666,406	96,525	4,780	51,268	818,979
Fees Received from County Officials	4,609,062	0	0	150	4,609,212
State of Tennessee	4,926,111	2,503,354	0	461,775	7,891,240
Federal Government	1,002,153	0	0	577,271	1,579,424
Other Governments and Citizens Groups	1,640,778	0	0	665,970	2,306,748
Total Revenues	\$ 32,726,697	\$ 4,504,848	\$ 6,014,362	\$ 4,244,728	\$ 47,490,635
<u>Expenditures</u>					
Current:					
General Government	\$ 1,469,766	\$ 0	\$ 0	\$ 622,612	\$ 2,092,378
Finance	1,888,124	0	0	87,688	1,975,812
Administration of Justice	1,924,298	0	0	167,744	2,092,042
Public Safety	12,131,893	0	0	1,792,393	13,924,286
Public Health and Welfare	4,735,566	0	0	912,823	5,648,389
Social, Cultural, and Recreational Services	1,733,318	0	0	221,693	1,955,011
Agricultural and Natural Resources	256,593	0	0	0	256,593
Other Operations	6,642,487	0	0	222,182	6,864,669
Highways	0	3,770,924	0	0	3,770,924
Debt Service:					
Principal on Debt	0	0	4,025,000	0	4,025,000
Interest on Debt	0	0	3,724,004	0	3,724,004
Other Debt Service	0	0	220,401	0	220,401
Total Expenditures	\$ 30,782,045	\$ 3,770,924	\$ 7,969,405	\$ 4,027,135	\$ 46,549,509
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 1,944,652	\$ 733,924	\$ (1,955,043)	\$ 217,593	\$ 941,126
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 165,135	\$ 165,135
Insurance Recovery	13,506	0	0	10,128	23,634
Refunding Debt Issued	0	0	7,390,000	0	7,390,000
Transfers In	29,203	0	0	1,600	30,803
Transfers Out	(1,600)	(29,203)	0	0	(30,803)
Payments to Refunded Debt Escrow Agent	0	0	(7,335,000)	0	(7,335,000)
Total Other Financing Sources (Uses)	\$ 41,109	\$ (29,203)	\$ 55,000	\$ 176,863	\$ 243,769
Net Change in Fund Balances					
Fund Balance, July 1, 2005	\$ 1,985,761	\$ 704,721	\$ (1,900,043)	\$ 394,456	\$ 1,184,895
	3,237,995	1,877,572	5,691,487	1,354,496	12,161,550
Fund Balance, June 30, 2006					
	\$ 5,223,756	\$ 2,582,293	\$ 3,791,444	\$ 1,748,952	\$ 13,346,445

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, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,184,895
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,198,368	
Less: current year depreciation expense	<u>(2,120,880)</u>	(922,512)
(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, 2006	\$ 1,750,250	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(1,468,763)</u>	281,487
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (165,135)	
Less: refunding bonds issued	(7,390,000)	
Less: change in deferred debt issuance costs	(16,935)	
Less: change in deferred amount on refunding	(461,142)	
Add: change in premium on debt issuances	511,222	
Add: principal payments on bonds	1,265,000	
Add: principal payments on notes	2,773,116	
Add: payment to refunding agent	<u>7,335,000</u>	3,851,126
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest on bonds	\$ (307,586)	
Change in accrued interest on notes	53,534	
Change in compensated absences	<u>349,840</u>	95,788
(5) Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities in the statement of activities.		<u>(180,348)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 4,310,436</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, 2006

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 260,673
Total Assets	<u>\$ 260,673</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 138,666
Total Liabilities	<u>\$ 138,666</u>
<u>NET ASSETS</u>	
Unrestricted	\$ 122,007
Total Net Assets	<u>\$ 122,007</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, 2006

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 6,060,873
Total Operating Revenues	<u>\$ 6,060,873</u>
<u>Operating Expenses</u>	
Excess Risk Insurance	\$ 6,351
Medical Claims	6,187,654
Other Charges	67,009
Total Operating Expenses	<u>\$ 6,261,014</u>
Operating Loss	<u>\$ (200,141)</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 19,793
Total Nonoperating Revenues	<u>\$ 19,793</u>
Change in Net Assets	\$ (180,348)
Net Assets, July 1, 2005	<u>302,355</u>
Net Assets, June 30, 2006	<u><u>\$ 122,007</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, 2006

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance</u>
<u>Cash Flows From Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 6,060,873
Payments for Excess Risk Insurance	(6,351)
Payments for Medical Claims	(6,251,022)
Payments for Administrative Costs	(67,009)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (263,509)</u>
<u>Cash Flows From Investing Activities</u>	
Interest Income Received	\$ 19,793
Net Cash Provided By (Used In) Investing Activities	<u>\$ 19,793</u>
Increase (Decrease) in Cash	\$ (243,716)
Cash, July 1, 2005	<u>504,389</u>
Cash, June 30, 2006	<u>\$ 260,673</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>To Net Cash Provided By Operating Activities</u>	
Operating Income (Loss)	\$ (200,141)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<u>(63,368)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (263,509)</u>

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

Exhibit E

Madison County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 94,602
Cash	4,168,387
Accounts Receivable	68,500
Due from Other Governments	<u>3,277,859</u>
Total Assets	<u>\$ 7,609,348</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 3,363,450
Due to Litigants, Heirs, and Others	4,168,387
Other Current Liabilities	<u>77,511</u>
Total Liabilities	<u>\$ 7,609,348</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, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

The Madison County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Madison County School Department are included in this report as listed

in the table of contents. Complete financial statements of the Madison County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

Madison County reports the following major governmental funds:

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

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

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

Additionally, Madison County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.5 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 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 Departments as assets with an initial, individual cost of more than \$5,000 (buildings \$100,000) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated

historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

4. Compensated Absences

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

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the

current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

6. Net Assets and Fund Equity

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

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

As of June 30, 2006, Madison County had \$57,631,541 in outstanding debt for capital purposes for the discretely presented Madison County School Department. This debt is a liability of Madison County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Madison County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative

management plans that are subject to change. The following table reflects designations on June 30, 2006:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Health Department - AIDS Program	\$ 31,994
Health Department - Local Current Services	1,190,660
Health Department - WIC Program	450,362
Health Department - Hotel, Pools, & Food Services	161,796
Health Department - STD Program	209,101

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 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 Madison County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. Expenditures and Encumbrances Exceeded Appropriations

General Purpose School Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Board of Education (\$49,716), Operation of Plant (\$12,674), and Interest on Debt – Education (\$72,794) major categories (the legal level of control). Such overexpenditures are a violation of state statute. These overexpenditures were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Madison County and the Madison County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each

fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and Investments reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2006, Madison County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Madison County and the discretely presented Madison County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 22,853,300

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Madison County has no investment policy that would further limit its investment choices. As of June 30, 2006, Madison County's investment in the State Treasurer's Investment Pool was unrated.

B. Note Receivable

The note receivable in the General Fund represents a long-term loan made to the Pinson Utility District (\$204,566) and is offset by a reservation of fund balance.

C. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Prior Period Adjustment	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:					
Land	\$ 4,745,483	\$ (5,984)	\$ 165,135	\$ 0	\$ 4,904,634
Construction in Progress	479,703	0	110,606	(249,642)	340,667
Total Capital Assets Not Depreciated	\$ 5,225,186	\$ (5,984)	\$ 275,741	\$ (249,642)	\$ 5,245,301

Governmental Activities (Cont.):

	Balance 7-1-05	Prior Period Adjustment	Increases	Decreases	Balance 6-30-06
Capital Assets					
Depreciated:					
Buildings and					
Improvements	\$ 24,300,947	\$ 1,254,628	\$ 24,427	\$ 0	\$ 25,580,002
Roads and Bridges	22,352,687	1,228,917	364,122	0	23,945,726
Other Capital Assets	12,348,932	(1,067,656)	783,720	(32,000)	12,032,996
Total Capital Assets					
Depreciated	\$ 59,002,566	\$ 1,415,889	\$ 1,172,269	\$ (32,000)	\$ 61,558,724
Less Accumulated					
Depreciation For:					
Buildings and					
Improvements	\$ 4,859,910	\$ 806,988	\$ 629,851	\$ 0	\$ 6,296,749
Roads and Bridges	7,574,169	1,080,645	697,033	0	9,351,847
Other Capital Assets	8,147,135	(1,071,627)	793,996	(32,000)	7,837,504
Total Accumulated					
Depreciation	\$ 20,581,214	\$ 816,006	\$ 2,120,880	\$ (32,000)	\$ 23,486,100
Total Capital Assets					
Depreciated, Net	\$ 38,421,352	\$ 599,883	\$ (948,611)	\$ 0	\$ 38,072,624
Governmental Activities					
Capital Assets, Net	\$ 43,646,538	\$ 593,899	\$ (672,870)	\$ (249,642)	\$ 43,317,925

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

Governmental Activities:

Finance	\$ 9,616
Administration of Justice	171,842
Public Safety	787,549
Public Health and Welfare	233,945
Social, Cultural, and Recreational Services	89,843
Agriculture and Natural Resources	8,161
Other Operations	21,065
Highways/Public Works	798,859
Total Depreciation Expense - Governmental Activities	<u>\$ 2,120,880</u>

Discretely Presented Madison County School Department

Governmental Activities:

	Balance		Prior				Balance
	7-1-05		Period	Increases	Decreases		6-30-06
			Adjustment				
Capital Assets Not							
Depreciated:							
Land	\$ 2,091,562	\$	0	\$ 0	\$ 0	\$	2,091,562
Construction in							
Progress	4,767,198		2,248,232	3,455,347	(10,470,777)		0
Total Capital Assets							
Not Depreciated	\$ 6,858,760	\$	2,248,232	\$ 3,455,347	\$ (10,470,777)	\$	2,091,562
Capital Assets							
Depreciated:							
Buildings and							
Improvements	\$ 101,467,626	\$	(5,717,971)	\$ 10,470,777	\$ 0	\$	106,220,432
Other Capital							
Assets	9,461,523		100,000	48,626	0		9,610,149
Total Capital Assets							
Depreciated	\$ 110,929,149	\$	(5,617,971)	\$ 10,519,403	\$ 0	\$	115,830,581
Less Accumulated							
Depreciated For:							
Buildings and							
Improvements	\$ 30,197,190	\$	0	\$ 2,463,731	\$ 0	\$	32,660,921
Other Capital Assets	5,066,482		0	629,741	0		5,696,223
Total Accumulated							
Depreciation	\$ 35,263,672	\$	0	\$ 3,093,472	\$ 0	\$	38,357,144
Total Capital Assets							
Depreciated, Net	\$ 75,665,477	\$	(5,617,971)	\$ 7,425,931	\$ 0	\$	77,473,437
Governmental Activities							
Capital Assets, Net	\$ 82,524,237	\$	(3,369,739)	\$ 10,881,278	\$ (10,470,777)	\$	79,564,999

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

Governmental Activities:

Instruction	\$ 2,233,079
Support Services	645,195
Operation of Non-Instructional Services	<u>215,198</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 3,093,472</u></u>

D. Construction Commitments

At June 30, 2006, the Highway Department had uncompleted construction contracts of approximately \$416,141 for bridge construction projects. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 165,392
General	Highway/Public Works	29,203
Nonmajor governmental	General	1,600

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

In the General Fund, \$30,481 of the receivable was in transit from the Highway/Public Works Fund (\$29,203) and the General Capital Projects Fund (\$1,278) at June 30, 2006. The receivable in the General Capital Projects Fund (\$1,600) was in transit from the General Fund at June 30, 2006.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
Highway/Public Works Fund	\$ 29,203	\$ 0
General Fund	0	1,600
Total	\$ 29,203	\$ 1,600

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

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 14 years for bonds and up to 21 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund, with the exception of a wastewater facilities loan with an outstanding balance of \$113,416 which will be retired from the General Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	2 to 5 %	\$ 35,900,000	\$ 11,950,000
General Obligation Bonds - Refunding	3.85 to 5	42,015,000	36,300,000
Capital Outlay Notes	3.3 to 7	415,135	278,551
Capital Outlay Notes - Refunding	2 to 5	32,275,000	28,555,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2006, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 750,000	\$ 2,165,771	\$ 5,086,071	\$ 1,284,244
2008	890,000	2,123,664	4,736,527	1,086,012
2009	1,250,000	2,101,684	4,471,995	906,772
2010	1,200,000	2,054,854	4,562,487	727,154
2011	1,900,000	2,016,774	4,307,991	498,723
2012-2016	25,540,000	7,919,022	5,668,480	363,691
2017-2019	16,720,000	1,435,782	0	0
Total	\$ 48,250,000	\$ 19,817,551	\$ 28,833,551	\$ 4,866,596

There is \$3,791,444 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$525, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled \$839, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2005	\$ 44,460,000	\$ 36,441,532
Additions	7,390,000	165,135
Deductions	(3,600,000)	(7,773,116)
Balance, June 30, 2006	<u>\$ 48,250,000</u>	<u>\$ 28,833,551</u>
Balance Due Within One Year	<u>\$ 750,000</u>	<u>\$ 5,086,071</u>

	Compensated Absences
Balance, July 1, 2005	\$ 1,500,552
Additions	908,758
Deductions	(1,258,598)
Balance, June 30, 2006	<u>\$ 1,150,712</u>
Balance Due Within One Year	<u>\$ 900,700</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 78,234,263
Add: Unamortized Premium on Debt	4,164,506
Less: Balance Due Within One Year	(6,736,771)
Less: Deferred Amount on Refunding	<u>(2,154,288)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 73,507,710</u>

Current Refunding

On March 15, 2006, Madison County issued \$2,355,000 in general obligation bonds for a current refunding of \$1,225,000 General Obligation Refunding Bonds – Series 1997 and of \$1,110,000 School Refunding Bonds – Series 1998. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. The refunded bonds had a maturity date of April 1, 2006, and the refunding bonds issued in March 2006 have a maturity date of April 1, 2019. As a result of the

refunding, total debt service payments over the next 13 years will be increased by \$1,417,413.

On May 31, 2006, Madison County issued \$5,035,000 in general obligation bonds for a current refunding consisting of \$2,000,000 general obligation capital outlay notes, series 2003A, and \$3,000,000 general obligation capital outlay notes, series 2003B. As a result, the liabilities have been removed from the county's long-term debt. The refunded notes had maturity dates of June 20, 2006, and September 25, 2006, respectively. As a result of the refunding, total debt service payments over the next 13 years will be increased by \$1,686,076.

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, 2006, was as follows:

	<u>Compensated Absences</u>
Balance, July 1, 2005	\$ 317,388
Additions	197,925
Deductions	<u>(248,228)</u>
Balance, June 30, 2006	<u>\$ 267,085</u>
Balance Due Within One Year	<u>\$ 267,085</u>

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

G. Short-term Debt

Primary Government

During the year, Madison County issued tax anticipation notes in advance of property tax collections and deposited these proceeds in the General Fund (\$2,957,500), Juvenile Services Fund (\$100,000), Solid Waste/Sanitation Fund (\$250,000), and General Capital Projects Fund (\$200,000). These notes were necessary because funds were not available for general operating expenses coming due before current tax collections and other revenue sources. Short-term debt activity for the year ended June 30, 2006, was as follows:

	Balance 7-1-05	Issued	Redeemed	Balance 6-30-06
Tax Anticipation Notes	\$ 0	\$ 3,507,500	\$ (3,507,500)	\$ 0

Discretely Presented Madison County School Department

During the year, Madison County issued tax anticipation notes and revenue anticipation notes in advance of property tax collections and other revenue sources and deposited these proceeds in the discretely presented General Purpose School Fund (\$9,000,000) and School Federal Projects Fund (\$500,000). Also, Madison County retired \$5,000,000 of short-term notes that were deposited in the General Purpose School Fund in the prior year. 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, 2006, was as follows:

	Balance 7-1-05	Issued	Redeemed	Balance 6-30-06
Tax Anticipation Notes	\$ 5,000,000	\$ 9,500,000	\$ (14,500,000)	\$ 0

H. Extraordinary Items

On May 4, 2003, Madison County received damage from a tornado. During the 2005-06 year, the discretely presented Madison County School Department's General Purpose School Fund received the final insurance recovery funds totaling \$379,087.

I. Special Item

During the year, the discretely presented Madison County School Department's General Purpose School Fund received a refund of \$643,704 from the administrator of its dissolved self-insured employee insurance program that was closed out during the 2004-05 year.

J. Prior-period Adjustments

Capital assets were restated from the prior year in both the primary government of Madison County (\$593,899) and the Madison County School Department (\$3,369,739). These restated values were the result of insufficient documentation to support the establishment of historical costs for some capital assets in prior years.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on the demographics of the group, the cost of medical care, the prior claim experience, and expected liability during the 2005-2006 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
2004-05	\$ 159,990	\$ 5,739,779	\$(5,697,735)	202,034
2005-06	202,034	6,187,654	(6,251,022)	138,666

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

Discretely Presented Madison County School Department

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

The Madison County School Department carries commercial insurance for the non-certified employees that are on a commercial insurance plan.

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

B. Accounting Changes

For the year ended June 30, 2006, Madison County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Madison County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it

contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Madison County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Madison County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Madison County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Madison County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Madison County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

Subsequent to June 30, 2006, Madison County issued tax anticipation notes to provide funds to meet anticipated expenditures of funds as detailed below:

Date Issued	Amount of Note	Fund	Holder of Note
7-26-06 \$	1,000,000	General Purpose School	General Debt Service
8-2-06	2,200,000	General Purpose School	General Debt Service
8-9-06	500,000	General Purpose School	Highway Captial Projects
8-9-06	1,500,000	General Purpose School	Highway/Public Works
8-30-06	100,000	Juvenile Court Services	Solid Waste/Sanitation
9-13-06	2,500,000	General Purpose School	Bancorp South

Date Issued	Amount of Note	Fund	Holder of Note
10-12-06	250,000	General	General Debt Service
10-12-06	1,500,000	General Purpose School	Bancorp South
10-19-06	100,000	School Federal Projects	General Purpose School
10-26-06	300,000	School Federal Projects	General Purpose School
11-28-06	500,000	General	General Debt Service
11-28-06	50,000	Juvenile Court Services	General Debt Service

Director of Schools Roy Weaver resigned on July 17, 2006, and was succeeded by Dr. Nancy Zambito.

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

D. Contingent Liabilities

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

E. Joint Ventures

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

Madison County has control over budget and financing of the above joint ventures only to the extent of representation by its appointed board or commission members. Madison County is responsible for funding 50 percent of any deficits from operations of the General Hospital. Madison County contributed \$195,269 to the Airport Authority for its operations during the year ended June 30, 2006. 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-five percent of the monies collected from this tax is allocated to the Community Economic Development Commission pursuant to the provisions of a private act. Madison County does not have an equity interest in any of the above-mentioned joint ventures. Complete financial statements for the above-noted

joint ventures can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

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

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

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

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

F. Landfill Operating, Closure, and Postclosure Care Costs

Madison County does not own or operate a landfill. However, during the year, the county paid \$370,495 to the City of Jackson for one-half the costs incurred by the city in the operation of its landfill until the end of the agreement. The agreement to pay the City of Jackson for one-half of the costs incurred by the city in the operation of its landfill was discontinued upon an agreement reached by both entities during the year.

G. Retirement Commitments

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 www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Madison County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 12.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Madison County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Madison County's annual pension cost of \$3,810,941 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Madison County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 13 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$3,810,941	100%	\$0
6-30-05	3,644,696	100	0
6-30-04	2,962,170	100	0

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-05	\$59,597	\$65,772	\$6,175	90.61%	\$28,172	21.69%
6-30-03	51,108	57,816	6,708	88.40	25,724	26.08
6-30-01	44,242	51,320	7,078	86.21	23,745	29.81

SCHOOL TEACHERS

Plan Description

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

during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Madison County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2006, was 5.5 percent of annual covered payroll. The employer contribution requirement for Madison County is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2006, 2005, and 2004, were \$2,941,827, \$2,951,158, and \$1,702,473, respectively, equal to the required contributions for each year.

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

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

1. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

2. Plan Descriptions and Contribution Information

Membership of the plan consisted of the following at June 30, 2006:

Retirees and Beneficiaries Receiving Benefits	48
Active Plan Members	<u>1</u>
Total	<u><u>49</u></u>

The plan is closed to new entrants.

Plan Description

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

Contributions

Plan members are required to contribute three percent of their annual covered salary. The Tennessee Consolidated Retirement System (TCRS) contributes retirement benefits to the plan for the retired teachers, as required by Section 8-35-301, et seq., Tennessee Code Annotated. Contributions by TCRS are equal to the amount of state annuity, which would have been payable to CJTRP members had they been members of the TCRS. The Madison County School System is required to contribute a sufficient sum to pay the benefits provided for under the plan. Per Chapter 357, Private Acts of 1943, as amended, contribution requirements of the plan members and the Madison County School System are established and may be amended by the state legislature and the governing bodies of the City of Jackson and Madison County. For the year ended June 30, 2006, the Madison County School System's annual pension cost of \$449,402 to the CJTRP was equal to the system's required and actual contributions.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$ 449,402	\$ 100%	\$ 0
6-30-05	462,008	100%	0
6-30-04	469,119	100%	0

There has been no actuarial valuation performed on CJTRP. Therefore, the required supplementary information (Schedule of Funding Progress), as required by the Governmental Accounting Standards Board Statement No. 25, is not disclosed in this report.

H. Other Post-employment Benefits

In addition to the retirement commitments described above, Madison County and the discretely presented Madison County School Department provide post-retirement health care benefits, in accordance with contract provisions, to all employees who retire from the county with 25 years of service or who have attained age 60 with at least ten years of service. Currently, 18 county and 160 school retirees meet those eligibility requirements. The county and the School Department reimburse 80 percent of the amount of validated claims for medical, dental, and hospitalization costs incurred by pre-Medicare retirees and their dependents. Expenditures for post-retirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not reported to the county. During the year, expenditures totaling \$53,812 were recognized for the primary government and estimated expenditures of \$1,088,623 were recognized for the discretely presented School Department for post-employment health care.

I. Office of Central Accounting and Budgeting

Office of Director of Finance

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

J. Purchasing Law

Purchasing procedures for all departments of Madison County are governed by provisions of the County Financial Management System of 1981, Section 5-21-101, et seq., Tennessee Code Annotated. These statutes provide for the director of finance to serve as the county purchasing agent. The Madison County Finance Committee, with the assistance of the director of finance, established a purchasing system for the county which requires the issuance of purchase orders. This act provides for all purchases exceeding \$5,000 for

the Office of County Mayor and the discretely presented School Department, and all purchases exceeding \$10,000 for the Office of Highway Engineer to be competitively bid.

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

A. Organization and Reporting Entity

The Madison County Emergency Communications District (the district) was created under Tennessee Code Annotated, Section 7-86-109 et. seq., Emergency Communications District Law by a referendum of voters 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 Board of Directors of the district is appointed by the Madison County Commission. The County Commission has the authority to decrease, but not increase, the rates charged by the district, and the County Commission must approve any debt issued by the district.

B. Summary of Significant Accounting Policies

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

1. Basis of Accounting

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted

for on a cost of services or capital maintenance measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with this activity are included on their statement of position. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

2. Cash

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

3. Accounts Receivable

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

4. Capital Assets

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

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

5. Compensated Absences

The district allows two weeks of vacation to each employee per year with accrual limited to 30 days for one to five years of service, 12 days for six to ten years of service, and three weeks for eleven or more years. Employees receive full reimbursement for unused vacation upon leaving the employment of the district. No liability is reflected in the financial statements due to the immateriality of the amounts involved.

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

C. Cash

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

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the district to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2006, \$213,441 of the district's bank balance was covered by federal depository insurance, and the remaining bank balance of \$1,483,885 was covered by the Tennessee Bank Collateral Pool.

D. Capital Assets

Capital asset activity for the year was as follows:

Description	Balance 7-1-05	Additions	Balance 6-30-06
Capital assets being depreciated:			
Furniture and fixtures	\$ 23,433	\$ 101,836	\$ 125,269
Office equipment	46,485	0	46,485
Communications equipment	929,237	485,762	1,414,999
Vehicles	41,867	0	41,867
Total capital assets being depreciated	\$ 1,041,022	\$ 587,598	\$ 1,628,620

Description	Balance		Balance
	7-1-05	Additions	6-30-06
Less accumulated depreciation for:			
Furniture and fixtures	\$ 14,146	\$ 4,246	\$ 18,392
Office equipment	28,288	7,198	35,486
Communications equipment	791,188	72,820	864,008
Vehicles	18,464	8,373	26,837
Total capital assets being depreciated	\$ 852,086	\$ 92,637	\$ 944,723
Total capital assets, net	\$ 188,936	\$ 494,961	\$ 683,897

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

E. Funding Sources

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

F. Retirement Plan

Plan Description

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefits 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 the 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 Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrsIPS/>.

Funding Policy

The district has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2006, was 13.59 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 ending June 30, 2006, the district's annual pension cost of \$15,669 to TCRS was equal to the district's required and actual contributions.

The required contribution was determined as part of the July 1, 1999, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 5.5 percent annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 4.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a five-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 1999, was 24 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$ 15,186	100%	\$ 0
6-30-04	10,330	100	0
6-30-03	12,990	100	0

G. Commitments

The district is obligated to BellSouth for the monthly operating and maintenance services pertaining to the operation of the emergency communications system. The maintenance portion of this contract is \$10,722 per month for a 72 month period. The operating portion under this contract is based on the actual number of lines used and is adjusted annually. The current operating charge is \$7,755 monthly. The projection of the obligations under this contract is as follows:

Year Ending	Maintenance	Operating*
2007	\$ 128,664	\$ 93,060
2008	128,664	93,060
2009	128,664	93,060
2010	128,664	93,060
2011	128,664	93,060
2012	<u>107,220</u>	<u>77,550</u>
Total	<u>\$ 750,540</u>	<u>\$ 542,850</u>

* - Based on telephone line charges as of June 30, 2006.

The district leases office space from the Madison County Sheriff's Department. Monthly payments on the lease are \$250. The lease is renewable annually.

H. Risk Management

The district is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the district to purchase commercial insurance for the risks of general liability, vehicle liability employee dishonesty, workers' compensation, and physical damage to its

capital assets. Settled claims have not exceeded this commercial coverage in any of the past three years.

I. Supplemental Information

The supplemental information section of this report includes information not required to be included in the financial statements and is provided for the purpose of additional analysis.

PENSION DATA

JUNE 30, 2006

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	(5) Covered Payroll	Percentage of Covered Payroll (3)/(5)
6-30-03	\$ 132,000	\$ 173,000	\$ 41,000	76.30%	\$ 114,000	35.96%
6-30-01	95,000	135,000	40,000	70.37	102,000	39.22
6-30-1999	63,000	86,000	23,000	73.26	83,000	27.57

Changes in Actuarial Assumptions

An actuarial valuation was performed as of July 1, 2003, which established contribution rates effective July 1, 2005. As a result of the June 30, 2000, experience study, changes were made to two of the significant actuarial assumptions as follows: 1) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding portion attributable to the effects of inflation on salaries), and 2) projected 3.5 percent annual increase in the Social Security wage base.

**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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 17,401,358	\$ 0	\$ 0	\$ 17,401,358	\$ 17,121,584	\$ 17,246,584	\$ 154,774
Licenses and Permits	547,755	0	0	547,755	345,300	520,300	27,455
Fines, Forfeitures, and Penalties	503,458	0	0	503,458	454,550	455,550	47,908
Charges for Current Services	1,429,616	0	0	1,429,616	1,474,427	1,514,557	(84,941)
Other Local Revenues	666,406	0	0	666,406	655,120	702,471	(36,065)
Fees Received from County Officials	4,609,062	0	0	4,609,062	4,369,000	4,369,000	240,062
State of Tennessee	4,926,111	0	0	4,926,111	4,856,654	5,393,457	(467,346)
Federal Government	1,002,153	0	0	1,002,153	1,471,285	1,460,020	(457,867)
Other Governments and Citizens Groups	1,640,778	0	0	1,640,778	1,072,000	1,358,855	281,923
Total Revenues	\$ 32,726,697	\$ 0	\$ 0	\$ 32,726,697	\$ 31,819,920	\$ 33,020,794	\$ (294,097)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 118,450	\$ 0	\$ 0	\$ 118,450	\$ 124,125	\$ 124,125	\$ 5,675
County Mayor/Executive	191,544	0	36	191,580	196,751	194,251	2,671
Personnel Office	108,470	0	0	108,470	116,223	109,473	1,003
County Attorney	30,535	0	0	30,535	30,699	30,699	164
Election Commission	211,513	0	250	211,763	224,401	224,401	12,638
Register of Deeds	248,665	0	1,063	249,728	260,185	260,185	10,457
County Buildings	122,856	0	11,777	134,633	155,869	155,869	21,236
Other Facilities	422,808	0	810	423,618	427,900	433,700	10,082
Preservation of Records	14,925	0	25	14,950	57,050	53,893	38,943
<u>Finance</u>							
Accounting and Budgeting	540,088	0	1,592	541,680	198,529	563,546	21,866
Purchasing	19,639	0	0	19,639	82,507	20,020	381
Property Assessor's Office	566,304	(13,588)	95	552,811	666,080	662,855	110,044
Reappraisal Program	113,817	0	660	114,477	126,968	128,593	14,116

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 233,919	\$ 0	\$ 0	\$ 233,919	\$ 240,519	\$ 240,519	\$ 6,600
County Clerk's Office	414,357	0	622	414,979	445,435	445,435	30,456
<u>Administration of Justice</u>							
Circuit Court	617,244	0	3,623	620,867	649,127	650,327	29,460
General Sessions Court	221,565	0	390	221,955	227,659	227,659	5,704
Drug Court	2,507	0	0	2,507	0	3,000	493
Chancery Court	368,616	(360)	221	368,477	385,758	391,758	23,281
Juvenile Court	256,608	0	1,726	258,334	280,285	280,285	21,951
District Attorney General	50,628	0	0	50,628	49,152	51,152	524
Office of Public Defender	43,814	0	0	43,814	47,280	47,280	3,466
Probate Court	42,295	0	209	42,504	43,331	43,331	827
Other Administration of Justice	321,021	0	0	321,021	255,193	355,193	34,172
<u>Public Safety</u>							
Sheriff's Department	3,295,250	0	33,466	3,328,716	3,254,772	3,437,314	108,598
Special Patrols	363,305	0	0	363,305	332,750	367,467	4,162
Jail	4,291,499	0	15,008	4,306,507	4,385,765	4,385,526	79,019
Workhouse	1,381,225	0	4,410	1,385,635	1,307,597	1,416,007	30,372
Correctional Incentive Program Improvements	376,453	0	967	377,420	422,987	423,021	45,601
Juvenile Services	284,502	0	0	284,502	303,849	303,849	19,347
Work Release Program	539,949	0	1,904	541,853	479,525	550,960	9,107
Fire Prevention and Control	490,214	0	735	490,949	511,152	511,152	20,203
Civil Defense	207,894	0	1,049	208,943	191,900	211,733	2,790
Other Emergency Management	683,482	0	60,848	744,330	1,088,754	1,088,754	344,424
Inspection and Regulation	120,870	0	435	121,305	129,534	129,534	8,229
County Coroner/Medical Examiner	84,200	0	0	84,200	104,500	104,500	20,300
Other Public Safety	13,050	0	0	13,050	13,565	15,055	2,005

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 1,679,576	\$ (18,277)	\$ 8,100	\$ 1,669,399	\$ 1,726,351	\$ 1,765,663	\$ 96,264
Rabies and Animal Control	203,675	0	1,559	205,234	205,016	212,516	7,282
Maternal and Child Health Services	2,675,548	(2,183)	23,642	2,697,007	3,078,265	3,141,103	444,096
Alcohol and Drug Programs	31,880	0	0	31,880	31,880	31,880	0
Crippled Children Services	4,021	0	0	4,021	4,021	4,021	0
Other Local Health Services	46,955	0	0	46,955	46,955	46,955	0
General Welfare Assistance	14,550	0	0	14,550	14,550	14,550	0
Sanitation Management	20,088	0	85	20,173	0	21,657	1,484
Sanitation Education/Information	59,273	0	0	59,273	51,198	60,900	1,627
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	35,000	0	0	35,000	35,000	35,000	0
Libraries	940,675	0	0	940,675	941,307	941,307	632
Parks and Fair Boards	699,609	0	22,716	722,325	754,503	754,503	32,178
Other Social, Cultural, and Recreational	58,034	0	0	58,034	90,000	90,000	31,966
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	145,837	0	0	145,837	153,759	153,759	7,922
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	73,756	0	0	73,756	73,812	73,812	56
Flood Control	35,000	0	0	35,000	35,000	35,000	0
<u>Other Operations</u>							
Industrial Development	75,652	0	0	75,652	75,652	75,652	0
Other Economic and Community Development	17,088	0	0	17,088	17,088	17,088	0
Airport	268,144	0	0	268,144	278,712	278,712	10,568
Contributions to Other Agencies	205,781	0	0	205,781	205,781	205,781	0
Employee Benefits	3,756,285	0	0	3,756,285	4,154,333	4,158,616	402,331
Miscellaneous	2,319,537	0	32,156	2,351,693	2,315,456	2,483,671	131,978
Total Expenditures	\$ 30,782,045	\$ (34,408)	\$ 230,179	\$ 30,977,816	\$ 32,108,315	\$ 33,246,567	\$ 2,268,751

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,944,652	\$ 34,408	\$ (230,179)	\$ 1,748,881	\$ (288,395)	\$ (225,773)	\$ 1,974,654
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 13,506	\$ 0	\$ 0	\$ 13,506	\$ 0	\$ 0	\$ 13,506
Transfers In	29,203	0	0	29,203	29,203	30,461	(1,258)
Transfers Out	(1,600)	0	0	(1,600)	0	(1,600)	0
Total Other Financing Sources (Uses)	\$ 41,109	\$ 0	\$ 0	\$ 41,109	\$ 29,203	\$ 28,861	\$ 12,248
Net Change in Fund Balance	\$ 1,985,761	\$ 34,408	\$ (230,179)	\$ 1,789,990	\$ (259,192)	\$ (196,912)	\$ 1,986,902
Fund Balance, July 1, 2005	3,237,995	(34,408)	0	3,203,587	2,290,589	2,290,589	912,998
Fund Balance, June 30, 2006	\$ 5,223,756	\$ 0	\$ (230,179)	\$ 4,993,577	\$ 2,031,397	\$ 2,093,677	\$ 2,899,900

Exhibit F-2

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,904,969	\$ 0	\$ 0	\$ 1,904,969	\$ 1,916,268	\$ 1,916,268	\$ (11,299)
Other Local Revenues	96,525	0	0	96,525	26,000	26,000	70,525
State of Tennessee	2,503,354	0	0	2,503,354	3,026,876	3,026,876	(523,522)
Total Revenues	<u>\$ 4,504,848</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,504,848</u>	<u>\$ 4,969,144</u>	<u>\$ 4,969,144</u>	<u>\$ (464,296)</u>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 280,173	\$ 0	\$ 80	\$ 280,253	\$ 275,258	\$ 293,033	\$ 12,780
Highway and Bridge Maintenance	1,689,883	0	3,900	1,693,783	2,314,640	2,141,865	448,082
Operation and Maintenance of Equipment	357,870	0	5,031	362,901	410,100	463,100	100,199
Other Charges	138,534	0	0	138,534	196,650	211,061	72,527
Employee Benefits	556,850	0	0	556,850	670,000	670,000	113,150
Capital Outlay	747,614	(489,712)	421,141	679,043	1,768,983	1,867,583	1,188,540
Total Expenditures	<u>\$ 3,770,924</u>	<u>\$ (489,712)</u>	<u>\$ 430,152</u>	<u>\$ 3,711,364</u>	<u>\$ 5,635,631</u>	<u>\$ 5,646,642</u>	<u>\$ 1,935,278</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 733,924</u>	<u>\$ 489,712</u>	<u>\$ (430,152)</u>	<u>\$ 793,484</u>	<u>\$ (666,487)</u>	<u>\$ (677,498)</u>	<u>\$ 1,470,982</u>
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (29,203)	\$ 0	\$ 0	\$ (29,203)	\$ (29,203)	\$ (29,203)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (29,203)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (29,203)</u>	<u>\$ (29,203)</u>	<u>\$ (29,203)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 704,721	\$ 489,712	\$ (430,152)	\$ 764,281	\$ (695,690)	\$ (706,701)	\$ 1,470,982
Fund Balance, July 1, 2005	<u>1,877,572</u>	<u>(489,712)</u>	<u>0</u>	<u>1,387,860</u>	<u>730,758</u>	<u>730,758</u>	<u>657,102</u>
Fund Balance, June 30, 2006	<u>\$ 2,582,293</u>	<u>\$ 0</u>	<u>\$ (430,152)</u>	<u>\$ 2,152,141</u>	<u>\$ 35,068</u>	<u>\$ 24,057</u>	<u>\$ 2,128,084</u>

MADISON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

BUDGETARY INFORMATION

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for solid waste activities specifically related to the county’s convenience centers and certain expenditures related to the City of Jackson’s landfill.

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. Revenues from fees and commissions earned by these officials are remitted to the county’s General Fund.

Capital Projects Funds

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

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

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

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

Exhibit G-1

Madison County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds					Total
	Juvenile Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 163,094	\$ 163,094
Equity in Pooled Cash and Investments	145,656	566,354	2,952	90,674	0	805,636
Accounts Receivable	363	409	0	0	1,020	1,792
Due from Other Governments	39,788	24,788	0	0	0	64,576
Due from Other Funds	0	0	0	0	0	0
Property Taxes Receivable	1,005,024	265,227	0	0	0	1,270,251
Allowance for Uncollectible Property Taxes	(48,026)	(32,424)	0	0	0	(80,450)
Total Assets	\$ 1,142,805	\$ 824,354	\$ 2,952	\$ 90,674	\$ 164,114	\$ 2,224,899
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 4,375	\$ 25,369	\$ 928	\$ 0	\$ 0	\$ 30,672
Payroll Deductions Payable	4,370	142	0	0	0	4,512
Due to Other Funds	0	0	0	0	164,114	164,114
Deferred Revenue - Current Property Taxes	920,531	191,778	0	0	0	1,112,309
Deferred Revenue - Delinquent Property Taxes	30,029	33,782	0	0	0	63,811
Total Liabilities	\$ 959,305	\$ 251,071	\$ 928	\$ 0	\$ 164,114	\$ 1,375,418
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 796	\$ 2,722	\$ 0	\$ 0	\$ 0	\$ 3,518
Unreserved	182,704	570,561	2,024	90,674	0	845,963
Total Fund Balances	\$ 183,500	\$ 573,283	\$ 2,024	\$ 90,674	\$ 0	\$ 849,481
Total Liabilities and Fund Balances	\$ 1,142,805	\$ 824,354	\$ 2,952	\$ 90,674	\$ 164,114	\$ 2,224,899

(Continued)

Exhibit G-1

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

	Capital Projects Funds				
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	Total Nonmajor Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 163,094
Equity in Pooled Cash and Investments	314,141	39,484	541,696	895,321	1,700,957
Accounts Receivable	136	0	0	136	1,928
Due from Other Governments	0	0	0	0	64,576
Due from Other Funds	1,600	0	0	1,600	1,600
Property Taxes Receivable	494,896	0	0	494,896	1,765,147
Allowance for Uncollectible Property Taxes	(20,956)	0	0	(20,956)	(101,406)
Total Assets	\$ 789,817	\$ 39,484	\$ 541,696	\$ 1,370,997	\$ 3,595,896
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,672
Payroll Deductions Payable	0	0	0	0	4,512
Due to Other Funds	0	0	0	0	164,114
Deferred Revenue - Current Property Taxes	460,265	0	0	460,265	1,572,574
Deferred Revenue - Delinquent Property Taxes	11,261	0	0	11,261	75,072
Total Liabilities	\$ 471,526	\$ 0	\$ 0	\$ 471,526	\$ 1,846,944
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 6,453	\$ 0	\$ 0	\$ 6,453	\$ 9,971
Unreserved	311,838	39,484	541,696	893,018	1,738,981
Total Fund Balances	\$ 318,291	\$ 39,484	\$ 541,696	\$ 899,471	\$ 1,748,952
Total Liabilities and Fund Balances	\$ 789,817	\$ 39,484	\$ 541,696	\$ 1,370,997	\$ 3,595,896

Exhibit G-2

Madison County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds					Total
	Juvenile Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	
Revenues						
Local Taxes	\$ 1,011,809	\$ 1,076,866	\$ 0	\$ 0	\$ 0	\$ 2,088,675
Fines, Forfeitures, and Penalties	0	0	4,197	31,461	0	35,658
Charges for Current Services	0	0	0	0	5,020	5,020
Other Local Revenues	2,430	14,404	0	1,318	0	18,152
Fees Received from County Officials	150	0	0	0	0	150
State of Tennessee	189,500	186,476	0	0	0	375,976
Federal Government	60,271	0	0	0	0	60,271
Other Governments and Citizens Groups	35,663	0	0	0	0	35,663
Total Revenues	\$ 1,299,823	\$ 1,277,746	\$ 4,197	\$ 32,779	\$ 5,020	\$ 2,619,565
Expenditures						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0	0
Administration of Justice	0	0	0	162,724	5,020	167,744
Public Safety	1,418,421	0	8,328	0	0	1,426,749
Public Health and Welfare	0	884,710	0	0	0	884,710
Social, Cultural, and Recreational Services	0	0	0	0	0	0
Other Operations	0	0	0	0	0	0
Total Expenditures	\$ 1,418,421	\$ 884,710	\$ 8,328	\$ 162,724	\$ 5,020	\$ 2,479,203
Excess (Deficiency) of Revenues Over Expenditures	\$ (118,598)	\$ 393,036	\$ (4,131)	\$ (129,945)	\$ 0	\$ 140,362
Other Financing Sources (Uses)						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Capital Leases Issued	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (118,598)	\$ 393,036	\$ (4,131)	\$ (129,945)	\$ 0	\$ 140,362
Fund Balance, July 1, 2005	302,098	180,247	6,155	220,619	0	709,119
Fund Balance, June 30, 2006	\$ 183,500	\$ 573,283	\$ 2,024	\$ 90,674	\$ 0	\$ 849,481

(Continued)

Exhibit G-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 358,941	\$ 0	\$ 0	\$ 358,941	\$ 2,447,616
Fines, Forfeitures, and Penalties	0	0	0	0	35,658
Charges for Current Services	0	0	0	0	5,020
Other Local Revenues	0	33,116	0	33,116	51,268
Fees Received from County Officials	0	0	0	0	150
State of Tennessee	72,301	13,498	0	85,799	461,775
Federal Government	517,000	0	0	517,000	577,271
Other Governments and Citizens Groups	630,307	0	0	630,307	665,970
Total Revenues	\$ 1,578,549	\$ 46,614	\$ 0	\$ 1,625,163	\$ 4,244,728
<u>Expenditures</u>					
Current:					
General Government	\$ 622,612	\$ 0	\$ 0	\$ 622,612	\$ 622,612
Finance	87,688	0	0	87,688	87,688
Administration of Justice	0	0	0	0	167,744
Public Safety	365,644	0	0	365,644	1,792,393
Public Health and Welfare	28,113	0	0	28,113	912,823
Social, Cultural, and Recreational Services	221,693	0	0	221,693	221,693
Other Operations	43,218	178,964	0	222,182	222,182
Total Expenditures	\$ 1,368,968	\$ 178,964	\$ 0	\$ 1,547,932	\$ 4,027,135
Excess (Deficiency) of Revenues Over Expenditures	\$ 209,581	\$ (132,350)	\$ 0	\$ 77,231	\$ 217,593
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 165,135	\$ 0	\$ 165,135	\$ 165,135
Insurance Recovery	10,128	0	0	10,128	10,128
Transfers In	1,600	0	0	1,600	1,600
Total Other Financing Sources (Uses)	\$ 11,728	\$ 165,135	\$ 0	\$ 176,863	\$ 176,863
Net Change in Fund Balances	\$ 221,309	\$ 32,785	\$ 0	\$ 254,094	\$ 394,456
Fund Balance, July 1, 2005	96,982	6,699	541,696	645,377	1,354,496
Fund Balance, June 30, 2006	\$ 318,291	\$ 39,484	\$ 541,696	\$ 899,471	\$ 1,748,952

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, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,011,809	\$ 0	\$ 1,011,809	\$ 1,007,628	\$ 1,007,628	\$ 4,181
Other Local Revenues	2,430	0	2,430	1,500	1,500	930
Fees Received from County Officials	150	0	150	0	0	150
State of Tennessee	189,500	0	189,500	9,000	189,500	0
Federal Government	60,271	0	60,271	227,108	52,863	7,408
Other Governments and Citizens Groups	35,663	0	35,663	5,000	5,000	30,663
Total Revenues	<u>\$ 1,299,823</u>	<u>\$ 0</u>	<u>\$ 1,299,823</u>	<u>\$ 1,250,236</u>	<u>\$ 1,256,491</u>	<u>\$ 43,332</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Juvenile Services	\$ 1,418,421	\$ 796	\$ 1,419,217	\$ 1,528,661	\$ 1,541,271	\$ 122,054
Total Expenditures	<u>\$ 1,418,421</u>	<u>\$ 796</u>	<u>\$ 1,419,217</u>	<u>\$ 1,528,661</u>	<u>\$ 1,541,271</u>	<u>\$ 122,054</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (118,598)</u>	<u>\$ (796)</u>	<u>\$ (119,394)</u>	<u>\$ (278,425)</u>	<u>\$ (284,780)</u>	<u>\$ 165,386</u>
Net Change in Fund Balance	\$ (118,598)	\$ (796)	\$ (119,394)	\$ (278,425)	\$ (284,780)	\$ 165,386
Fund Balance, July 1, 2005	302,098	0	302,098	303,150	303,150	(1,052)
Fund Balance, June 30, 2006	<u>\$ 183,500</u>	<u>\$ (796)</u>	<u>\$ 182,704</u>	<u>\$ 24,725</u>	<u>\$ 18,370</u>	<u>\$ 164,334</u>

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, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,076,866	\$ 0	\$ 1,076,866	\$ 1,036,044	\$ 1,036,044	\$ 40,822
Other Local Revenues	14,404	0	14,404	200	200	14,204
State of Tennessee	186,476	0	186,476	25,000	225,000	(38,524)
Total Revenues	<u>\$ 1,277,746</u>	<u>\$ 0</u>	<u>\$ 1,277,746</u>	<u>\$ 1,061,244</u>	<u>\$ 1,261,244</u>	<u>\$ 16,502</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Convenience Centers	\$ 443,203	\$ 2,722	\$ 445,925	\$ 451,642	\$ 451,642	\$ 5,717
Landfill Operation and Maintenance	441,507	0	441,507	530,787	730,787	289,280
Total Expenditures	<u>\$ 884,710</u>	<u>\$ 2,722</u>	<u>\$ 887,432</u>	<u>\$ 982,429</u>	<u>\$ 1,182,429</u>	<u>\$ 294,997</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 393,036</u>	<u>\$ (2,722)</u>	<u>\$ 390,314</u>	<u>\$ 78,815</u>	<u>\$ 78,815</u>	<u>\$ 311,499</u>
Net Change in Fund Balance	\$ 393,036	\$ (2,722)	\$ 390,314	\$ 78,815	\$ 78,815	\$ 311,499
Fund Balance, July 1, 2005	<u>180,247</u>	<u>0</u>	<u>180,247</u>	<u>12,007</u>	<u>12,007</u>	<u>168,240</u>
Fund Balance, June 30, 2006	<u>\$ 573,283</u>	<u>\$ (2,722)</u>	<u>\$ 570,561</u>	<u>\$ 90,822</u>	<u>\$ 90,822</u>	<u>\$ 479,739</u>

Exhibit G-5

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 4,197	\$ 5,400	\$ 5,400	\$ (1,203)
Total Revenues	\$ 4,197	\$ 5,400	\$ 5,400	\$ (1,203)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 8,328	\$ 85	\$ 8,508	\$ 180
Total Expenditures	\$ 8,328	\$ 85	\$ 8,508	\$ 180
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,131)	\$ 5,315	\$ (3,108)	\$ (1,023)
Net Change in Fund Balance	\$ (4,131)	\$ 5,315	\$ (3,108)	\$ (1,023)
Fund Balance, July 1, 2005	6,155	0	5,366	789
Fund Balance, June 30, 2006	\$ 2,024	\$ 5,315	\$ 2,258	\$ (234)

Exhibit G-6

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 358,941	\$ 0	\$ 0	\$ 358,941	\$ 345,348	\$ 345,348	\$ 13,593
Other Local Revenues	0	0	0	0	0	10,128	(10,128)
State of Tennessee	72,301	0	0	72,301	87,000	70,000	2,301
Federal Government	517,000	0	0	517,000	0	517,000	0
Other Governments and Citizens Groups	630,307	0	0	630,307	0	630,307	0
Total Revenues	\$ 1,578,549	\$ 0	\$ 0	\$ 1,578,549	\$ 432,348	\$ 1,572,783	\$ 5,766
<u>Expenditures</u>							
<u>General Government</u>							
County Mayor/Executive	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72	\$ 72
Election Commission	607,613	0	0	607,613	0	609,000	1,387
County Buildings	14,999	0	2,800	17,799	0	21,366	3,567
<u>Finance</u>							
Accounting and Budgeting	19,100	0	0	19,100	0	19,500	400
Property Assessor's Office	55,712	0	0	55,712	0	55,728	16
County Trustee's Office	4,196	0	0	4,196	0	5,000	804
County Clerk's Office	8,680	0	0	8,680	0	9,500	820
<u>Public Safety</u>							
Sheriff's Department	159,020	0	0	159,020	0	176,410	17,390
Juvenile Services	1,952	0	0	1,952	0	3,000	1,048
Fire Prevention and Control	203,394	0	0	203,394	0	209,500	6,106
Civil Defense	1,278	0	0	1,278	0	1,278	0
<u>Public Health and Welfare</u>							
Rabies and Animal Control	27,463	0	50	27,513	0	38,500	10,987
Sanitation Management	650	0	0	650	0	650	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	59,803	0	0	59,803	0	60,000	197

(Continued)

Exhibit G-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Parks and Fair Boards	\$ 161,890	\$ (95,764)	\$ 3,603	\$ 69,729	\$ 0	\$ 69,739	\$ 10
<u>Other Operations</u>							
Airport	32,489	0	0	32,489	0	34,063	1,574
Miscellaneous	10,729	0	0	10,729	0	79,573	68,844
Total Expenditures	\$ 1,368,968	\$ (95,764)	\$ 6,453	\$ 1,279,657	\$ 0	\$ 1,392,879	\$ 113,222
Excess (Deficiency) of Revenues Over Expenditures	\$ 209,581	\$ 95,764	\$ (6,453)	\$ 298,892	\$ 432,348	\$ 179,904	\$ 118,988
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 10,128	\$ 0	\$ 0	\$ 10,128	\$ 0	\$ 0	\$ 10,128
Transfers In	1,600	0	0	1,600	0	1,600	0
Total Other Financing Sources (Uses)	\$ 11,728	\$ 0	\$ 0	\$ 11,728	\$ 0	\$ 1,600	\$ 10,128
Net Change in Fund Balance	\$ 221,309	\$ 95,764	\$ (6,453)	\$ 310,620	\$ 432,348	\$ 181,504	\$ 129,116
Fund Balance, July 1, 2005	96,982	(95,764)	0	1,218	57,722	57,722	(56,504)
Fund Balance, June 30, 2006	\$ 318,291	\$ 0	\$ (6,453)	\$ 311,838	\$ 490,070	\$ 239,226	\$ 72,612

Major Governmental Fund

General Debt Service Fund

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

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,009,582	\$ 6,087,792	\$ 6,087,792	\$ (78,210)
Other Local Revenues	4,780	0	0	4,780
Total Revenues	<u>\$ 6,014,362</u>	<u>\$ 6,087,792</u>	<u>\$ 6,087,792</u>	<u>\$ (73,430)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 4,025,000	\$ 6,360,000	\$ 4,025,000	\$ 0
<u>Interest on Debt</u>				
General Government	3,724,004	3,561,258	3,801,258	77,254
<u>Other Debt Service</u>				
General Government	220,401	159,000	256,409	36,008
Total Expenditures	<u>\$ 7,969,405</u>	<u>\$ 10,080,258</u>	<u>\$ 8,082,667</u>	<u>\$ 113,262</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,955,043)</u>	<u>\$ (3,992,466)</u>	<u>\$ (1,994,875)</u>	<u>\$ 39,832</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 7,390,000	\$ 0	\$ 7,390,000	\$ 0
Payments to Refunded Debt Escrow Agent	(7,335,000)	0	(7,335,000)	0
Total Other Financing Sources (Uses)	<u>\$ 55,000</u>	<u>\$ 0</u>	<u>\$ 55,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,900,043)	\$ (3,992,466)	\$ (1,939,875)	\$ 39,832
Fund Balance, July 1, 2005	<u>5,691,487</u>	<u>5,693,575</u>	<u>5,693,575</u>	<u>(2,088)</u>
Fund Balance, June 30, 2006	<u>\$ 3,791,444</u>	<u>\$ 1,701,109</u>	<u>\$ 3,753,700</u>	<u>\$ 37,744</u>

Fiduciary Funds

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

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

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

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

Joint Venture Fund – The Joint Venture Fund is used to account for a portion (25 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 are 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, 2006

	Agency Funds						Total
	Cities - Sales Tax	Cities - Property Tax	Watershed District	Joint Venture	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>							
Equity in Pooled Cash and Investments	\$ 41,516	\$ 2,575	\$ 22,833	\$ 27,678	\$ 0	\$ 0	\$ 94,602
Cash	0	0	0	0	4,168,387	0	4,168,387
Accounts Receivable	41,500	0	0	27,000	0	0	68,500
Due from Other Governments	3,271,923	3,892	0	0	0	2,044	3,277,859
Total Assets	<u>\$ 3,354,939</u>	<u>\$ 6,467</u>	<u>\$ 22,833</u>	<u>\$ 54,678</u>	<u>\$ 4,168,387</u>	<u>\$ 2,044</u>	<u>\$ 7,609,348</u>
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 3,354,939	\$ 6,467	\$ 0	\$ 0	\$ 0	\$ 2,044	\$ 3,363,450
Due to Litigants, Heirs, and Others	0	0	0	0	4,168,387	0	4,168,387
Other Current Liabilities	0	0	22,833	54,678	0	0	77,511
Total Liabilities	<u>\$ 3,354,939</u>	<u>\$ 6,467</u>	<u>\$ 22,833</u>	<u>\$ 54,678</u>	<u>\$ 4,168,387</u>	<u>\$ 2,044</u>	<u>\$ 7,609,348</u>

Exhibit I-2

Madison County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 34,519	\$ 20,733,635	\$ 20,726,638	\$ 41,516
Accounts Receivable	40,464	41,500	40,464	41,500
Due From Other Governments	3,327,178	3,271,923	3,327,178	3,271,923
Total Assets	\$ 3,402,161	\$ 24,047,058	\$ 24,094,280	\$ 3,354,939
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,402,161	\$ 24,047,058	\$ 24,094,280	\$ 3,354,939
Total Liabilities	\$ 3,402,161	\$ 24,047,058	\$ 24,094,280	\$ 3,354,939
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,664	\$ 229,053	\$ 229,142	\$ 2,575
Accounts Receivable	1,613	0	1,613	0
Due From Other Governments	856	3,892	856	3,892
Total Assets	\$ 5,133	\$ 232,945	\$ 231,611	\$ 6,467
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,133	\$ 232,945	\$ 231,611	\$ 6,467
Total Liabilities	\$ 5,133	\$ 232,945	\$ 231,611	\$ 6,467
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 22,833	\$ 0	\$ 0	\$ 22,833
Total Assets	\$ 22,833	\$ 0	\$ 0	\$ 22,833
<u>Liabilities</u>				
Other Current Liabilities	\$ 22,833	\$ 0	\$ 0	\$ 22,833
Total Liabilities	\$ 22,833	\$ 0	\$ 0	\$ 22,833
<u>Joint Venture Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 23,013	\$ 288,032	\$ 283,367	\$ 27,678
Accounts Receivable	26,976	27,000	26,976	27,000
Total Assets	\$ 49,989	\$ 315,032	\$ 310,343	\$ 54,678
<u>Liabilities</u>				
Other Current Liabilities	\$ 49,989	\$ 315,032	\$ 310,343	\$ 54,678
Total Liabilities	\$ 49,989	\$ 315,032	\$ 310,343	\$ 54,678

(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	\$ 3,485,004	\$ 24,448,157	\$ 23,764,774	\$ 4,168,387
Total Assets	\$ 3,485,004	\$ 24,448,157	\$ 23,764,774	\$ 4,168,387
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,485,004	\$ 24,448,157	\$ 23,764,774	\$ 4,168,387
Total Liabilities	\$ 3,485,004	\$ 24,448,157	\$ 23,764,774	\$ 4,168,387
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,278	\$ 12,278	\$ 0
Due From Other Governments	1,722	2,044	1,722	2,044
Total Assets	\$ 1,722	\$ 14,322	\$ 14,000	\$ 2,044
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,722	\$ 14,322	\$ 14,000	\$ 2,044
Total Liabilities	\$ 1,722	\$ 14,322	\$ 14,000	\$ 2,044
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 83,029	\$ 21,262,998	\$ 21,251,425	\$ 94,602
Cash	3,485,004	24,448,157	23,764,774	4,168,387
Accounts Receivable	69,053	68,500	69,053	68,500
Due From Other Governments	3,329,756	3,277,859	3,329,756	3,277,859
Total Assets	\$ 6,966,842	\$ 49,057,514	\$ 48,415,008	\$ 7,609,348
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,409,016	\$ 24,294,325	\$ 24,339,891	\$ 3,363,450
Due to Litigants, Heirs, and Others	3,485,004	24,448,157	23,764,774	4,168,387
Other Current Liabilities	72,822	315,032	310,343	77,511
Total Liabilities	\$ 6,966,842	\$ 49,057,514	\$ 48,415,008	\$ 7,609,348

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 Madison County School Department uses a General Fund, two Special Revenue Funds, a Capital Projects Fund, and a 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 – 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, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	\$ 70,242,049	\$ 382,579	\$ 10,773,242	\$ 22,321	\$ (59,063,907)
Support Services	29,142,777	3,255	492,370	0	(28,647,152)
Operation of Non-Instructional Services	6,949,917	1,762,084	4,688,874	0	(498,959)
Interest on Long-term Debt	122,794	0	0	0	(122,794)
Total Governmental Activities	\$ 106,457,537	\$ 2,147,918	\$ 15,954,486	\$ 22,321	\$ (88,332,812)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 14,830,159
Local Option Sales Tax					32,734,734
Other Local Taxes					15,595
Grants and Contributions Not Restricted for Specific Programs					40,550,871
Unrestricted Investment Earnings					342,895
Miscellaneous					93,647
Total General Revenues					\$ 88,567,901
<u>Special Item</u>					
Special Item - Refund on Health Insurance					\$ 643,704
<u>Extraordinary Item</u>					
Extraordinary Item - Tornado Damage					\$ 379,087
Change in Net Assets					\$ 1,257,880
Net Assets, July 1, 2005					90,952,292
Prior Period Adjustment					(3,369,739)
Net Assets, June 30, 2006					\$ 88,840,433

Exhibit J-2

Madison County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Madison County School Department
June 30, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 129,981	\$ 2,909,635	\$ 3,039,616
Due from Other Governments	6,381,948	1,377,518	7,759,466
Property Taxes Receivable	12,523,495	944,100	13,467,595
Allowance for Uncollectible Property Taxes	(658,594)	(23,569)	(682,163)
Total Assets	<u>\$ 18,376,830</u>	<u>\$ 5,207,684</u>	<u>\$ 23,584,514</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 14,642	\$ 0	\$ 14,642
Payroll Deductions Payable	1,534,026	257,941	1,791,967
Deferred Revenue - Current Property Taxes	11,314,855	920,531	12,235,386
Deferred Revenue - Delinquent Property Taxes	452,934	0	452,934
Other Deferred Revenues	3,155,268	0	3,155,268
Total Liabilities	<u>\$ 16,471,725</u>	<u>\$ 1,178,472</u>	<u>\$ 17,650,197</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 495,356	\$ 390,182	\$ 885,538
Reserved for Career Ladder - Extended Contract	20,957	0	20,957
Reserved for Career Ladder Program	17,643	0	17,643
Reserved for Basic Education Program	1,334,510	0	1,334,510
Reserved for Title I Grants to Local Education Agencies	0	422,813	422,813
Reserved for Innovative Education Program Strategies	0	20,213	20,213
Reserved for Special Education - Grants to States	0	547,388	547,388
Other Federal Reserves	0	71,330	71,330
Unreserved, Reported In:			
General Fund	36,639	0	36,639
Special Revenue Funds	0	2,156,088	2,156,088
Capital Projects Funds	0	421,198	421,198
Total Fund Balances	<u>\$ 1,905,105</u>	<u>\$ 4,029,212</u>	<u>\$ 5,934,317</u>
Total Liabilities and Fund Balances	<u>\$ 18,376,830</u>	<u>\$ 5,207,684</u>	<u>\$ 23,584,514</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, 2006

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)	\$	5,934,317
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$	2,091,562
Add: building and improvements net of accumulated depreciation		73,559,511
Add: other capital assets net of accumulated depreciation		<u>3,913,926</u>
		79,564,999
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		3,608,202
(3) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable		<u>(267,085)</u>
Net assets of governmental activities (Exhibit A)	\$	<u>88,840,433</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, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 48,002,783	\$ 0	\$ 48,002,783
Licenses and Permits	11,293	0	11,293
Charges for Current Services	382,579	1,762,084	2,144,663
Other Local Revenues	440,292	110,386	550,678
State of Tennessee	41,149,125	85,763	41,234,888
Federal Government	2,713,848	11,679,549	14,393,397
Total Revenues	<u>\$ 92,699,920</u>	<u>\$ 13,637,782</u>	<u>\$ 106,337,702</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 59,377,834	\$ 7,515,613	\$ 66,893,447
Support Services	28,673,187	1,147,340	29,820,527
Operation of Non-Instructional Services	601,755	5,682,119	6,283,874
Capital Outlay	3,064,199	0	3,064,199
Debt Service:			
Interest on Debt	122,794	0	122,794
Capital Projects	0	391,148	391,148
Total Expenditures	<u>\$ 91,839,769</u>	<u>\$ 14,736,220</u>	<u>\$ 106,575,989</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 860,151</u>	<u>\$ (1,098,438)</u>	<u>\$ (238,287)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	<u>\$ 55,973</u>	<u>\$ 0</u>	<u>\$ 55,973</u>
<u>Special Item</u>			
Special Item - Refund on Insurance Fund	<u>\$ 643,704</u>	<u>\$</u>	<u>\$ 643,704</u>
<u>Extraordinary Item</u>			
Extraordinary Item - Tornado Damage	<u>\$ 379,087</u>	<u>\$ 0</u>	<u>\$ 379,087</u>
Net Change in Fund Balances	<u>\$ 1,938,915</u>	<u>\$ (1,098,438)</u>	<u>\$ 840,477</u>
Fund Balance, July 1, 2005	<u>(33,810)</u>	<u>5,127,650</u>	<u>5,093,840</u>
Fund Balance, June 30, 2006	<u>\$ 1,905,105</u>	<u>\$ 4,029,212</u>	<u>\$ 5,934,317</u>

Exhibit J-5

Madison County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Madison County School Department
For the Year Ended June 30, 2006

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)	\$	840,477
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$	3,503,973
Less: current year depreciation expense		<u>(3,093,472)</u>
		410,501
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes/other deferred June 30, 2006	\$	3,608,202
Less: deferred delinquent property taxes/other deferred June 30, 2005		<u>(3,651,603)</u>
		(43,401)
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		<u>50,303</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>1,257,880</u></u>

Exhibit J-6

Madison County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Madison County School Department
June 30, 2006

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 206,204	\$ 2,282,233	\$ 2,488,437	\$ 421,198	\$ 2,909,635
Due from Other Governments	1,377,518	0	1,377,518	0	1,377,518
Property Taxes Receivable	0	0	0	944,100	944,100
Allowance for Uncollectible Property Taxes	0	0	0	(23,569)	(23,569)
Total Assets	<u>\$ 1,583,722</u>	<u>\$ 2,282,233</u>	<u>\$ 3,865,955</u>	<u>\$ 1,341,729</u>	<u>\$ 5,207,684</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Payroll Deductions Payable	\$ 173,749	\$ 84,192	\$ 257,941	\$ 0	\$ 257,941
Deferred Revenue - Current Property Taxes	0	0	0	920,531	920,531
Total Liabilities	<u>\$ 173,749</u>	<u>\$ 84,192</u>	<u>\$ 257,941</u>	<u>\$ 920,531</u>	<u>\$ 1,178,472</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 348,229	\$ 41,953	\$ 390,182	\$ 0	\$ 390,182
Reserved for Title I Grants to Local Education Agencies	422,813	0	422,813	0	422,813
Reserved for Innovative Education Program Strategies	20,213	0	20,213	0	20,213
Reserved for Special Education - Grants to States	547,388	0	547,388	0	547,388
Other Federal Reserves	71,330	0	71,330	0	71,330
Unreserved	0	2,156,088	2,156,088	421,198	2,577,286
Total Fund Balances	<u>\$ 1,409,973</u>	<u>\$ 2,198,041</u>	<u>\$ 3,608,014</u>	<u>\$ 421,198</u>	<u>\$ 4,029,212</u>
Total Liabilities and Fund Balances	<u>\$ 1,583,722</u>	<u>\$ 2,282,233</u>	<u>\$ 3,865,955</u>	<u>\$ 1,341,729</u>	<u>\$ 5,207,684</u>

Exhibit J-7

Madison County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Madison County School Department
For the Year Ended June 30, 2006

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,762,084	\$ 1,762,084	\$ 0	\$ 1,762,084
Other Local Revenues	0	88,065	88,065	22,321	110,386
State of Tennessee	0	85,763	85,763	0	85,763
Federal Government	7,563,960	4,115,589	11,679,549	0	11,679,549
Total Revenues	\$ 7,563,960	\$ 6,051,501	\$ 13,615,461	\$ 22,321	\$ 13,637,782
<u>Expenditures</u>					
Current:					
Instruction	\$ 7,515,613	\$ 0	\$ 7,515,613	\$ 0	\$ 7,515,613
Support Services	1,147,340	0	1,147,340	0	1,147,340
Operation of Non-Instructional Services	0	5,682,119	5,682,119	0	5,682,119
Capital Projects	0	0	0	391,148	391,148
Total Expenditures	\$ 8,662,953	\$ 5,682,119	\$ 14,345,072	\$ 391,148	\$ 14,736,220
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (1,098,993)	\$ 369,382	\$ (729,611)	\$ (368,827)	\$ (1,098,438)
Net Change in Fund Balances	\$ (1,098,993)	\$ 369,382	\$ (729,611)	\$ (368,827)	\$ (1,098,438)
Fund Balance, July 1, 2005	2,508,966	1,828,659	4,337,625	790,025	5,127,650
Fund Balance, June 30, 2006	\$ 1,409,973	\$ 2,198,041	\$ 3,608,014	\$ 421,198	\$ 4,029,212

Exhibit J-8

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Madison County School Department
General Purpose School Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 48,002,783	\$ 0	\$ 0	\$ 48,002,783	\$ 47,201,203	\$ 47,201,203	\$ 801,580
Licenses and Permits	11,293	0	0	11,293	13,000	13,000	(1,707)
Charges for Current Services	382,579	0	0	382,579	332,740	332,740	49,839
Other Local Revenues	440,292	0	0	440,292	1,487,500	1,866,586	(1,426,294)
State of Tennessee	41,149,125	0	0	41,149,125	42,002,314	42,292,595	(1,143,470)
Federal Government	2,713,848	0	0	2,713,848	3,142,513	3,451,879	(738,031)
Total Revenues	\$ 92,699,920	\$ 0	\$ 0	\$ 92,699,920	\$ 94,179,270	\$ 95,158,003	\$ (2,458,083)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 47,532,703	\$ (155,673)	\$ 284,341	\$ 47,661,371	\$ 49,612,337	\$ 49,835,927	\$ 2,174,556
Special Education Program	8,649,132	(135)	33,401	8,682,398	9,236,769	8,872,186	189,788
Vocational Education Program	3,195,999	(6,693)	136,280	3,325,586	3,354,688	3,382,213	56,627
<u>Support Services</u>							
Attendance	194,504	0	0	194,504	243,709	200,458	5,954
Health Services	48,738	0	0	48,738	63,789	49,645	907
Other Student Support	2,599,018	(125)	238	2,599,131	2,862,738	2,669,983	70,852
Regular Instruction Program	3,083,161	(10,614)	1,829	3,074,376	3,376,761	3,159,030	84,654
Special Education Program	548,361	0	80	548,441	552,438	568,810	20,369
Vocational Education Program	121,719	0	0	121,719	132,862	124,909	3,190
Board of Education	1,638,458	0	36	1,638,494	1,604,484	1,588,778	(49,716)
Director of Schools	494,218	0	0	494,218	525,005	515,573	21,355
Office of the Principal	5,870,031	0	0	5,870,031	5,997,095	6,032,535	162,504
Fiscal Services	265,607	(553)	0	265,054	355,106	286,081	21,027
Operation of Plant	6,590,791	0	1,663	6,592,454	5,645,447	6,579,780	(12,674)
Maintenance of Plant	3,103,638	(6,347)	24,510	3,121,801	3,296,441	3,253,896	132,095

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 4,114,943	\$ 0	\$ 12,636	\$ 4,127,579	\$ 4,135,883	\$ 4,240,943	\$ 113,364
<u>Operation of Non-Instructional Services</u>							
Food Service	1,131	0	0	1,131	1,212	1,212	81
Community Services	600,624	0	342	600,966	679,469	680,390	79,424
<u>Capital Outlay</u>							
Regular Capital Outlay	3,064,199	(1,598,552)	0	1,465,647	1,000,000	1,560,298	94,651
<u>Principal on Debt</u>							
Education	0	0	0	0	50,000	0	0
<u>Interest on Debt</u>							
Education	122,794	0	0	122,794	0	50,000	(72,794)
Total Expenditures	\$ 91,839,769	\$ (1,778,692)	\$ 495,356	\$ 90,556,433	\$ 92,726,233	\$ 93,652,647	\$ 3,096,214
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 860,151	\$ 1,778,692	\$ (495,356)	\$ 2,143,487	\$ 1,453,037	\$ 1,505,356	\$ 638,131
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 55,973	\$ 0	\$ 0	\$ 55,973	\$ 0	\$ 0	\$ 55,973
Transfers Out	0	0	0	0	0	(69,026)	69,026
Total Other Financing Sources (Uses)	\$ 55,973	\$ 0	\$ 0	\$ 55,973	\$ 0	\$ (69,026)	\$ 124,999
<u>Special Items</u>							
Special Item - Refund on Health Insurance	\$ 643,704	\$ 0	\$ 0	\$ 643,704	\$ 0	\$ 0	\$ 643,704
<u>Extraordinary Items</u>							
Extraordinary Item - Tornado Damage	\$ 379,087	\$ 0	\$ 0	\$ 379,087	\$ 0	\$ 0	\$ 379,087
Net Change in Fund Balance	\$ 1,938,915	\$ 1,778,692	\$ (495,356)	\$ 3,222,251	\$ 1,453,037	\$ 1,436,330	\$ 1,785,921
Fund Balance, July 1, 2005	(33,810)	(1,778,692)	0	(1,812,502)	(1,453,037)	(1,436,330)	(376,172)
Fund Balance, June 30, 2006	\$ 1,905,105	\$ 0	\$ (495,356)	\$ 1,409,749	\$ 0	\$ 0	\$ 1,409,749

Exhibit J-9

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Madison County School Department
School Federal Projects Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,563,960	\$ 0	\$ 0	\$ 7,563,960	\$ 8,839,054	\$ 9,619,838	\$ (2,055,878)
Total Revenues	\$ 7,563,960	\$ 0	\$ 0	\$ 7,563,960	\$ 8,839,054	\$ 9,619,838	\$ (2,055,878)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,767,214	\$ (3,204)	\$ 12,299	\$ 3,776,309	\$ 4,732,952	\$ 4,923,408	\$ 1,147,099
Special Education Program	3,376,350	(15,506)	299,270	3,660,114	4,380,373	5,103,086	1,442,972
Vocational Education Program	372,049	0	19,834	391,883	399,931	407,249	15,366
<u>Support Services</u>							
Other Student Support	126,372	(501)	0	125,871	182,337	180,345	54,474
Regular Instruction Program	804,487	(990)	16,826	820,323	1,270,355	1,129,115	308,792
Special Education Program	101,272	0	0	101,272	180,262	180,262	78,990
Vocational Education Program	11,627	0	0	11,627	15,950	11,627	0
Fiscal Services	45,996	0	0	45,996	57,974	57,974	11,978
Transportation	57,586	0	0	57,586	85,253	94,106	36,520
Total Expenditures	\$ 8,662,953	\$ (20,201)	\$ 348,229	\$ 8,990,981	\$ 11,305,387	\$ 12,087,172	\$ 3,096,191
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,098,993)	\$ 20,201	\$ (348,229)	\$ (1,427,021)	\$ (2,466,333)	\$ (2,467,334)	\$ 1,040,313
Net Change in Fund Balance	\$ (1,098,993)	\$ 20,201	\$ (348,229)	\$ (1,427,021)	\$ (2,466,333)	\$ (2,467,334)	\$ 1,040,313
Fund Balance, July 1, 2005	2,508,966	(20,201)	0	2,488,765	2,508,966	2,508,966	(20,201)
Fund Balance, June 30, 2006	\$ 1,409,973	\$ 0	\$ (348,229)	\$ 1,061,744	\$ 42,633	\$ 41,632	\$ 1,020,112

Exhibit J-10

Madison County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Madison County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,762,084	\$ 0	\$ 0	\$ 1,762,084	\$ 1,850,000	\$ 1,850,000	\$ (87,916)
Other Local Revenues	88,065	0	0	88,065	30,000	30,000	58,065
State of Tennessee	85,763	0	0	85,763	90,000	90,000	(4,237)
Federal Government	4,115,589	0	0	4,115,589	4,550,000	4,550,000	(434,411)
Total Revenues	\$ 6,051,501	\$ 0	\$ 0	\$ 6,051,501	\$ 6,520,000	\$ 6,520,000	\$ (468,499)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 5,682,119	\$ (8,075)	\$ 41,953	\$ 5,715,997	\$ 6,668,400	\$ 6,668,400	\$ 952,403
Total Expenditures	\$ 5,682,119	\$ (8,075)	\$ 41,953	\$ 5,715,997	\$ 6,668,400	\$ 6,668,400	\$ 952,403
Excess (Deficiency) of Revenues Over Expenditures	\$ 369,382	\$ 8,075	\$ (41,953)	\$ 335,504	\$ (148,400)	\$ (148,400)	\$ 483,904
Net Change in Fund Balance	\$ 369,382	\$ 8,075	\$ (41,953)	\$ 335,504	\$ (148,400)	\$ (148,400)	\$ 483,904
Fund Balance, July 1, 2005	1,828,659	(8,075)	0	1,820,584	1,615,504	1,615,504	205,080
Fund Balance, June 30, 2006	\$ 2,198,041	\$ 0	\$ (41,953)	\$ 2,156,088	\$ 1,467,104	\$ 1,467,104	\$ 688,984

Exhibit J-11

Madison County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Madison County School Department
June 30, 2006

	<u>Other Trust</u> <u>Pension Trust</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 922,772
Total Assets	<u>\$ 922,772</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Retirees	<u>\$ 922,772</u>
Total Net Assets	<u><u>\$ 922,772</u></u>

Exhibit J-12

Madison County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Madison County School Department
For the Year Ended June 30, 2006

	Other Trust
	<u>Pension Trust</u>
<u>ADDITIONS</u>	
<u>Contributions</u>	
Tennessee Consolidated Retirement System	\$ 429,115
Employer	449,402
Plan Members	<u>1,456</u>
Total Contributions	<u>\$ 879,973</u>
<u>Investment Income</u>	
Interest Earned	\$ 36,669
Total Investment Income	<u>\$ 36,669</u>
Total Additions	<u>\$ 916,642</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 878,518
Trustee's Commission	<u>352</u>
Total Deductions	<u>\$ 878,870</u>
Change in Net Assets	\$ 37,772
Net Assets, July 1, 2005	<u>885,000</u>
Net Assets, June 30, 2006	<u><u>\$ 922,772</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Madison County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-06
NOTES PAYABLE									
<u>Payable through General Fund</u>									
Wastewater Facilities Revolving Funds Loan	\$ 250,000	3.3%	11-20-1992	6-30-13	\$ 126,532	\$ 0	\$ 13,116	\$ 0	\$ 113,416
Total Payable through General Fund					\$ 126,532	\$ 0	\$ 13,116	\$ 0	\$ 113,416
<u>Payable through General Debt Service Fund</u>									
Various Purpose	3,245,000	4.9 to 5.65	2-7-1995	5-1-06	\$ 750,000	\$ 0	\$ 750,000	\$ 0	0
GO Refunding Note, Series 1999	8,510,000	4 to 5	12-1-1998	5-1-08	7,550,000	0	1,650,000	0	5,900,000
GO Refunding Capital Outlay Note Series 2003	2,450,000	2 to 2.65	4-21-03	4-1-08	1,700,000	0	360,000	0	1,340,000
GO Capital Outlay Note Series 2003A	2,000,000	Variable	6-20-03	6-20-06	2,000,000	0	0	2,000,000	0
GO Capital Outlay Note Series 2003B	3,000,000	Variable	9-25-03	9-25-06	3,000,000	0	0	3,000,000	0
GO Refunding Capital Outlay Notes, Series 2004	21,315,000	4 to 5	3-15-04	4-1-13	21,315,000	0	0	0	21,315,000
Airport Industrial Park Property Promissary Note	165,135	7	7-15-05	11-29-06	0	165,135	0	0	165,135
Total Payable through General Debt Service Fund					\$ 36,315,000	\$ 165,135	\$ 2,760,000	\$ 5,000,000	\$ 28,720,135
Total Notes Payable					\$ 36,441,532	\$ 165,135	\$ 2,773,116	\$ 5,000,000	\$ 28,833,551
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
GO Refunding Bonds - Series 1997	6,345,000	3.85 to 5.52	8-1-1997	4-1-06	\$ 1,225,000	\$ 0	\$ 0	\$ 1,225,000	0
School Refunding Bonds - Series 1998	3,455,000	3.8 to 4.5	4-1-1998	4-1-06	1,110,000	0	0	1,110,000	0
GO Refunding Bonds - Series 1999	6,955,000	4 to 5	12-1-1998	9-1-07	2,405,000	0	1,165,000	0	1,240,000
GO School and Public Improvement Bonds Series 2002	25,900,000	3 to 5	6-25-02	4-1-15	2,050,000	0	50,000	0	2,000,000
GO School and Public Improvement Bonds Series 2003	10,000,000	2 to 4	5-29-03	6-30-14	10,000,000	0	50,000	0	9,950,000
GO Refunding Bonds - Series 2004	1,925,000	5	3-15-04	4-1-16	1,925,000	0	0	0	1,925,000
GO School and Public Improvement Refunding Bonds Series 2004	23,620,000	3.85 to 5	12-1-04	4-1-18	23,620,000	0	0	0	23,620,000
GO Refunding Bonds - Series 2004B	2,125,000	5	12-1-04	4-1-14	2,125,000	0	0	0	2,125,000
GO Refunding Bonds - Series 2006	2,355,000	4.8	3-15-06	4-1-19	0	2,355,000	0	0	2,355,000
GO Refunding Bonds - Series 2006A	5,035,000	4.04	5-31-06	6-1-19	0	5,035,000	0	0	5,035,000
Total Bonds Payable					\$ 44,460,000	\$ 7,390,000	\$ 1,265,000	\$ 2,335,000	\$ 48,250,000

Exhibit K-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 750,000	\$ 2,165,771	\$ 2,915,771
2008	890,000	2,123,664	3,013,664
2009	1,250,000	2,101,684	3,351,684
2010	1,200,000	2,054,854	3,254,854
2011	1,900,000	2,016,774	3,916,774
2012	2,650,000	1,957,694	4,607,694
2013	4,400,000	1,827,114	6,227,114
2014	5,960,000	1,640,914	7,600,914
2015	6,140,000	1,365,358	7,505,358
2016	6,390,000	1,127,942	7,517,942
2017	6,710,000	813,866	7,523,866
2018	7,040,000	484,030	7,524,030
2019	2,970,000	137,886	3,107,886
Total	\$ 48,250,000	\$ 19,817,551	\$ 68,067,551

Exhibit K-3

Madison County, Tennessee
Schedule of Notes Receivable
June 30, 2006

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-06
<u>General Fund</u>						
Wastewater Facility Construction	Jackson Energy Authority	\$ 250,000	4-1-1994	4-1-34	3.3 %	<u>\$ 204,566</u>
Total Notes Receivable						<u><u>\$ 204,566</u></u>

Exhibit K-4

Madison County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Highway/Public Works	General	To provide funds for finance department operations	\$ 29,203
General	General Capital Projects	To provide funds for capital outlay - equipment	<u>1,600</u>
Total Transfers			<u>\$ 30,803</u>

Exhibit K-5

Madison County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Madison County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 89,200	\$ 50,000	Hartford Fire Insurance Company
Highway Engineer	Section 8-24-102, <u>TCA</u>	102,015	100,000	Western Surety Company
Director of Schools	State Board of Education and Madison Co. Board of Education	103,780 (1)	150,000	Local Government Property and Casualty Fund
Trustee	Section 8-24-102	68,334 (2)	2,616,300	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102	68,334 (2)	10,000	"
Director of Finance	County Commission	77,500	50,000	"
County Clerk	Section 8-24-102	68,334 (2)	50,000	"
Circuit Court Clerk	Section 8-24-102	68,334 (2)	50,000	"
Clerk and Master	Section 8-24-102	73,354 (2), (3)	50,000	RLI Insurance Company
Juvenile Court Clerk	Chapter 212, Private Acts of 1990	65,514	50,000	Hartford Fire Insurance Company
Register	Section 8-24-102	68,334 (2)	50,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	86,122 (4), (5)	50,000	"
Employees Blanket Bond:				
Office:				
County Mayor:				
All Employees			150,000	Local Government Property and Casualty Fund
Highway Engineer:				
All Employees			150,000	"
Director of Schools:				
All Employees			150,000	"

(1) Includes chief executive officer training of \$700.

(2) Includes certified public administrator supplement of \$2,820 provided by Section 5-1-310, TCA.

(3) Includes special commissioner fees of \$5,020.

(4) Includes law enforcement training supplement of \$519 and a clothing allowance of \$650.

(5) Includes compensation of \$13,023 for supervision of the county workhouse (penal farm).

Exhibit K-6

Madison County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2006

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	District Attorney General
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 12,412,495	\$ 920,154	\$ 1,035,806	\$ 0	0
Trustee's Collections - Prior Year	424,567	33,750	5,000	0	0
Circuit/Clerk & Master Collections - Prior Years	322,540	21,839	0	0	0
Interest and Penalty	76,131	5,846	2,064	0	0
Payments in-Lieu-of Taxes - Local Utilities	215,188	16,039	18,044	0	0
Payments in-Lieu-of Taxes - Other	129,390	9,644	10,848	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,141,411	0	0	0	0
Hotel/Motel Tax	434,670	0	0	0	0
Litigation Tax - General	355,616	0	0	0	0
Litigation Tax - Special Purpose	188,291	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	1,321,807	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	60,874	4,537	5,104	0	0
Wholesale Beer Tax	313,107	0	0	0	0
Interstate Telecommunications Tax	5,271	0	0	0	0
Total Local Taxes	<u>\$ 17,401,358</u>	<u>\$ 1,011,809</u>	<u>\$ 1,076,866</u>	<u>\$ 0</u>	<u>0</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 12,034	\$ 0	\$ 0	\$ 0	0
Animal Vaccination	1,019	0	0	0	0
Cable TV Franchise	268,505	0	0	0	0
<u>Permits</u>					
Building Permits	265,677	0	0	0	0
Other Permits	520	0	0	0	0
Total Licenses and Permits	<u>\$ 547,755</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	District Attorney General
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 63,925	\$ 0	\$ 0	\$ 0	0
Officers Costs	55,229	0	0	0	0
Drug Control Fines	2,202	0	0	0	0
Drug Court Fees	4,532	0	0	0	0
Jail Fees	31,110	0	0	0	0
District Attorney General Fees	0	0	0	0	14,258
DUI Treatment Fines	5,414	0	0	0	0
Data Entry Fee - Circuit Court	2,175	0	0	0	0
Courtroom Security Fee	38	0	0	0	0
<u>General Sessions Court</u>					
Fines	47,998	0	0	0	0
Officers Costs	144,009	0	0	0	0
Game and Fish Fines	344	0	0	0	0
Drug Control Fines	13,952	0	0	4,197	0
Drug Court Fees	8,455	0	0	0	0
Jail Fees	72,445	0	0	0	0
Interpreter Fees	427	0	0	0	0
District Attorney General Fees	0	0	0	0	13,859
DUI Treatment Fines	6,775	0	0	0	0
Data Entry Fee - General Sessions Court	28,302	0	0	0	0
Courtroom Security Fee	701	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	9,691	0	0	0	0
Data Entry Fee - Chancery Court	4,472	0	0	0	0
<u>Other Courts - In-county</u>					
Fines for Littering	1,250	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	3,344
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	12	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 503,458	\$ 0	\$ 0	\$ 4,197	\$ 31,461

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	District Attorney General
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 12,625	\$ 0	\$ 0	\$ 0	\$ 0
Health Department Collections	600,000	0	0	0	0
<u>Fees</u>					
Engineer Review Fees	23,065	0	0	0	0
Recreation Fees	68,811	0	0	0	0
Copy Fees	706	0	0	0	0
Telephone Commissions	109,560	0	0	0	0
Vending Machine Collections	118,132	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	46,782	0	0	0	0
Data Processing Fee - Sheriff	14,371	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,695	0	0	0	0
<u>Education Charges</u>					
Community Service Fees - Adults	432,599	0	0	0	0
TBI Criminal Background Fees	1,270	0	0	0	0
Total Charges for Current Services	\$ 1,429,616	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 346,754	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	185,211	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Sale of Gasoline	4,050	0	0	0	0
Sale of Maps	49,629	0	0	0	0
Sale of Recycled Materials	1,733	0	14,404	0	0
Miscellaneous Refunds	30,424	2,430	0	0	1,318
<u>Nonrecurring Items</u>					
Sale of Equipment	3,008	0	0	0	0
Sale of Property	45,092	0	0	0	0
Damages Recovered from Individuals	505	0	0	0	0
Total Other Local Revenues	\$ 666,406	\$ 2,430	\$ 14,404	\$ 0	\$ 1,318

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	District Attorney General
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Other Officials	\$ 0	\$ 150	\$ 0	\$ 0	0
<u>Fees-In-Lieu of Salary</u>					
County Clerk	814,979	0	0	0	0
Circuit Court Clerk	353,835	0	0	0	0
General Sessions Court Clerk	656,620	0	0	0	0
Clerk and Master	425,040	0	0	0	0
Juvenile Court Clerk	139,446	0	0	0	0
Register	707,946	0	0	0	0
Sheriff	33,308	0	0	0	0
Trustee	1,477,888	0	0	0	0
Total Fees Received from County Officials	\$ 4,609,062	\$ 150	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 271,021	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	28,593	0	0	0	0
Solid Waste Grants	0	0	186,476	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	29,047	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	2,843,982	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
Litter Program	99,885	0	0	0	0
<u>Other State Revenues</u>					
Beer Tax	17,212	0	0	0	0
Alcoholic Beverage Tax	94,598	0	0	0	0
Mixed Drink Tax	9,079	0	0	0	0
Prisoner Transportation	6,793	0	0	0	0
Contracted Prisoner Boarding	1,010,414	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Juvenile Services	Solid Waste / Sanitation	Drug Control	District Attorney General
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Registrar's Salary Supplement	\$ 20,475	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	42,465	180,500	0	0	0
Other State Revenues	452,547	9,000	0	0	0
Total State of Tennessee	<u>\$ 4,926,111</u>	<u>\$ 189,500</u>	<u>\$ 186,476</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 736,901	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	17,490	0	0	0	0
Other Federal through State	237,962	60,271	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	9,800	0	0	0	0
Total Federal Government	<u>\$ 1,002,153</u>	<u>\$ 60,271</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 70,289	\$ 35,663	\$ 0	\$ 0	\$ 0
Contributions	442,009	0	0	0	0
Contracted Services	1,128,480	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 1,640,778</u>	<u>\$ 35,663</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 32,726,697</u>	<u>\$ 1,299,823</u>	<u>\$ 1,277,746</u>	<u>\$ 4,197</u>	<u>\$ 32,779</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 1,684,312	\$ 5,212,539	\$ 345,422	\$ 0	\$ 21,610,728
Trustee's Collections - Prior Year	0	51,884	257,815	1,500	0	774,516
Circuit/Clerk & Master Collections - Prior Years	0	40,318	173,029	0	0	557,726
Interest and Penalty	0	9,137	38,029	686	0	131,893
Payments in-Lieu-of Taxes - Local Utilities	0	29,405	90,887	6,014	0	375,577
Payments in-Lieu-of Taxes - Other	0	17,680	54,652	3,616	0	225,830
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	1,141,411
Hotel/Motel Tax	0	0	0	0	0	434,670
Litigation Tax - General	0	0	0	0	0	355,616
Litigation Tax - Special Purpose	0	0	0	0	0	188,291
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	156,920	0	0	156,920
Business Tax	0	0	0	0	0	1,321,807
Mineral Severance Tax	0	63,915	0	0	0	63,915
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	8,318	25,711	1,703	0	106,247
Wholesale Beer Tax	0	0	0	0	0	313,107
Interstate Telecommunications Tax	0	0	0	0	0	5,271
Total Local Taxes	\$ 0	\$ 1,904,969	\$ 6,009,582	\$ 358,941	\$ 0	\$ 27,763,525
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,034
Animal Vaccination	0	0	0	0	0	1,019
Cable TV Franchise	0	0	0	0	0	268,505
<u>Permits</u>						
Building Permits	0	0	0	0	0	265,677
Other Permits	0	0	0	0	0	520
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 547,755

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	63,925
Officers Costs	0	0	0	0	0	55,229
Drug Control Fines	0	0	0	0	0	2,202
Drug Court Fees	0	0	0	0	0	4,532
Jail Fees	0	0	0	0	0	31,110
District Attorney General Fees	0	0	0	0	0	14,258
DUI Treatment Fines	0	0	0	0	0	5,414
Data Entry Fee - Circuit Court	0	0	0	0	0	2,175
Courtroom Security Fee	0	0	0	0	0	38
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	47,998
Officers Costs	0	0	0	0	0	144,009
Game and Fish Fines	0	0	0	0	0	344
Drug Control Fines	0	0	0	0	0	18,149
Drug Court Fees	0	0	0	0	0	8,455
Jail Fees	0	0	0	0	0	72,445
Interpreter Fees	0	0	0	0	0	427
District Attorney General Fees	0	0	0	0	0	13,859
DUI Treatment Fines	0	0	0	0	0	6,775
Data Entry Fee - General Sessions Court	0	0	0	0	0	28,302
Courtroom Security Fee	0	0	0	0	0	701
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	9,691
Data Entry Fee - Chancery Court	0	0	0	0	0	4,472
<u>Other Courts - In-county</u>						
Fines for Littering	0	0	0	0	0	1,250
<u>Courts in Other District Counties</u>						
District Attorney General Fees	0	0	0	0	0	3,344
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	0	0	0	0	0	12
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	539,116

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,625
Health Department Collections	0	0	0	0	0	600,000
<u>Fees</u>						
Engineer Review Fees	0	0	0	0	0	23,065
Recreation Fees	0	0	0	0	0	68,811
Copy Fees	0	0	0	0	0	706
Telephone Commissions	0	0	0	0	0	109,560
Vending Machine Collections	0	0	0	0	0	118,132
Constitutional Officers' Fees and Commissions	5,020	0	0	0	0	5,020
Data Processing Fee - Register	0	0	0	0	0	46,782
Data Processing Fee - Sheriff	0	0	0	0	0	14,371
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,695
<u>Education Charges</u>						
Community Service Fees - Adults	0	0	0	0	0	432,599
TBI Criminal Background Fees	0	0	0	0	0	1,270
Total Charges for Current Services	\$ 5,020	\$ 0	\$ 0	\$ 0	\$ 0	1,434,636
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 4,780	\$ 0	\$ 0	351,534
Lease/Rentals	0	0	0	0	33,116	218,327
Sale of Materials and Supplies	0	2,632	0	0	0	2,632
Sale of Gasoline	0	0	0	0	0	4,050
Sale of Maps	0	0	0	0	0	49,629
Sale of Recycled Materials	0	0	0	0	0	16,137
Miscellaneous Refunds	0	93,893	0	0	0	128,065
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	3,008
Sale of Property	0	0	0	0	0	45,092
Damages Recovered from Individuals	0	0	0	0	0	505
Total Other Local Revenues	\$ 0	\$ 96,525	\$ 4,780	\$ 0	\$ 33,116	\$ 818,979

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Other Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	150
<u>Fees-In-Lieu of Salary</u>						
County Clerk	0	0	0	0	0	814,979
Circuit Court Clerk	0	0	0	0	0	353,835
General Sessions Court Clerk	0	0	0	0	0	656,620
Clerk and Master	0	0	0	0	0	425,040
Juvenile Court Clerk	0	0	0	0	0	139,446
Register	0	0	0	0	0	707,946
Sheriff	0	0	0	0	0	33,308
Trustee	0	0	0	0	0	1,477,888
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,609,212
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	271,021
State Reappraisal Grant	0	0	0	0	0	28,593
Solid Waste Grants	0	0	0	0	0	186,476
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	29,047
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	2,843,982
<u>Public Works Grants</u>						
Bridge Program	0	37,451	0	0	0	37,451
Litter Program	0	0	0	0	0	99,885
<u>Other State Revenues</u>						
Beer Tax	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	94,598
Mixed Drink Tax	0	0	0	0	0	9,079
Prisoner Transportation	0	0	0	0	0	6,793
Contracted Prisoner Boarding	0	0	0	0	0	1,010,414
Gasoline and Motor Fuel Tax	0	2,342,027	0	0	0	2,342,027
Petroleum Special Tax	0	73,876	0	0	0	73,876

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	20,475
Other State Grants	0	50,000	0	72,301	13,498	358,764
Other State Revenues	0	0	0	0	0	461,547
Total State of Tennessee	\$ 0	\$ 2,503,354	\$ 0	\$ 72,301	\$ 13,498	\$ 7,891,240
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	736,901
Law Enforcement Grants	0	0	0	0	0	17,490
Other Federal through State	0	0	0	517,000	0	815,233
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	9,800
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 517,000	\$ 0	\$ 1,579,424
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	105,952
Contributions	0	0	0	586,307	0	1,028,316
Contracted Services	0	0	0	44,000	0	1,172,480
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 630,307	\$ 0	\$ 2,306,748
Total	\$ 5,020	\$ 4,504,848	\$ 6,014,362	\$ 1,578,549	\$ 46,614	\$ 47,490,635

Exhibit K-7

Madison County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Madison County School Department
For the Year Ended June 30, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 13,954,420	\$ 0	\$ 0	\$ 0	\$ 13,954,420
Trustee's Collections - Prior Year	440,615	0	0	0	440,615
Circuit/Clerk & Master Collections - Prior Years	268,783	0	0	0	268,783
Interest and Penalty	65,111	0	0	0	65,111
Payments in-Lieu-of Taxes - T.V.A.	1,539	0	0	0	1,539
Payments in-Lieu-of Taxes - Local Utilities	241,918	0	0	0	241,918
Payments in-Lieu-of Taxes - Other	371,257	0	0	0	371,257
<u>County Local Option Taxes</u>					
Local Option Sales Tax	32,575,109	0	0	0	32,575,109
<u>Statutory Local Taxes</u>					
Bank Excise Tax	68,436	0	0	0	68,436
Interstate Telecommunications Tax	15,595	0	0	0	15,595
Total Local Taxes	\$ 48,002,783	\$ 0	\$ 0	\$ 0	\$ 48,002,783
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 8,038	\$ 0	\$ 0	\$ 0	\$ 8,038
<u>Permits</u>					
Other Permits	3,255	0	0	0	3,255
Total Licenses and Permits	\$ 11,293	\$ 0	\$ 0	\$ 0	\$ 11,293
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 8,074	\$ 0	\$ 0	\$ 0	\$ 8,074
Tuition - Other	374,505	0	0	0	374,505
Lunch Payments - Children	0	0	1,061,568	0	1,061,568
Lunch Payments - Adults	0	0	211,694	0	211,694
Income from Breakfast	0	0	85,773	0	85,773
A la carte Sales	0	0	403,049	0	403,049
Total Charges for Current Services	\$ 382,579	\$ 0	\$ 1,762,084	\$ 0	\$ 2,144,663
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 342,894	\$ 0	\$ 88,065	\$ 22,321	\$ 453,280
Lease/Rentals	1	0	0	0	1
Miscellaneous Refunds	85,662	0	0	0	85,662
<u>Nonrecurring Items</u>					
Sale of Equipment	7,132	0	0	0	7,132
Sale of Property	630	0	0	0	630
Damages Recovered from Individuals	223	0	0	0	223
Contributions & Gifts	3,750	0	0	0	3,750
Total Other Local Revenues	\$ 440,292	\$ 0	\$ 88,065	\$ 22,321	\$ 550,678
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 37,010,957	\$ 0	\$ 0	\$ 0	\$ 37,010,957
School Food Service	0	0	85,763	0	85,763
Other State Education Funds	265	0	0	0	265
Career Ladder Program	999,868	0	0	0	999,868
Career Ladder - Extended Contract	287,467	0	0	0	287,467
<u>Other State Revenues</u>					
Mixed Drink Tax	9,414	0	0	0	9,414
State Revenue Sharing - T.V.A.	714,545	0	0	0	714,545
Other State Grants	2,126,609	0	0	0	2,126,609
Total State of Tennessee	\$ 41,149,125	\$ 0	\$ 85,763	\$ 0	\$ 41,234,888

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,046,910	\$ 0	\$ 3,046,910
Breakfast	0	0	1,068,679	0	1,068,679
Vocational Education - Basic Grants to States	0	546,539	0	0	546,539
Title I Grants to Local Education Agencies	0	2,109,509	0	0	2,109,509
Innovative Education Program Strategies	0	71,479	0	0	71,479
Special Education - Grants to States	5,718	3,657,389	0	0	3,663,107
Other Federal through State	254,473	1,179,044	0	0	1,433,517
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	152,836	0	0	0	152,836
Other Direct Federal Revenue	2,300,821	0	0	0	2,300,821
Total Federal Government	\$ 2,713,848	\$ 7,563,960	\$ 4,115,589	\$ 0	\$ 14,393,397
Total	\$ 92,699,920	\$ 7,563,960	\$ 6,051,501	\$ 22,321	\$ 106,337,702

Madison County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Secretary to Board	\$	21,863	
Board and Committee Members Fees		93,096	
Travel		3,491	
Total County Commission			\$ 118,450

County Mayor/Executive

County Official/Administrative Officer	\$	89,200	
Educational Incentive - Other County Employees		1,875	
Other Salaries & Wages		82,027	
Communication		2,989	
Maintenance & Repair Services - Vehicles		674	
Travel		4,686	
Gasoline		2,829	
Office Supplies		4,768	
Other Supplies and Materials		2,496	
Total County Mayor/Executive			191,544

Personnel Office

Educational Incentive - Other County Employees	\$	4,875	
Other Salaries & Wages		100,085	
Communication		313	
Office Supplies		3,197	
Total Personnel Office			108,470

County Attorney

County Official/Administrative Officer	\$	29,426	
Legal Services		1,109	
Total County Attorney			30,535

Election Commission

County Official/Administrative Officer	\$	65,514	
Deputy(ies)		64,482	
Election Commission		4,205	
Election Workers		67,088	
Communication		351	
Maintenance & Repair Services - Equipment		2,896	
Travel		1,732	
Office Supplies		4,045	
Voting Machines		1,200	
Total Election Commission			211,513

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	65,514	
Deputy(ies)		132,461	
Educational Incentive - Official/Admin Officer		2,820	
Educational Incentive - Other County Employees		100	
Communication		125	
Travel		841	
Data Processing Supplies		36,897	
Office Supplies		9,907	
Total Register of Deeds			\$ 248,665

County Buildings

Custodial Personnel	\$	70,334	
Communication		632	
Maintenance & Repair Services - Buildings		31,115	
Maintenance & Repair Services - Vehicles		450	
Other Contracted Services		1,059	
Custodial Supplies		15,444	
Gasoline		2,113	
Building Improvements		1,709	
Total County Buildings			122,856

Other Facilities

Custodial Personnel	\$	30,580	
Communication		48,798	
Maintenance & Repair Services - Buildings		90,431	
Pest Control		2,640	
Custodial Supplies		1,180	
Utilities		249,179	
Total Other Facilities			422,808

Preservation of Records

Assistant(s)	\$	12,504	
Communication		1,031	
Travel		201	
Office Supplies		1,189	
Total Preservation of Records			14,925

Finance

Accounting and Budgeting

Supervisor/Director	\$	77,500	
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(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Educational Incentive - Other County Employees	\$	6,000	
Other Salaries & Wages		396,894	
Audit Services		21,167	
Communication		7,684	
Data Processing Services		13,060	
Travel		1,236	
Office Supplies		12,259	
Building Improvements		4,166	
Office Equipment		122	
Total Accounting and Budgeting			\$ 540,088

Purchasing

County Official/Administrative Officer	\$	10,906	
Purchasing Personnel		7,949	
Communication		51	
Office Supplies		733	
Total Purchasing			19,639

Property Assessor's Office

County Official/Administrative Officer	\$	65,514	
Deputy(ies)		358,008	
Educational Incentive - Official/Admin Officer		2,820	
Educational Incentive - Other County Employees		3,000	
Board and Committee Members Fees		2,700	
In-Service Training		1,529	
Audit Services		38,065	
Communication		1,921	
Consultants		6,302	
Data Processing Services		25,783	
Rentals		40,630	
Travel		5,355	
Office Supplies		10,274	
Building Improvements		4,403	
Total Property Assessor's Office			566,304

Reappraisal Program

Other Salaries & Wages	\$	75,105	
Data Processing Services		8,561	
Rentals		16,075	
Travel		6,180	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Office Supplies	\$ 7,896	
Total Reappraisal Program		\$ 113,817

County Trustee's Office

County Official/Administrative Officer	\$ 65,514	
Deputy(ies)	155,859	
Educational Incentive - Official/Admin Officer	2,820	
Communication	291	
Travel	1,999	
Office Supplies	7,436	
Total County Trustee's Office		233,919

County Clerk's Office

County Official/Administrative Officer	\$ 65,514	
Deputy(ies)	329,392	
Educational Incentive - Official/Admin Officer	2,820	
Communication	915	
Travel	48	
Office Supplies	15,668	
Total County Clerk's Office		414,357

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 65,514	
Deputy(ies)	464,381	
Educational Incentive - Official/Admin Officer	2,820	
Educational Incentive - Other County Employees	4,500	
Jury and Witness Fees	43,071	
Communication	215	
Data Processing Services	8,437	
Operating Lease Payments	8,184	
Travel	2,272	
Data Processing Supplies	1,803	
Duplicating Supplies	976	
Office Supplies	8,361	
Data Processing Equipment	6,710	
Total Circuit Court		617,244

General Sessions Court

Judge(s)	\$ 115,238	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Other Salaries & Wages	\$ 97,128	
Communication	111	
Travel	1,355	
Office Supplies	7,733	
Total General Sessions Court		\$ 221,565

Drug Court

Other Charges	\$ 2,507	
Total Drug Court		2,507

Chancery Court

County Official/Administrative Officer	\$ 65,514	
Deputy(ies)	246,940	
Educational Incentive - Official/Admin Officer	2,820	
Educational Incentive - Other County Employees	1,500	
Jury and Witness Fees	500	
Communication	444	
Maintenance & Repair Services - Office Equipment	4,999	
Rentals	7,932	
Travel	2,385	
Data Processing Supplies	683	
Office Supplies	28,899	
Data Processing Equipment	6,000	
Total Chancery Court		368,616

Juvenile Court

Judge(s)	\$ 115,238	
Deputy(ies)	83,187	
Communication	2,471	
Data Processing Services	882	
Dues and Memberships	1,495	
Maintenance & Repair Services - Buildings	6,787	
Maintenance & Repair Services - Equipment	788	
Rentals	2,166	
Travel	3,459	
Custodial Supplies	1,274	
Office Supplies	3,305	
Periodicals	1,002	
Utilities	29,239	
Other Supplies and Materials	1,697	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Building Improvements	\$	3,227	
Data Processing Equipment		146	
Furniture and Fixtures		245	
Total Juvenile Court			\$ 256,608

District Attorney General

Assistant(s)	\$	50,628	
Total District Attorney General			50,628

Office of Public Defender

Salary Supplements	\$	42,804	
Travel		610	
Other Charges		400	
Total Office of Public Defender			43,814

Probate Court

Deputy(ies)	\$	31,958	
Communication		31	
Maintenance & Repair Services - Office Equipment		3,000	
Travel		225	
Office Supplies		7,081	
Total Probate Court			42,295

Other Administration of Justice

Contracts with Government Agencies	\$	17,231	
Other Contracted Services		303,790	
Total Other Administration of Justice			321,021

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,930	
Deputy(ies)		2,638,135	
Educational Incentive - Other County Employees		4,875	
Other Salaries & Wages		46,166	
In-Service Training		31,122	
Communication		76,424	
Contracts with Private Agencies		6,350	
Data Processing Services		11,988	
Maintenance & Repair Services - Buildings		8,862	
Maintenance & Repair Services - Vehicles		97,967	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Pest Control	\$	360	
Rentals		4,000	
Travel		20,800	
Gasoline		171,201	
Law Enforcement Supplies		10,970	
Office Supplies		23,825	
Uniforms		30,073	
Utilities		40,202	
Total Sheriff's Department			\$ 3,295,250

Special Patrols

Deputy(ies)	\$	308,811	
Other Salaries & Wages		51,244	
Uniforms		3,250	
Total Special Patrols			363,305

Jail

Deputy(ies)	\$	3,411,450	
Maintenance Personnel		86,124	
In-Service Training		42,533	
Communication		2,937	
Maintenance & Repair Services - Buildings		150	
Maintenance & Repair Services - Equipment		8,003	
Medical and Dental Services		30,000	
Custodial Supplies		36,363	
Drugs and Medical Supplies		228,350	
Food Preparation Supplies		12,900	
Food Supplies		284,054	
Law Enforcement Supplies		67,118	
Office Supplies		22,661	
Prisoners Clothing		5,020	
Uniforms		33,859	
Other Supplies and Materials		19,977	
Total Jail			4,291,499

Workhouse

County Official/Administrative Officer	\$	13,023	
Guards		1,072,380	
In-Service Training		16,080	
Communication		9,387	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Maintenance & Repair Services - Buildings	\$	11,510	
Maintenance & Repair Services - Equipment		1,679	
Maintenance & Repair Services - Vehicles		1,536	
Pest Control		840	
Custodial Supplies		11,133	
Drugs and Medical Supplies		45,832	
Food Preparation Supplies		4,972	
Food Supplies		91,673	
Gasoline		3,786	
Law Enforcement Supplies		240	
Office Supplies		4,787	
Prisoners Clothing		2,854	
Uniforms		8,394	
Utilities		75,791	
Other Supplies and Materials		5,328	
Total Workhouse			\$ 1,381,225

Correctional Incentive Program Improvements

Probation Officer(s)	\$	159,417	
Other Fringe Benefits		52,588	
Communication		10,022	
Evaluation and Testing		45,900	
Maintenance & Repair Services - Buildings		1,263	
Printing, Stationery, and Forms		105	
Rentals		22,121	
Travel		6,341	
Office Supplies		6,089	
Utilities		2,531	
Motor Vehicles		70,076	

Total Correctional Incentive Program Improvements 376,453

Juvenile Services

County Official/Administrative Officer	\$	65,514	
Deputy(ies)		54,906	
Accountants/Bookkeepers		42,024	
Paraprofessionals		17,552	
Clerical Personnel		92,152	
Communication		488	
Data Processing Services		600	
Dues and Memberships		249	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Maintenance & Repair Services - Buildings	\$	472	
Maintenance & Repair Services - Equipment		705	
Printing, Stationery, and Forms		984	
Rentals		5,252	
Data Processing Supplies		591	
Office Supplies		2,540	
Building Improvements		105	
Office Equipment		368	
Total Juvenile Services			\$ 284,502

Work Release Program

Other Salaries & Wages	\$	252,560	
Other Fringe Benefits		67,428	
Communication		12,556	
Maintenance & Repair Services - Buildings		37,548	
Maintenance & Repair Services - Vehicles		50,899	
Printing, Stationery, and Forms		427	
Rentals		54,179	
Travel		3,507	
Office Supplies		21,446	
Utilities		9,782	
Other Equipment		29,617	
Total Work Release Program			539,949

Fire Prevention and Control

Mechanic(s)	\$	79,624	
Other Salaries & Wages		179,482	
Communication		6,471	
Maintenance & Repair Services - Equipment		49,852	
Travel		381	
Equipment and Machinery Parts		96,562	
Gasoline		29,755	
Utilities		42,296	
Gravel and Chert		5,791	
Total Fire Prevention and Control			490,214

Civil Defense

Other Salaries & Wages	\$	133,287	
Other Fringe Benefits		39,000	
Communication		3,879	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Dues and Memberships	\$	395	
Operating Lease Payments		1,078	
Maintenance Agreements		1,758	
Maintenance & Repair Services - Vehicles		2,033	
Printing, Stationery, and Forms		200	
Travel		1,659	
Gasoline		4,105	
Office Supplies		781	
Utilities		13,502	
Other Supplies and Materials		6,008	
Building Improvements		209	
Total Civil Defense			\$ 207,894

Other Emergency Management

Other Salaries & Wages	\$	940	
Other Contracted Services		9,819	
Other Supplies and Materials		672,277	
Other Charges		446	
Total Other Emergency Management			683,482

Inspection and Regulation

County Official/Administrative Officer	\$	44,378	
Other Salaries & Wages		66,867	
In-Service Training		225	
Communication		1,037	
Dues and Memberships		200	
Maintenance & Repair Services - Vehicles		2,491	
Gasoline		3,613	
Office Supplies		2,059	
Total Inspection and Regulation			120,870

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	25,283	
Contracts with Public Carriers		4,250	
Pauper Burials		250	
Other Contracted Services		53,660	
Other Charges		757	
Total County Coroner/Medical Examiner			84,200

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Other Salaries & Wages	\$	12,165	
Travel		295	
Other Supplies and Materials		590	
Total Other Public Safety			\$ 13,050

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	198,384	
Paraprofessionals		22,365	
Other Salaries & Wages		766,878	
Other Fringe Benefits		297,067	
Communication		31,027	
Janitorial Services		49,980	
Maintenance & Repair Services - Buildings		36,157	
Maintenance & Repair Services - Vehicles		4,791	
Travel		15,412	
Drugs and Medical Supplies		127,759	
Gasoline		11,204	
Office Supplies		28,322	
Utilities		48,534	
Other Supplies and Materials		1,125	
Liability Insurance		13,240	
Other Charges		27,331	
Total Local Health Center			1,679,576

Rabies and Animal Control

Other Salaries & Wages	\$	125,255	
Other Fringe Benefits		46,467	
Communication		6,073	
Maintenance & Repair Services - Buildings		3,845	
Maintenance & Repair Services - Vehicles		1,067	
Veterinary Services		234	
Animal Food and Supplies		7,503	
Gasoline		8,505	
Utilities		4,726	
Total Rabies and Animal Control			203,675

Maternal and Child Health Services

Other Salaries & Wages	\$	1,758,447	
Other Fringe Benefits		512,918	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services (Cont.)

Contracts with Government Agencies	\$ 376,947	
Travel	<u>27,236</u>	
Total Maternal and Child Health Services		\$ 2,675,548

Alcohol and Drug Programs

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

Crippled Children Services

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

Other Local Health Services

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

General Welfare Assistance

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

Sanitation Management

Other Salaries & Wages	\$ 12,808	
In-Service Training	1,551	
Communication	3	
Maintenance & Repair Services - Vehicles	162	
Other Contracted Services	2,500	
Gasoline	1,404	
Office Supplies	<u>1,660</u>	
Total Sanitation Management		20,088

Sanitation Education/Information

Other Salaries & Wages	\$ 47,173	
Other Supplies and Materials	<u>12,100</u>	
Total Sanitation Education/Information		59,273

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Other Fringe Benefits	\$ 62,905	
Contributions	877,770	
Total Libraries		\$ 940,675

Parks and Fair Boards

Temporary Personnel	\$ 9,678	
Part-time Personnel	4,845	
Other Salaries & Wages	413,306	
Communication	7,330	
Legal Notices, Recording, and Court Costs	100	
Maintenance & Repair Services - Equipment	111,184	
Travel	1,224	
Gasoline	29,962	
Utilities	107,366	
Other Supplies and Materials	3,388	
Other Charges	11,226	
Total Parks and Fair Boards		699,609

Other Social, Cultural, and Recreational

Other Salaries & Wages	\$ 20,841	
Other Supplies and Materials	37,193	
Total Other Social, Cultural, and Recreational		58,034

Agriculture & Natural Resources

Agriculture Extension Service

Other Salaries & Wages	\$ 116,151	
Other Fringe Benefits	17,762	
Communication	4,680	
Contributions	3,299	
Office Supplies	3,945	
Total Agriculture Extension Service		145,837

Forest Service

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

Soil Conservation

Other Salaries & Wages	\$ 73,312	
Travel	444	
Total Soil Conservation		73,756

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Flood Control

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

Other Operations

Industrial Development

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

Other Economic and Community Development

Principal on Notes	\$ 13,116	
Interest on Notes	3,972	

Total Other Economic and Community Development 17,088

Airport

Other Fringe Benefits	\$ 48,270	
Contributions	195,269	
Liability Insurance	24,605	
Total Airport		268,144

Contributions to Other Agencies

Contributions	\$ 205,781	
Total Contributions to Other Agencies		205,781

Employee Benefits

Social Security	\$ 721,230	
State Retirement	1,560,446	
Employee and Dependent Insurance	1,231,839	
Life Insurance	40,320	
Unemployment Compensation	22,836	
Local Retirement	987	
Employer Medicare	177,638	
Other Fringe Benefits	989	
Total Employee Benefits		3,756,285

Miscellaneous

Medical Personnel	\$ 34,435	
Other Salaries & Wages	135,544	
Board and Committee Members Fees	7,346	
Communication	120,967	
Consultants	1,394	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Contracts with Government Agencies	\$	24,000	
Contracts with Other Public Agencies		35,226	
Data Processing Services		10,476	
Dues and Memberships		17,409	
Legal Services		215	
Legal Notices, Recording, and Court Costs		13,159	
Postal Charges		106,051	
Travel		114	
Remittance of Revenue Collected		97,336	
Other Contracted Services		5,040	
Gasoline		10,003	
Utilities		114,610	
Other Supplies and Materials		17,321	
Excess Risk Insurance		238,666	
Liability Insurance		405,236	
Premiums on Corporate Surety Bonds		200	
Refunds		33,053	
Trustee's Commission		332,335	
Workers' Compensation Insurance		437,503	
Fines, Assessments, and Penalties		57,657	
Other Charges		8,047	
Interest on Notes		7,618	
Building Improvements		3,561	
Heating and Air Conditioning Equipment		31,320	
Office Equipment		13,695	
Total Miscellaneous			\$ 2,319,537

Total General Fund

\$ 30,782,045

Juvenile Services Fund

Public Safety

Juvenile Services

County Official/Administrative Officer	\$	63,672
Supervisor/Director		155,088
Accountants/Bookkeepers		37,142
Social Workers		265,487
Paraprofessionals		5,562
Guards		249,512
Clerical Personnel		40,742
Cafeteria Personnel		32,855

(Continued)

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

Juvenile Services Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Custodial Personnel	\$	34,706	
Other Salaries & Wages		2,025	
Social Security		63,561	
State Retirement		97,162	
Employee and Dependent Insurance		90,365	
Life Insurance		2,475	
Bank Charges		32	
Communication		13,571	
Data Processing Services		1,725	
Janitorial Services		1,959	
Maintenance & Repair Services - Buildings		15,147	
Maintenance & Repair Services - Equipment		9,465	
Maintenance & Repair Services - Vehicles		2,678	
Medical and Dental Services		1,984	
Printing, Stationery, and Forms		1,983	
Travel		17,025	
Remittance of Revenue Collected		6,355	
Other Contracted Services		12,599	
Custodial Supplies		3,688	
Data Processing Supplies		2,702	
Food Supplies		22,880	
Gasoline		1,967	
Instructional Supplies and Materials		7,113	
Office Supplies		6,396	
Utilities		40,393	
Other Supplies and Materials		3,078	
Excess Risk Insurance		18,671	
Liability Insurance		25,828	
Trustee's Commission		19,872	
Workers' Compensation Insurance		36,943	
Data Processing Equipment		1,776	
Office Equipment		1,589	
Other Equipment		648	
Total Juvenile Services			\$ 1,418,421

Total Juvenile Services Fund

\$ 1,418,421

(Continued)

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	54,321	
Part-time Personnel		229,939	
Other Fringe Benefits		35,050	
Communication		5,974	
Operating Lease Payments		9,912	
Maintenance & Repair Services - Equipment		14,719	
Maintenance & Repair Services - Vehicles		16,560	
Travel		578	
Gasoline		20,550	
Utilities		9,647	
Other Supplies and Materials		1,402	
Trustee's Commission		21,060	
Other Charges		23,491	
Total Convenience Centers			\$ 443,203

Landfill Operation and Maintenance

Contracts with Government Agencies	\$	370,495	
Other Contracted Services		71,012	
Total Landfill Operation and Maintenance			441,507

Total Solid Waste/Sanitation Fund \$ 884,710

Drug Control Fund

Public Safety

Drug Enforcement

Trustee's Commission	\$	50	
Law Enforcement Equipment		8,278	
Total Drug Enforcement			\$ 8,328

Total Drug Control Fund 8,328

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	7,211	
Travel		10,443	
Office Supplies		7,418	
Trustee's Commission		336	
Other Charges		137,316	
Total District Attorney General			\$ 162,724

Total District Attorney General Fund 162,724

(Continued)

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 5,020	
Total Chancery Court		\$ 5,020

Total Constitutional Officers - Fees Fund \$ 5,020

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 102,015	
Clerical Personnel	125,269	
Educational Incentive - Other County Employees	6,000	
Other Salaries & Wages	29,000	
Data Processing Services	2,876	
Dues and Memberships	3,500	
Maintenance & Repair Services - Buildings	6,968	
Maintenance & Repair Services - Office Equipment	562	
Postal Charges	821	
Travel	1,122	
Office Supplies	1,545	
Other Charges	495	
Total Administration		\$ 280,173

Highway and Bridge Maintenance

Foremen	\$ 305,140	
Equipment Operators	415,667	
Truck Drivers	70,037	
Laborers	67,406	
Asphalt - Hot Mix	25,304	
Asphalt - Liquid	295,451	
Concrete	75	
Crushed Stone	200,920	
Pipe - Metal	24,023	
Road Signs	20,429	
Sand	201	
Small Tools	3,582	
Wood Products	2,517	
Gravel and Chert	148,124	
Chemicals	103,082	
Other Supplies and Materials	3,087	
Other Charges	4,838	
Total Highway and Bridge Maintenance		1,689,883

(Continued)

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)	\$	73,154	
Laundry Service		856	
Maintenance & Repair Services - Equipment		29,841	
Diesel Fuel		68,704	
Equipment Parts - Heavy		5,874	
Equipment and Machinery Parts		97,156	
Garage Supplies		2,532	
Gasoline		46,320	
Lubricants		2,857	
Small Tools		2,957	
Tires and Tubes		18,646	
Other Supplies and Materials		8,897	
Other Capital Outlay		<u>76</u>	
Total Operation and Maintenance of Equipment	\$		357,870

Other Charges

Communication	\$	11,940	
Contracts with Private Agencies		1,170	
Remittance of Revenue Collected		11,011	
Natural Gas		22,821	
Liability Insurance		30,134	
Trustee's Commission		61,311	
Other Charges		<u>147</u>	
Total Other Charges			138,534

Employee Benefits

Social Security	\$	86,523	
State Retirement		153,450	
Employee and Dependent Insurance		195,034	
Workers' Compensation Insurance		<u>121,843</u>	
Total Employee Benefits			556,850

Capital Outlay

Engineering Services	\$	37,148	
Vehicle Parts		84,421	
Gravel and Chert		163,246	
Bridge Construction		208,502	
Motor Vehicles		250,603	
Other Capital Outlay		<u>3,694</u>	
Total Capital Outlay			<u>747,614</u>

Total Highway/Public Works Fund \$ 3,770,924

(Continued)

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 1,265,000	
Principal on Notes	<u>2,760,000</u>	
Total General Government		\$ 4,025,000

Interest on Debt

General Government

Interest on Bonds	\$ 2,007,537	
Interest on Notes	<u>1,716,467</u>	
Total General Government		3,724,004

Other Debt Service

General Government

Remittance of Revenue Collected	\$ 47,409	
Trustee's Commission	115,216	
Other Debt Issuance Charges	53,514	
Other Debt Service	<u>4,262</u>	
Total General Government		<u>220,401</u>

Total General Debt Service Fund \$ 7,969,405

General Capital Projects Fund

General Government

Election Commission

Building Improvements	\$ 3,113	
Voting Machines	<u>604,500</u>	
Total Election Commission		\$ 607,613

County Buildings

Other Contracted Services	\$ 3,254	
Building Improvements	<u>11,745</u>	
Total County Buildings		14,999

Finance

Accounting and Budgeting

Building Improvements	\$ 4,600	
Communication Equipment	8,500	
Data Processing Equipment	<u>6,000</u>	
Total Accounting and Budgeting		19,100

(Continued)

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

General Capital Projects Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

Motor Vehicles	\$ 55,712	
Total Property Assessor's Office		\$ 55,712

County Trustee's Office

Data Processing Equipment	\$ 4,196	
Total County Trustee's Office		4,196

County Clerk's Office

Data Processing Equipment	\$ 8,680	
Total County Clerk's Office		8,680

Public Safety

Sheriff's Department

Motor Vehicles	\$ 159,020	
Total Sheriff's Department		159,020

Juvenile Services

Building Improvements	\$ 1,952	
Total Juvenile Services		1,952

Fire Prevention and Control

Motor Vehicles	\$ 203,394	
Total Fire Prevention and Control		203,394

Civil Defense

Other Equipment	\$ 1,278	
Total Civil Defense		1,278

Public Health and Welfare

Rabies and Animal Control

Motor Vehicles	\$ 27,463	
Total Rabies and Animal Control		27,463

Sanitation Management

Data Processing Equipment	\$ 650	
Total Sanitation Management		650

Social, Cultural, and Recreational Services

Libraries

Building Improvements	\$ 59,803	
Total Libraries		59,803

(Continued)

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Social, Cultural, and Recreational Services (Cont.)</u>		
<u>Parks and Fair Boards</u>		
Building Construction	\$ 69,864	
Building Improvements	6,000	
Site Development	24,387	
Other Capital Outlay	<u>61,639</u>	
Total Parks and Fair Boards		\$ 161,890
 <u>Other Operations</u>		
<u>Airport</u>		
Airport Improvement	\$ <u>32,489</u>	
Total Airport		32,489
 <u>Miscellaneous</u>		
Remittance of Revenue Collected	\$ 3,701	
Trustee's Commission	<u>7,028</u>	
Total Miscellaneous		<u>10,729</u>
Total General Capital Projects Fund		\$ 1,368,968
 <u>Community Development/Industrial Park Fund</u>		
<u>Other Operations</u>		
<u>Industrial Development</u>		
Other Contracted Services	\$ 13,498	
Trustee's Commission	331	
Land	<u>165,135</u>	
Total Industrial Development		<u>\$ 178,964</u>
Total Community Development/Industrial Park Fund		<u>178,964</u>
Total Governmental Funds - Primary Government		<u>\$ 46,549,509</u>

Madison County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Madison County School Department
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 33,136,432	
Career Ladder Program	576,291	
Career Ladder Extended Contracts	256,500	
Homebound Teachers	100,922	
Educational Assistants	1,254,966	
Certified Substitute Teachers	613,246	
Social Security	2,631,302	
State Retirement	2,490,152	
Life Insurance	129,194	
Medical Insurance	2,567,493	
Dental Insurance	132,012	
Other Fringe Benefits	570,863	
Travel	1,292	
Other Contracted Services	716,561	
Instructional Supplies and Materials	2,093,711	
Textbooks	58,185	
In Service/Staff Development	10,000	
Other Charges	35,877	
Regular Instruction Equipment	157,704	
Total Regular Instruction Program		\$ 47,532,703

Special Education Program

Teachers	\$ 5,749,215
Career Ladder Program	107,017
Career Ladder Extended Contracts	8,000
Homebound Teachers	50,440
Educational Assistants	418,172
Other Salaries & Wages	79,183
Certified Substitute Teachers	107,195
Social Security	458,538
State Retirement	376,896
Life Insurance	22,312
Medical Insurance	417,274
Dental Insurance	23,126
Contracts with Private Agencies	385,685
Travel	38,864
Other Contracted Services	128,108
Instructional Supplies and Materials	129,272
Other Supplies and Materials	67,913

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

In Service/Staff Development	\$ 6,600	
Special Education Equipment	<u>75,322</u>	
Total Special Education Program		\$ 8,649,132

Vocational Education Program

Teachers	\$ 2,009,925	
Career Ladder Program	30,000	
Career Ladder Extended Contracts	8,000	
Other Salaries & Wages	247,935	
Certified Substitute Teachers	32,767	
Social Security	163,086	
State Retirement	124,760	
Life Insurance	7,936	
Medical Insurance	163,072	
Dental Insurance	6,737	
Instructional Supplies and Materials	276,765	
Vocational Instruction Equipment	<u>125,016</u>	
Total Vocational Education Program		3,195,999

Support Services

Attendance

Supervisor/Director	\$ 62,707	
Career Ladder Program	1,220	
Other Salaries & Wages	90,534	
Social Security	11,280	
State Retirement	12,279	
Life Insurance	374	
Medical Insurance	5,983	
Dental Insurance	623	
Travel	83	
Other Supplies and Materials	8,365	
Attendance Equipment	<u>1,056</u>	
Total Attendance		194,504

Health Services

Medical Personnel	\$ 37,630	
Social Security	2,424	
State Retirement	3,643	
Life Insurance	126	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Medical Insurance	\$	4,615	
Dental Insurance		300	
Total Health Services			\$ 48,738

Other Student Support

Career Ladder Program	\$	53,367	
Guidance Personnel		1,688,758	
Psychological Personnel		325,595	
Clerical Personnel		28,911	
Social Security		146,374	
State Retirement		117,445	
Life Insurance		7,345	
Medical Insurance		129,632	
Dental Insurance		7,800	
Evaluation and Testing		49,650	
Travel		5,770	
Other Contracted Services		17,786	
Other Supplies and Materials		13,503	
Other Equipment		7,082	
Total Other Student Support			2,599,018

Regular Instruction Program

Supervisor/Director	\$	482,420	
Career Ladder Program		41,999	
Librarians		1,150,822	
Clerical Personnel		111,997	
Other Salaries & Wages		272,653	
Social Security		144,189	
State Retirement		129,622	
Life Insurance		6,868	
Medical Insurance		137,084	
Dental Insurance		8,257	
Maintenance & Repair Services - Equipment		54	
Travel		118,643	
Instructional Supplies and Materials		38	
Library Books/Media		139,993	
Other Supplies and Materials		38,626	
In Service/Staff Development		160,756	
Other Charges		26,250	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 112,890	
Total Regular Instruction Program		\$ 3,083,161

Special Education Program

Supervisor/Director	\$ 139,155	
Career Ladder Program	5,505	
Clerical Personnel	27,260	
Other Salaries & Wages	259,009	
Social Security	30,490	
State Retirement	29,394	
Life Insurance	1,102	
Medical Insurance	29,919	
Dental Insurance	1,588	
Travel	723	
In Service/Staff Development	24,216	
Total Special Education Program		548,361

Vocational Education Program

Supervisor/Director	\$ 66,334	
Career Ladder Program	1,000	
Secretary(ies)	26,406	
Social Security	6,702	
State Retirement	7,051	
Life Insurance	295	
Medical Insurance	6,276	
Dental Insurance	323	
Travel	6,191	
Other Supplies and Materials	982	
Other Charges	159	
Total Vocational Education Program		121,719

Board of Education

Secretary to Board	\$ 5,400	
Board and Committee Members Fees	32,400	
Social Security	2,657	
State Retirement	698	
Unemployment Compensation	84,485	
Audit Services	33,068	
Dues and Memberships	8,228	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Legal Services	\$	24,059	
Travel		3,701	
Liability Insurance		237	
Trustee's Commission		693,193	
Workers' Compensation Insurance		735,654	
Other Charges		14,678	
Total Board of Education			\$ 1,638,458

Director of Schools

County Official/Administrative Officer	\$	103,080	
Assistant(s)		86,257	
Career Ladder Program		700	
Secretary(ies)		179,819	
Social Security		24,965	
State Retirement		31,132	
Life Insurance		1,078	
Medical Insurance		21,223	
Dental Insurance		1,358	
Communication		22,678	
Dues and Memberships		5,578	
Postal Charges		16,012	
Travel		338	
Total Director of Schools			494,218

Office of the Principal

Principals	\$	1,997,592	
Career Ladder Program		67,793	
Career Ladder Extended Contracts		45,500	
Assistant Principals		1,106,445	
Secretary(ies)		1,002,980	
Other Salaries & Wages		458,185	
Social Security		330,459	
State Retirement		351,368	
Life Insurance		15,672	
Medical Insurance		308,287	
Dental Insurance		18,597	
Communication		63,141	
Travel		16,181	
Other Supplies and Materials		87,831	
Total Office of the Principal			5,870,031

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	59,159	
Accountants/Bookkeepers		137,920	
Social Security		14,570	
State Retirement		23,955	
Life Insurance		664	
Medical Insurance		13,101	
Dental Insurance		836	
Travel		2,190	
Office Supplies		12,294	
Other Charges		918	
Total Fiscal Services			\$ 265,607

Operation of Plant

Supervisor/Director	\$	71,996	
Custodial Personnel		1,418,587	
Other Salaries & Wages		39,774	
Social Security		108,205	
State Retirement		142,021	
Life Insurance		4,944	
Medical Insurance		108,557	
Dental Insurance		6,719	
Other Contracted Services		320,448	
Custodial Supplies		169,692	
Electricity		2,253,237	
Natural Gas		1,050,244	
Water and Sewer		279,881	
Building and Contents Insurance		598,751	
Other Charges		10,240	
Plant Operation Equipment		7,495	
Total Operation of Plant			6,590,791

Maintenance of Plant

Supervisor/Director	\$	53,732	
Secretary(ies)		64,396	
Other Salaries & Wages		1,574,213	
Social Security		119,119	
State Retirement		212,922	
Life Insurance		5,889	
Medical Insurance		117,678	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Dental Insurance	\$	7,081	
Travel		950	
Other Supplies and Materials		912,374	
Other Charges		2,973	
Maintenance Equipment		32,311	
Total Maintenance of Plant			\$ 3,103,638

Transportation

Supervisor/Director	\$	101,520	
Mechanic(s)		274,161	
Bus Drivers		1,818,280	
Other Salaries & Wages		102,707	
Social Security		157,242	
State Retirement		275,499	
Life Insurance		6,989	
Medical Insurance		242,035	
Dental Insurance		15,531	
Travel		26,451	
Gasoline		737,629	
Tires and Tubes		78,435	
Vehicle Parts		252,068	
Other Charges		26,396	
Total Transportation			4,114,943

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		76	
State Retirement		55	
Total Food Service			1,131

Community Services

Supervisor/Director	\$	109,792	
Teachers		76,288	
Other Salaries & Wages		270,662	
Social Security		33,228	
State Retirement		35,693	
Life Insurance		724	
Medical Insurance		10,481	

(Continued)

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 (Cont.)

Dental Insurance	\$	301	
Communication		5,858	
Travel		3,525	
Other Supplies and Materials		54,072	
Total Community Services	\$		600,624

Capital Outlay

Regular Capital Outlay

Building Construction	\$	3,064,199	
Total Regular Capital Outlay			3,064,199

Interest on Debt

Education

Interest on Notes	\$	122,794	
Total Education			122,794

Total General Purpose School Fund \$ 91,839,769

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,905,525	
Clerical Personnel		98,376	
Educational Assistants		146,321	
Other Salaries & Wages		208,774	
Certified Substitute Teachers		19,449	
Social Security		154,713	
State Retirement		130,564	
Life Insurance		5,122	
Medical Insurance		68,262	
Dental Insurance		3,880	
Maintenance & Repair Services - Equipment		3,710	
Other Contracted Services		63,643	
Instructional Supplies and Materials		375,801	
Other Charges		40,212	
Regular Instruction Equipment		542,862	
Total Regular Instruction Program	\$		3,767,214

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	349,737	
Educational Assistants		1,497,122	
Other Salaries & Wages		550,093	
Social Security		170,334	
State Retirement		222,812	
Life Insurance		5,594	
Medical Insurance		127,429	
Dental Insurance		9,416	
Contracts with Private Agencies		54,724	
Instructional Supplies and Materials		324,211	
Textbooks		9,994	
Other Charges		10,470	
Special Education Equipment		44,414	
Total Special Education Program			\$ 3,376,350

Vocational Education Program

Educational Assistants	\$	28,488	
Social Security		1,979	
State Retirement		3,681	
Life Insurance		114	
Medical Insurance		7,378	
Dental Insurance		438	
Travel		54,396	
Instructional Supplies and Materials		98,630	
Vocational Instruction Equipment		176,945	
Total Vocational Education Program			372,049

Support Services

Other Student Support

Guidance Personnel	\$	50,128	
Clerical Personnel		2,887	
Other Salaries & Wages		5,370	
Social Security		4,416	
State Retirement		3,754	
Life Insurance		155	
Medical Insurance		5,342	
Dental Insurance		302	
Travel		5,871	
Other Contracted Services		7,361	

(Continued)

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.)

Other Student Support (Cont.)

Other Supplies and Materials	\$	31,425	
In Service/Staff Development		9,143	
Other Charges		218	
Total Other Student Support			\$ 126,372

Regular Instruction Program

Supervisor/Director	\$	63,658	
Secretary(ies)		26,543	
Other Salaries & Wages		193,096	
Social Security		24,143	
State Retirement		18,344	
Life Insurance		633	
Medical Insurance		30,277	
Dental Insurance		732	
Consultants		16,025	
Maintenance & Repair Services - Equipment		367	
Travel		24,976	
Other Contracted Services		562	
Library Books/Media		44,584	
Other Supplies and Materials		39,100	
In Service/Staff Development		280,358	
Other Charges		37,359	
Other Equipment		3,730	
Total Regular Instruction Program			804,487

Special Education Program

Other Contracted Services	\$	69,792	
Other Supplies and Materials		8,729	
In Service/Staff Development		22,673	
Other Charges		78	
Total Special Education Program			101,272

Vocational Education Program

Travel	\$	4,140	
Other Contracted Services		7,487	
Total Vocational Education Program			11,627

Fiscal Services

Accountants/Bookkeepers	\$	36,548	
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(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Social Security	\$	2,471	
State Retirement		4,041	
Life Insurance		138	
Medical Insurance		2,223	
Dental Insurance		140	
Employer Medicare		435	
Total Fiscal Services			\$ 45,996

Transportation

Bus Drivers	\$	28,260	
Other Salaries & Wages		18,722	
Social Security		3,520	
State Retirement		1,560	
Medical Insurance		2,388	
Gasoline		3,136	
Total Transportation			57,586

Total School Federal Projects Fund \$ 8,662,953

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	62,403	
Accountants/Bookkeepers		92,954	
Cafeteria Personnel		1,985,640	
Other Salaries & Wages		79,530	
Social Security		157,708	
State Retirement		237,798	
Life Insurance		5,248	
Medical Insurance		137,998	
Dental Insurance		11,399	
Unemployment Compensation		5,536	
Other Fringe Benefits		14,922	
Communication		13,236	
Maintenance & Repair Services - Equipment		13,230	
Transportation - Other than Students		40,865	
Travel		11,886	
Other Contracted Services		65,968	
Food Supplies		2,372,342	

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Uniforms	\$	21,213	
Other Supplies and Materials		272,334	
Trustee's Commission		10,250	
In Service/Staff Development		14,011	
Other Charges		1,707	
Food Service Equipment		<u>53,941</u>	
Total Food Service			\$ <u>5,682,119</u>

Total Central Cafeteria Fund \$ 5,682,119

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Trustee's Commission	\$	257	
Building Construction		232,723	
Building Improvements		157,000	
Regular Instruction Equipment		<u>1,168</u>	
Total Education Capital Projects			\$ <u>391,148</u>

Total Education Capital Projects Fund 391,148

Total Governmental Funds - Madison County School Department \$ 106,575,989

Exhibit K-10

Madison County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 213,921	\$ 213,921
Prior Year's Property Tax	0	8,034	8,034
Interest and Penalty	0	1,255	1,255
Local Option Sales Tax	20,301,586	5,843	20,307,429
Hotel/Motel Tax	432,049	0	432,049
Total Cash Receipts	<u>\$ 20,733,635</u>	<u>\$ 229,053</u>	<u>\$ 20,962,688</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 20,519,301	\$ 224,618	\$ 20,743,919
Trustee's Commission	207,337	4,524	211,861
Total Cash Disbursements	<u>\$ 20,726,638</u>	<u>\$ 229,142</u>	<u>\$ 20,955,780</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 6,997	\$ (89)	\$ 6,908
Cash Balance, July 1, 2005	34,519	2,664	37,183
Cash Balance, June 30, 2006	<u>\$ 41,516</u>	<u>\$ 2,575</u>	<u>\$ 44,091</u>

SINGLE AUDIT SECTION



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

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

January 2, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Madison County's basic financial statements and have issued our report thereon dated January 2, 2007. Our report was qualified because the county did not have an actuarial valuation performed for the former City of Jackson Teacher Retirement Plan for the discretely presented School Department. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Madison County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Madison County's ability to record, process, summarize, and report financial data consistent with the assertions of

management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.03, 06.05, and 06.06.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error of fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 06.03, 06.05, and 06.06 to be material weaknesses.

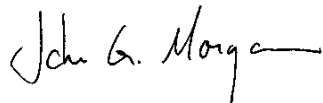
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 06.01, 06.02, 06.04, 06.07, and 06.08.

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

This report is intended solely for the information and use of the Board of County Commissioners, management, 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,



John G. Morgan
Comptroller of the Treasury

JGM/yu



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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 2, 2007

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Madison County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. 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 auditing 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 on Madison County's compliance with those requirements.

As described in items 06.01 and 06.09 in the accompanying Schedule of Findings and Questioned Costs, Madison County did not comply with requirements regarding procurement, suspension and debarment that are applicable to its Homeland Security Cluster (CFDA Nos. 97.004 and 97.067). Also, as described in items 06.04 and 06.10, the Madison County School Department did not comply with requirements regarding compliance with state laws that are applicable to its Child Nutrition Cluster (CFDA Nos. 10.550 and 10.555), Title I Grants to Local Education Agencies (CFDA No. 84.010), Magnet Schools Assistance (CFDA No. 84.165), Reading First State Grants (CFDA No. 84.357), and Improving Teacher Quality State Grants (CFDA No. 84.367). Compliance with such requirements is necessary, in our opinion, for Madison County to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Madison County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Madison County is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Madison County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.05 and 06.11.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our

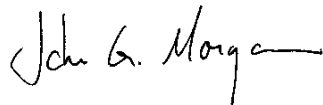
consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 06.05 and 06.11 to be material weaknesses.

Schedule 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, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon dated January 2, 2007. Our report was qualified because the county did not have an actuarial valuation performed for the former City of Jackson Teacher Retirement Plan for the discretely presented School Department. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, 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,



John G. Morgan
Comptroller of the Treasury

JGM/yu

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

For the Madison County Emergency Communications District

Board of Directors
Madison County Emergency Communications District
Jackson, Tennessee

We have audited the financial statements of Madison County Emergency Communications District, a component unit of Madison County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the district's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the district'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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the district's Board of Directors, management, and the Comptroller of the Treasury, State of Tennessee. It is not intended to be and should not be used by anyone other than these specified parties.

Madison County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2006

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 398,325
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,068,679
National School Lunch Program	10.555	N/A	3,046,910
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(2)	328,457
Total U.S. Department of Agriculture			<u>\$ 4,842,371</u>
U.S. Department of Justice:			
Passed-through State Department of Children's Services:			
Juvenile Accountability Incentive Block Grants	16.523	GG061211700	\$ 271,021
Passed-through State Office of Criminal Justice:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	GG061214500	7,081
Crime Victim Assistance	16.575	(2)	32,684
Local Law Enforcement Block Grant Program	16.592	(2)	17,490
Passed-through City of Jackson:			
Drug Prevention Program	16.728	(2)	20,506
Total U.S. Department of Justice			<u>\$ 348,782</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(3)	\$ 42,465
Total U.S. Department of Transportation			<u>\$ 42,465</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,969,866
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	3,931,801
Special Education - Preschool Grant	84.173	N/A	71,417
Vocational Education - Basic Grants to States	84.048	N/A	386,936
Magnet Schools Assistance	84.165	N/A	2,106,168
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	174,202
State Grants for Innovative Programs	84.298	N/A	84,230
Education Technology State Grants	84.318	(2)	352,517
Assistive Technology - State Grants for Protection and Advocacy	84.343	(2)	26,935
Reading First State Grants	84.357	(2)	1,256,252
English Language Acquisition Grants	84.365	N/A	67,242
Improving Teacher Quality State Grants	84.367	N/A	917,915
Hurricane Education Recovery	84.938	(2)	254,473
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	92,835
Total U.S. Department of Education			<u>\$ 12,692,789</u>
U.S. Election Assistance Commission			
Pass-through State Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Z060329200	\$ 517,000
Total U.S. Election Assistance Commission			<u>\$ 517,000</u>
Passed-through State Department of Health:			
Projects Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG06125200	\$ 30,389
Injury Prevention and Controls Research and State and Community Based Programs	93.136	GG061183900	13,550
Abstinence Education Program	93.235	(2)	10,700
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(4)	771,086

(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
Passed-through State Department of Health (Cont.):			
Maternal and Child Health Services Block Grant to the States	93.994	GG061175100	\$ 81,608
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	Z0502405900	144,593
Family Planning - Services	93.217	GG060327700	234,764
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Z0502405900	34,286
Preventive Health and Health Services Block Grant	93.991	(2)	44,648
Total U.S. Department of Health and Human Services			<u>\$ 1,365,624</u>
U. S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
State Domestic Preparedness Equipment Support Program	97.004	(5)	\$ 670,818
Homeland Security Grant Program	97.067	Z0502518400	25,400
Emergency Management Performance Grants	97.042	Z0603284200	40,683
Total U. S. Department of Homeland Security			<u>\$ 736,901</u>
Total Expenditures of Federal Awards			<u>\$ 20,545,932</u>
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 28,593
Title IV A - State Department of Children's Services	N/A	(2)	180,500
Family Planning - State Department of Health	N/A	GG061174400	51,189
Environmental Health Programs - State Department of Health	N/A	(2)	110,956
Preventive Health and Health Service - State Department of Health	N/A	GG061177400	273,372
Health Services Block Grant - State Department of Health	N/A	(2)	443,702
GED + 2 Grant - State Department of Education	N/A	(2)	45,637
Family Resource Center - State Department of Education	N/A	(2)	27,540
Early Childhood Grant - State Department of Education	N/A	Z0502214000	469,949
Safe Schools Act - State Department of Education	N/A	(2)	54,710
Comprehensive Intervention Services	N/A	(2)	49,250
Litter Grant - State Department of Transportation	N/A	(2)	99,885
Waste Tire Disposal Grant - State Department of Transportation	N/A	(2)	186,476
Recreational Trail Program - State Department of Environment and Conservation	N/A	Z0502353500	25,551
Local Park and Recreation Fund - State Department of Environment and Conservation	N/A	Z0502280200	46,750
Tennessee Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	Z0200848800	13,498
Hazard Elimination Program - State Department of Transportation	N/A	(2)	50,000
Total State Grants			<u>\$ 2,157,558</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) Z0502411800: \$13,397; Z0602732400: \$29,068
(4) GG061185500: \$557,583; GG061188300: \$34,725; GG061225800: \$178,778
(5) Z0402012100: \$243,062; Z0402246900: \$427,756

Madison County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

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, 2005, which have not been corrected.

OFFICE OF PURCHASING AGENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.11	207	The office did not solicit competitive bids for some applicable purchases

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.21	213	The office had deficiencies in budget operations

MADISON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Madison County disclosed reportable conditions in internal control. Three of these conditions were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Madison County.
4. The audit disclosed one reportable condition in internal control over major programs.
5. A qualified opinion was issued on compliance for major programs.
6. The audit of Madison County disclosed three findings which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Education Agencies (CFDA No. 84.010), Magnet Schools Assistance (CFDA No. 84.165), Reading First State Grants (CFDA No. 84.357), Improving Teacher Quality State Grants (CFDA No. 84.367), and the Homeland Security Cluster: State Domestic Preparedness Equipment Support Program and Homeland Security Grant Program (CFDA Nos. 97.004 and 97.067) were determined to be major programs.
8. A threshold of \$616,378 was used to distinguish between Type A and Type B federal programs.
9. Madison County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF FINANCE DIRECTOR

FINDING 06.01 **THE OFFICE DID NOT SOLICIT COMPETITIVE BIDS FOR SOME APPLICABLE PURCHASES**
(Material Noncompliance Under Government Auditing Standards and OMB Circular A-133)

Competitive bids were not solicited for a 37-foot mobile command unit (\$187,000), a 26-foot mobile command unit (\$109,485), a camera package (\$19,995), and a LCD panel (\$7,300). The County Financial Management System of 1981 requires purchases exceeding \$5,000 to be competitively bid.

RECOMMENDATION

Competitive bids should be solicited through public advertisement for all purchases estimated to exceed \$5,000.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR (DIRECT QUOTE)

We concur. The Finance Department will bid out all items even if we receive a single source letter. The camera package was an addition to the units, and the vendor placed a GSA stamp on the purchase order. A GSA stamp means items don't have to be bid. GSA has awarded vendor contacts nationwide. Upon further investigation, this GSA stamp only applied to complete units for this vendor, not add-on equipment. This department will scrutinize stamps more in the future.

FINDING 06.02 **NOTES WERE NOT APPROVED BY THE STATE DIRECTOR OF LOCAL FINANCE, AND A REPORT ON DEBT OBLIGATIONS WAS NOT FILED WITH THE STATE DIRECTOR OF LOCAL FINANCE**
(Noncompliance Under Government Auditing Standards)

County officials issued \$9,000,000 tax anticipation notes for the General Purpose School Fund; however, the state director of Local Finance had only approved the issuance of \$6,000,000. Also, county officials issued a capital outlay note totaling \$165,135 for the Community Development/Industrial Park Fund without the approval of the state director of

Local Finance. Sections 9-21-801 and 9-21-601, respectively, Tennessee Code Annotated (TCA), allow the County Commission to issue tax anticipation notes and capital outlay notes with the approval of the state director of Local Finance. In addition, county officials did not file a Report on Debt Obligations with the state director of Local Finance for the capital outlay note. Section 9-21-151, TCA, requires that within 45 days following the issuance of debt, a county must provide to the state director of Local Finance certain information, such as a brief description of the purpose or purposes for which the debt was issued and an itemized description of the costs of issuance of the debt.

RECOMMENDATION

All tax anticipation and capital outlay notes should be approved by the state director of Local Finance, and county officials should file a Report on Debt Obligations with the state director of Local Finance for all capital outlay issues as required by state statutes.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR (DIRECT QUOTE)

In the fall of 2005, this office borrowed \$2 million to meet mid-month school payroll. After sales tax and BEP money came in, we would pay back the note. We did this for several months saving the school system a lot of interest dollars. At no time did the school system have over the limit of \$6,000,000 outstanding. This is the way I felt the limit of tax anticipation notes were calculated by law. The Comptroller's Office interprets the law as the total of what is borrowed, not what is outstanding. In the future, this office will plan the timing and borrowing and repayment more precisely. This will allow us to request the proper approval amount from the state director of Local Finance. This will still allow us to save as much interest dollars as possible. The capital outlay note was done internally with this office and the county attorney setting up the loan. None of us locally knew that we had to file papers with the state director of Local Finance. The state director of Local Finance has said to pay this note off as quickly as possible. In November 2006, Madison County paid this note off.

FINDING 06.03 **GENERAL LEDGER ACCOUNTS WERE NOT RECONCILED MONTHLY**
(Internal Control – Material Weakness Under Government Auditing Standards)

We noted the following reconciliation deficiencies:

- A. General ledger payroll liability accounts for the General Purpose School Fund and School Federal Projects Fund were not reconciled monthly with payroll reports and payments. The failure to regularly reconcile payroll with payroll deduction accounts allows errors to remain undiscovered and uncorrected.
- B. The General Purpose School Fund's general ledger asset account entitled Due From Other Funds reflected a negative balance of \$554,298 at June 30, 2006. We determined that this negative balance was actually employee payroll

deductions for health insurance that were improperly posted to this asset account instead of to a payroll deduction account. This balance has been properly reclassified by management in the financial statements of this report.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and errors should be corrected promptly. Payroll deductions should be posted to applicable liability accounts to accurately reflect the proper accounting of records in accordance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR (DIRECT QUOTE)

- A. We concur with the recommendation. From our investigation of the processes of recording payroll deduction liabilities and payments of them, we determined that the reconciliation of same has never been formally performed by existing personnel. The school system's health insurance liabilities account has in the past been reconciled in the school personnel office. With a lot of change in that office, reconciliation could not be done in a timely manner. We are conducting a review of the entire payroll process concerning the recording and reconciling of liabilities and the resultant expenditures. Reconciliation of all liabilities will occur on a timely basis.
- B. We concur with the recommendation. The general ledger software previously employed by the school system did not utilize the chart of accounts established by the Tennessee Comptroller of the Treasury. In as much, the conversion of the account cited was erroneously placed in the assets portion of the general ledger. Corrective entries will be made to transfer the balances of the account to an appropriate liability account. School payroll had some problems with the old Local Government software that it did not track leave and some other things. We had made a decision to leave school payroll on the old system and hand transfer totals to the Local Government general ledger. Human error and the first time through the accounting cycle caused this problem. It is corrected and will not happen in the future.

FINDING 06.04 **CASH ON DEPOSIT WITH THE TRUSTEE WAS NOT RECONCILED MONTHLY**
(Noncompliance Under Government Auditing Standards and OMB Circular A-133)

Officials attempted to reconcile the cash balances of the General Purpose School, School Federal Projects, and Central Cafeteria Funds with the trustee's cash balances in the months prior to March 2006, but numerous errors were noted in these reconciliations. Officials did not attempt to reconcile the cash balances of the noted funds after March 2006. Consequently, posting errors made in these funds were not discovered and corrected in a

timely manner. Section 9-2-138, Tennessee Code Annotated, requires officials to reconcile their respective fund accounts with the records of the county trustee monthly. We requested that the Finance Department reconcile these funds; however, the final reconciliations presented to us revealed that the general ledger's cash with trustee accounts still failed to reconcile with the county trustee's report by \$41,245 in the General Purpose School Fund, \$480 in the School Federal Projects Fund, and \$48 in the Central Cafeteria Fund.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR (DIRECT QUOTE)

We concur with the recommendation. This issue has been corrected, and reconciliations are being performed on a timely basis starting July 2006. When the department converted to the general ledger, a breakdown of communications led to the cited lack of reconciliations for a few months. Clarification of responsibilities among the staff and supervisory review of the reconcilements will prevent these lapses from occurring again.

FINDING 06.05 **RECEIVABLES AND EXPENDITURES WERE NOT PROPERLY POSTED IN THE SCHOOL FEDERAL PROJECTS FUND**
(Internal Control – Material Weakness Under Government Auditing Standards and OMB Circular A-133)

The following deficiencies were noted in the School Federal Projects Fund:

- A. Receivables at June 30, 2006 had not been determined and recorded on the accounting records of the School Federal Projects Fund as required by generally accepted accounting principles. We performed additional audit procedures to determine receivables at June 30, 2006. An audit adjustment to receivables (\$1,377,517) was presented to management for approval and posting to the financial records.

- B. Expenditures totaling \$443,673 had not been posted to the School Federal Projects Fund. During the year, a new software accounting system, excluding payroll functions, was implemented for the School Department. Journal entries were utilized to incorporate the payroll activities into the new accounting system. During the process of making these journal entries, payroll expenditures totaling \$443,673 were not posted to the accounting records.

RECOMMENDATION

Receivables should be properly determined and recorded on the accounting records of the School Federal Projects Fund at June 30 of each year. All expenditures should be properly posted to the general ledger accounts to accurately reflect the fund's financial transactions.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR (DIRECT QUOTE)

We concur with the recommendation. Now that this office has had an opportunity to experience the rigorous and varied requirements of the accounting cycle, we feel better prepared to meet them. Secondly, we intend to fully integrate the payroll function of the School Department with the general ledger to prevent posting errors in the future. Receivables will be set up in this fund.

FINDING 06.06 **THE GENERAL PURPOSE SCHOOL FUND HAD A CASH OVERDRAFT**
(Internal Control – Material Weakness Under Government Auditing Standards)

Subsequent to June 30, 2006, we noted that the General Purpose School Fund had a cash overdraft of \$400,518 at July 31, 2006. This overdraft resulted from the issuance of warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated in August 2006, when the county issued a tax anticipation note.

RECOMMENDATION

The Finance Department should not make disbursements that exceed available cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR (DIRECT QUOTE)

We concur with recommendation. Even though the overdraft was a book entry which was cleared via an interdepartmental loan on August 2, 2006, checks will not be written until all such transfers/deposits are made. The trustee's trial balance showed a balance of \$1,549,000 on July 31, 2006. So as of July 31, 2006, outstanding checks in the General Purpose School Fund totaled approximately \$1,950,000. No check was rejected at the bank for insufficient funds. Had this department made this interdepartmental loan two days earlier, this finding would not have happened. We now have a system in place to calculate balances daily. If this office had not paid off \$3,000,000 in tax anticipation notes on June 30, 2006, cash balances would not have been a problem. However, we would still have another audit finding by not paying off these notes as Madison County had last year.

FINDING 06.07 EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under Government Auditing Standards)

General Purpose School Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Board of Education (\$49,716), Operation of Plant (\$12,674), and Interest on Debt – Education (\$72,794) major appropriation categories (the legal level of control).

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR (DIRECT QUOTE)

We concur with this recommendation. Once again, we feel that our exposure to the year-end processes will diminish this type of error. This office did not make all the proper transfers at year-end to eliminate this finding. However, overall, the General Purpose School Fund spent \$3,096,191 under the approved budget.

FINDING 06.08 AN ACTUARIAL VALUATION HAS NOT BEEN PERFORMED FOR THE FORMER CITY OF JACKSON TEACHER RETIREMENT PLAN
(Noncompliance Under Government Auditing Standards)

An actuarial valuation has not been performed for the Pension Trust Fund 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 school systems consolidation. Without an actuarial valuation, the disclosures for the plan required by Governmental Accounting Standards Board Statement No. 25, could not be included in the notes to the financial statements.

RECOMMENDATION

An actuarial valuation plan should be performed for the former City of Jackson Teacher Retirement Plan. Without an actuarial valuation, the effects on the financial statements of the aggregate discretely presented Madison County School Department are not reasonably determinable.

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR (DIRECT QUOTE)

As we understand GASB and audit procedures, for Madison County to receive an unqualified audit, this process must take place. We will research the cost for this study. To our knowledge an actuarial valuation plan has never been performed or deemed necessary. This has not been an audit finding in the past but was addressed in the commentary. The City of Jackson Teacher Retirement Plan has been funded on a yearly basis. It does not add

any new beneficiaries and the number of participants diminishes through attrition of the existing retirees. From a cost/benefit standpoint it would appear to have little impact. There is only one teacher who could in the future be added to this program. There are 17 percent of the 47 participants over 90 years old. The cost of the actuarial valuation would probably not help us since the liability will be decreasing in subsequent years. If Madison County budgets the last payroll of the year plus raises every year, this expenditure should always be under budget.

REBUTTAL

Governmental Accounting Standards Board Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans establishes financial reporting standards for defined benefit pension plans. This statement requires (a) current financial information about plan assets and financial activities and (b) actuarially determined information from a long-term perspective about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.

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

Federal/Pass-through Agencies	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Homeland Security: Passed-through State Department of Military: Homeland Security Cluster: State Domestic Preparedness Equipment Support Program Homeland Security Grant Program	06.09	97.004 97.067	Circular A-133 and Compliance Supplement Part 3 (I)	Noncompliance - See Finding 06.01 - competitive bid were not solicited on some applicable purchases	0
U.S. Department of Education: Passed-through State Department of Education: Child Nutrition Cluster: School Brakfast Program School Lunch Program Title I Grants to Local Education Agencies Magnet School Assistance Reading First State Grants Improving Teacher Quality State Grants	06.10	10.553 10.555 84.010 84.165 84.357 84.367	Circular A-133, Section 500 (c)(3)	Noncompliance - See Finding 06.04 - Cash on deposit with trustee was not reconciled in the School Federal Projects Fund	0
U.S. Department of Education: Passed-through State Department of Education: Title I Grants to Local Education Agencies Magnet School Assistance Reading First State Grants Improving Teacher Quality State Grants	06.11	84.010 84.165 84.357 84.367	Circular A-133, Section 500	Reportable Condition in Internal Control - See Finding 06.05 - Deficiencies noted in the maintenance of accounting records	0

MADISON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2006

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

Finance Director – Corrective Action Plan for Current Year Findings

FINDINGS 06.01 and 06.09

Contact Person: Mike Nichols

Corrective action planned: The Finance Department will bid out all items even if we receive a single source letter. The camera package was an addition to the units, and the vendor placed a GSA stamp on the purchase order. A GSA stamp means items don't have to be bid. GSA has awarded vendor contacts nationwide. Upon further investigation, this GSA stamp only applied to complete units for this vendor, not add-on equipment. This department will scrutinize stamps more in the future.

Anticipated completion date: 2006-07

FINDINGS 06.04 and 06.10

Contact Person: Mike Nichols

Corrective action planned: This issue has been corrected and reconciliations are being performed on a timely basis starting July 2006. When the department converted to the general ledger, a breakdown of communications led to the cited lack of reconciliations for a few months. Clarification of responsibilities among the staff and supervisory review of the reconcilements will prevent these lapses from occurring again.

Anticipated completion date: 2006-07

FINDINGS 06.05 and 06.11

Contact Person: Mike Nichols

Corrective action planned: We intend to fully integrate the payroll function of the school departments with the general ledger to prevent posting errors in the future. Receivables will be set up in this fund.

Anticipated completion date: 2006-07