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**ANNUAL FINANCIAL REPORT  
LAUDERDALE COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2007**



**ANNUAL FINANCIAL REPORT**  
**LAUDERDALE COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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

*DIVISION OF COUNTY AUDIT*  
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*Assistant to the Comptroller*

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*ELISHA CROWELL, CFE*  
*State Auditors*

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

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# ***Audit Highlights***

Annual Financial Report  
Lauderdale County, Tennessee  
For the Year Ended June 30, 2007

## ***Scope***

We have audited the basic financial statements of Lauderdale County as of and for the year ended June 30, 2007.

## ***Results***

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

Our audit resulted in six findings and recommendations, which we have reviewed with Lauderdale County management. Detailed findings and recommendations are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ Purchase orders were not issued for all applicable purchases. Also, in some instances, purchase orders were issued after purchases were made, and dollar amounts of purchases were not reflected on some purchase orders.

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### **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The office's warrant-signing machine did not have a counter to show the total number of warrants processed.

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### **OFFICE OF TRUSTEE**

- ◆ The trustee's depository deducted warrants from the office's bank account before the depository presented the warrants to the trustee for payment.
-

## **OFFICE OF REGISTER**

- ◆ The register allowed individuals unsupervised access to the office after business hours.
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## **OTHER FINDINGS**

- ◆ A central system of accounting, budgeting, and purchasing had not been adopted.
- ◆ Duties were not segregated adequately in the Offices of Circuit and General Sessions Courts Clerk and Sheriff.

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## INTRODUCTORY SECTION

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# Lauderdale County Officials

## June 30, 2007

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### **Officials**

Rod Schuh, County Mayor  
Roland Henderson, Highway Commissioner  
Phillip Jackson, Director of Schools  
Steve Carmack, Trustee  
Jerry Buckner, Assessor of Property  
Linda Summar, County Clerk  
Richard Jennings, Circuit and General Sessions Courts Clerk  
Sandra Burnham, Clerk and Master  
Annie Laura Jennings, Register  
Steve Sanders, Sheriff

### **Board of County Commissioners**

Rod Schuh, Chairman	Danny Hartsfield
Talmage Carihfield, Pro-tem	L.C. Hayslett
Kathy Alston	Dennis King
John Bates	Monty McWilliams
Billy Brandon	Angie Phillips
David Caldwell	Eugene Pugh
Judy Conrad	Rob Reviere
Tommy Dunavant	Louis Ruff
Gene Edwards	Dwight Shoemake
Jesse Edwards	Lynnwood Shoemake
Ronnie Elder	Coy Summar
Don Fisher	Carol Walker
John Gaines	

### **Board of Education**

Eva Drain, Chairman	Sarah Harrell
J.A. Dunaway	Melinda Hutcherson
Sheila Ferrell	Terry Sellers
Cynthia Glenn	Austin Thompson, Jr.

## Lauderdale County Officials (Cont.)

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### **Budget Committee**

Carol Walker, Chairman  
Eugene Pugh, Vice Chairman  
Kathy Alston  
Gene Edwards  
Ronnie Elder  
Don Fisher  
Danny Hartsfield  
L.C. Hayslett  
Rob Reviere  
Dwight Shoemake  
Lynnwood Shoemake

### **Finance Committee**

William Thomas, Chairman  
Gerald Cherry  
Gwinn Matthews

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

December 3, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Lauderdale County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lauderdale 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 Lauderdale County Public Library (nonmajor special revenue fund), which represent 13 percent and 10.8 percent, respectively, of the assets and revenues of the aggregate remaining fund information and the Lauderdale County Ambulance Authority (nonmajor special revenue fund), which represent 14.7 percent and 82.7 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Also, we did not audit the financial statements of the discretely presented Lauderdale County Water System, which represent 17.9 percent and 3.4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units and the discretely presented Lauderdale County Emergency Communications District, which represent 2.3 percent and 1.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lauderdale County Public Library, the Lauderdale County Ambulance Authority, the Lauderdale County Water System, and the Lauderdale County Emergency Communications District, is based on the reports 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 reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Tennessee, as of June 30, 2007, 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 December 3, 2007, on our consideration of Lauderdale 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.

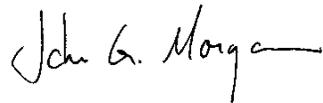
The management of Lauderdale County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison and pension information on pages 79 through 85 are not required parts of the basic financial statements, but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lauderdale 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 Lauderdale 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 Lauderdale County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, 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 cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/rc

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## **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Lauderdale County, Tennessee  
Statement of Net Assets  
June 30, 2007

	Primary Government			Component Units		
	Governmental Activities	Business - type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
<u>ASSETS</u>						
Cash	\$ 337,312	\$ 0	\$ 337,312	\$ 0	\$ 23,160	\$ 356,833
Equity in Pooled Cash and Investments	3,623,007	1,201,316	4,824,323	1,715,119	2,221,723	0
Inventory	0	0	0	0	25,100	0
Investments	661,592	0	661,592	0	0	200,000
Accounts Receivable	738,149	13,197	751,346	627	126,714	23,151
Allowance for Uncollectibles	(468,009)	0	(468,009)	0	0	0
Due from Other Governments	3,731,660	21,930	3,753,590	1,129,874	6,632	0
Property Taxes Receivable	5,969,011	0	5,969,011	2,930,766	0	0
Allowance for Uncollectible Property Taxes	(262,722)	0	(262,722)	(141,401)	0	0
Prepaid Items	0	0	0	0	30,856	0
Accrued Interest Receivable	6,296	0	6,296	18,947	0	1,344
Deferred Charges - Debt Issuance Costs	62,953	0	62,953	0	0	0
Capital Assets:						
Assets Not Depreciated:						
Land	890,572	160,000	1,050,572	1,378,648	10,000	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	5,320,945	252,226	5,573,171	20,504,707	4,103,132	143,066
Infrastructure	1,713,136	0	1,713,136	0	0	0
Other Capital Assets	890,854	306,837	1,197,691	2,136,998	133,594	116,279
<b>Total Assets</b>	<b>\$ 23,214,756</b>	<b>\$ 1,955,506</b>	<b>\$ 25,170,262</b>	<b>\$ 29,674,285</b>	<b>\$ 6,680,911</b>	<b>\$ 840,673</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 42,746	\$ 0	\$ 42,746	\$ 48,451	\$ 11,453	\$ 3,635
Accrued Payroll	10,650	0	10,650	0	36,051	2,794
Payroll Deductions Payable	94,713	2,779	97,492	236,488	0	0
Accrued Interest Payable	176,123	0	176,123	0	3,542	0
Due to State of Tennessee	3,587	0	3,587	0	0	0

(Continued)

Exhibit A

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

	Primary Government			Component Units		
	Governmental Activities	Business - type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
<u>LIABILITIES (Cont.)</u>						
Other Current Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,542
Customer Deposits Payable	0	0	0	0	176,000	0
Deferred Revenue - Current Property Taxes	5,493,718	0	5,493,718	2,661,020	0	0
Other Deferred Revenues	0	0	0	0	6,632	0
Health Insurance Payments	4,516	0	4,516	0	0	0
Noncurrent Liabilities:						
Due Within One Year	1,821,105	43,332	1,864,437	9,556	22,753	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	21,682,957	441,268	22,124,225	33,448	782,595	0
Total Liabilities	<u>\$ 29,330,115</u>	<u>\$ 487,379</u>	<u>\$ 29,817,494</u>	<u>\$ 2,988,963</u>	<u>\$ 1,039,026</u>	<u>\$ 12,971</u>
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	\$ 5,874,164	\$ 562,712	\$ 6,436,876	\$ 23,977,349	\$ 3,441,388	\$ 0
Invested in Capital Assets	0	0	0	0	0	259,345
Restricted for:						
Public Library	693,828	0	693,828	0	0	0
Ambulance Service	775,408	0	775,408	0	0	0
Highway/Public Works	801,818	0	801,818	0	0	0
School Federal Projects	0	0	0	142,985	0	0
Central Cafeteria	0	0	0	581,760	0	0
Debt Service	3,695,706	0	3,695,706	0	0	0
Other Purposes	114,288	0	114,288	269,856	0	0
Unrestricted	<u>(18,070,571)</u>	<u>905,415</u>	<u>(17,165,156)</u>	<u>1,713,372</u>	<u>2,200,507</u>	<u>568,357</u>
Total Net Assets	<u>\$ (6,115,359)</u>	<u>\$ 1,468,127</u>	<u>\$ (4,647,232)</u>	<u>\$ 26,685,322</u>	<u>\$ 5,641,895</u>	<u>\$ 827,702</u>

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

Exhibit B

Lauderdale County, Tennessee  
 Statement of Activities  
 For the Year Ended June 30, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 1,404,542	\$ 149,506	\$ 16,380	\$ 11,776	\$ (1,226,880)	\$ 0	\$ (1,226,880)	\$ 0	\$ 0	\$ 0
Finance	645,694	567,217	9,408	0	(69,069)	0	(69,069)	0	0	0
Administration of Justice	1,317,999	516,927	170,005	0	(631,067)	0	(631,067)	0	0	0
Public Safety	3,441,251	933,111	53,431	306,798	(2,147,911)	0	(2,147,911)	0	0	0
Public Health and Welfare	1,594,348	1,222,682	303,847	0	(67,819)	0	(67,819)	0	0	0
Social, Cultural, and Recreational Services	201,559	0	125,079	31,066	(45,414)	0	(45,414)	0	0	0
Agriculture and Natural Resources	174,889	0	0	0	(174,889)	0	(174,889)	0	0	0
Other Operations	219,309	871	0	0	(218,438)	0	(218,438)	0	0	0
Highways/Public Works	2,609,067	9,120	1,759,506	0	(840,441)	0	(840,441)	0	0	0
Interest on Long-term Debt	726,427	0	1,286,088	0	559,661	0	559,661	0	0	0
Other Debt Service	26,556	0	0	0	(26,556)	0	(26,556)	0	0	0
<b>Total Governmental Activities</b>	<b>\$ 12,361,641</b>	<b>\$ 3,399,434</b>	<b>\$ 3,723,744</b>	<b>\$ 349,640</b>	<b>\$ (4,888,823)</b>	<b>\$ 0</b>	<b>\$ (4,888,823)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Business-type Activities:										
Solid Waste Disposal	\$ 487,376	\$ 354,359	\$ 0	\$ 0	\$ 0	\$ (133,017)	\$ (133,017)	\$ 0	\$ 0	\$ 0
<b>Total Primary Government</b>	<b>\$ 12,849,017</b>	<b>\$ 3,753,793</b>	<b>\$ 3,723,744</b>	<b>\$ 349,640</b>	<b>\$ (4,888,823)</b>	<b>\$ (133,017)</b>	<b>\$ (5,021,840)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:										
Lauderdale County School Department	\$ 33,388,809	\$ 660,980	\$ 5,637,480	\$ 0	\$ 0	\$ 0	\$ 0	\$ (27,090,349)	\$ 0	\$ 0
Lauderdale County Water System	1,126,517	1,106,804	0	0	0	0	0	0	(19,713)	0
Emergency Communications District	270,847	321,875	0	76,329	0	0	0	0	0	127,357
<b>Total Component Units</b>	<b>\$ 34,786,173</b>	<b>\$ 2,089,659</b>	<b>\$ 5,637,480</b>	<b>\$ 76,329</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (27,090,349)</b>	<b>\$ (19,713)</b>	<b>\$ 127,357</b>

(Continued)

Exhibit B

Lauderdale 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		
					Governmental Activities	Business- type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 3,654,127	\$ 0	\$ 3,654,127	\$ 2,763,470	\$ 0	\$ 0
Property Taxes Levied for Debt Service					916,051	0	916,051	0	0	0
Local Option Sales Taxes					0	0	0	1,758,151	0	0
Other Local Taxes					1,090,284	0	1,090,284	181,735	0	0
Grants and Contributions Not Restricted to Specific Programs					417,908	10,233	428,141	21,912,648	0	30,000
Unrestricted Investment Income					8,018	48,719	56,737	373,258	84,231	10,904
Miscellaneous					90,296	0	90,296	36,732	0	0
Gain on Disposal of Capital Assets					0	31,946	31,946	0	0	0
Total General Revenues					<u>\$ 6,176,684</u>	<u>\$ 90,898</u>	<u>\$ 6,267,582</u>	<u>\$ 27,025,994</u>	<u>\$ 84,231</u>	<u>\$ 40,904</u>
Change in Net Assets					\$ 1,287,861	\$ (42,119)	\$ 1,245,742	\$ (64,355)	\$ 64,518	\$ 168,261
Net Assets, July 1, 2006					<u>(7,403,220)</u>	<u>1,510,246</u>	<u>(5,892,974)</u>	<u>26,749,677</u>	<u>5,577,377</u>	<u>659,441</u>
Net Assets, June 30, 2007					<u>\$ (6,115,359)</u>	<u>\$ 1,468,127</u>	<u>\$ (4,647,232)</u>	<u>\$ 26,685,322</u>	<u>\$ 5,641,895</u>	<u>\$ 827,702</u>

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

Exhibit C-1

Lauderdale County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2007

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 337,312	\$ 337,312
Equity in Pooled Cash and Investments	1,893,616	498,522	903,713	327,156	3,623,007
Investments	0	0	0	661,592	661,592
Accounts Receivable	777	147	209	737,016	738,149
Allowance for Uncollectibles	0	0	0	(468,009)	(468,009)
Due from Other Governments	540,231	302,168	2,888,452	809	3,731,660
Due from Other Funds	6,784	0	0	0	6,784
Property Taxes Receivable	4,049,629	854,367	1,065,015	0	5,969,011
Allowance for Uncollectible Property Taxes	(175,909)	(37,425)	(49,388)	0	(262,722)
Accrued Interest Receivable	0	0	0	6,296	6,296
<b>Total Assets</b>	<b>\$ 6,315,128</b>	<b>\$ 1,617,779</b>	<b>\$ 4,808,001</b>	<b>\$ 1,602,172</b>	<b>\$ 14,343,080</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 35,895	\$ 0	\$ 0	\$ 6,851	\$ 42,746
Accrued Payroll	0	0	0	10,650	10,650
Payroll Deductions Payable	59,927	29,100	0	5,686	94,713
Due to Other Funds	0	0	0	6,784	6,784
Due to State of Tennessee	3,587	0	0	0	3,587
Deferred Revenue - Current Property Taxes	3,734,011	786,861	972,846	0	5,493,718
Deferred Revenue - Delinquent Property Taxes	130,499	28,099	39,960	0	198,558
Other Deferred Revenues	78,457	150,919	0	0	229,376
Health Insurance Payments	4,516	0	0	0	4,516
<b>Total Liabilities</b>	<b>\$ 4,046,892</b>	<b>\$ 994,979</b>	<b>\$ 1,012,806</b>	<b>\$ 29,971</b>	<b>\$ 6,084,648</b>
<u>Fund Balances</u>					
Reserved for Alcohol and Drug Treatment	\$ 4,583	\$ 0	\$ 0	\$ 0	\$ 4,583
Reserved for Drug Court	357	0	0	0	357
Reserved for Sexual Offender Registration	1,745	0	0	0	1,745
Reserved for Automation Purposes - General Sessions Court	4,638	0	0	0	4,638

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>					
<u>Fund Balances (Cont.)</u>					
Reserved for Endowments	\$ 0	\$ 0	\$ 0	\$ 440,155	\$ 440,155
Reserved for Other General Purposes	0	0	2,885,464	0	2,885,464
Unreserved, Reported In:					
General Fund	2,256,913	0	0	0	2,256,913
Special Revenue Funds	0	622,800	0	1,132,046	1,754,846
Debt Service Funds	0	0	909,731	0	909,731
Total Fund Balances	<u>\$ 2,268,236</u>	<u>\$ 622,800</u>	<u>\$ 3,795,195</u>	<u>\$ 1,572,201</u>	<u>\$ 8,258,432</u>
Total Liabilities and Fund Balances	<u>\$ 6,315,128</u>	<u>\$ 1,617,779</u>	<u>\$ 4,808,001</u>	<u>\$ 1,602,172</u>	<u>\$ 14,343,080</u>

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

Exhibit C-2

Lauderdale County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
June 30, 2007

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)		\$	8,258,432
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	890,572	
Add: buildings and improvements net of accumulated depreciation		5,320,945	
Add: infrastructure net of accumulated depreciation		1,713,136	
Add: other capital assets net of accumulated depreciation		<u>890,854</u>	8,815,507
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(363,070)	
Less: bonds payable		(19,920,000)	
Less: accrued interest on bonds and notes		(176,123)	
Less: judgments payable		(3,250,000)	
Less: unamortized premium on refunding		(7,666)	
Add: deferred charges - debt issuance costs		62,953	
Add: deferred amount on refunding		<u>36,674</u>	(23,617,232)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>427,934</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>(6,115,359)</u></u>

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

Exhibit C-3

Lauderdale County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 4,108,559	\$ 763,199	\$ 974,362	\$ 1,586	\$ 5,847,706
Licenses and Permits	33,211	661	940	0	34,812
Fines, Forfeitures, and Penalties	102,051	0	0	31,802	133,853
Charges for Current Services	70,971	0	0	1,216,781	1,287,752
Other Local Revenues	62,374	34,522	0	42,599	139,495
Fees Received from County Officials	1,047,696	0	0	0	1,047,696
State of Tennessee	1,730,860	1,813,759	2,518	0	3,547,137
Federal Government	343,145	0	0	0	343,145
Other Governments and Citizens Groups	88,925	0	1,286,088	187,740	1,562,753
<b>Total Revenues</b>	<b>\$ 7,587,792</b>	<b>\$ 2,612,141</b>	<b>\$ 2,263,908</b>	<b>\$ 1,480,508</b>	<b>\$ 13,944,349</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,591,824	\$ 0	\$ 0	\$ 26	\$ 1,591,850
Finance	615,619	0	0	0	615,619
Administration of Justice	1,130,156	0	0	19,528	1,149,684
Public Safety	3,314,270	0	0	18,333	3,332,603
Public Health and Welfare	480,821	0	0	976,773	1,457,594
Social, Cultural, and Recreational Services	48,450	0	0	130,290	178,740
Agriculture and Natural Resources	162,604	0	0	0	162,604
Other Operations	410,932	0	0	0	410,932
Highways	0	2,359,969	0	0	2,359,969
Debt Service:					
Principal on Debt	0	0	1,686,378	0	1,686,378
Interest on Debt	0	0	731,953	0	731,953
Other Debt Service	0	0	319,402	0	319,402
<b>Total Expenditures</b>	<b>\$ 7,754,676</b>	<b>\$ 2,359,969</b>	<b>\$ 2,737,733</b>	<b>\$ 1,144,950</b>	<b>\$ 13,997,328</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (166,884)	\$ 252,172	\$ (473,825)	\$ 335,558	\$ (52,979)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 96,973	\$ 96,973
Transfers Out	(96,973)	0	0	0	(96,973)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (96,973)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 96,973</b>	<b>\$ 0</b>
Net Change in Fund Balances	\$ (263,857)	\$ 252,172	\$ (473,825)	\$ 432,531	\$ (52,979)
Fund Balance, July 1, 2006	2,532,093	370,628	4,269,020	1,139,670	8,311,411
Fund Balance, June 30, 2007	\$ 2,268,236	\$ 622,800	\$ 3,795,195	\$ 1,572,201	\$ 8,258,432

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

Exhibit C-4

Lauderdale 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, 2007

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)		\$	(52,979)
(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	\$	407,622	
Less: current year depreciation expense		<u>(756,685)</u>	(349,063)
(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, 2007	\$	427,934	
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(723,652)</u>	(295,718)
(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.			
Add: change in premium on debt issuances	\$	871	
Less: change in deferred debt issuance costs		(7,154)	
Add: principal payments on notes		98,378	
Add: principal payments on other loans		188,000	
Add: principal payments on bonds		1,400,000	
Add: payments on judgments		<u>300,000</u>	1,980,095
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable			<u>5,526</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>1,287,861</u>

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

Exhibit D-1

Lauderdale County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2007

	Business-type Activities
	Major Fund
	Solid Waste Disposal
<u>Operating Revenues</u>	
Tipping Fees	\$ 353,328
Other General Service Charges	1,031
Total Operating Revenues	<u>\$ 354,359</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 23,234
Salary Supplements	4,294
Equipment Operators	43,254
Social Security	3,792
State Retirement	5,308
Employee and Dependent Insurance	22,709
Employer Medicare	887
Communication	520
Contracts with Private Agencies	280,545
Maintenance Agreements	2,895
Maintenance and Repair Services - Buildings	708
Maintenance and Repair Services - Equipment	24,133
Diesel Fuel	4,177
Office Supplies	626
Utilities	2,011
Other Supplies and Materials	3,368
Building and Contents Insurance	700
Trustee's Commission	487
Vehicle and Equipment Insurance	8,589
Workers' Compensation Insurance	4,300
Depreciation	33,523
Landfill Closure/Postclosure Care Costs	6,051
Solid Waste Equipment	7,350
Total Operating Expenses	<u>\$ 483,461</u>
Operating Income (Loss)	<u>\$ (129,102)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 48,719
Solid Waste Grants	10,233
Gain on Disposal of Capital Assets	31,946
Interest on Capital Leases	(3,915)
Total Nonoperating Revenues (Expenses)	<u>\$ 86,983</u>
Change in Net Assets	\$ (42,119)
Net Assets, July 1, 2006	<u>1,510,246</u>
Net Assets, June 30, 2007	<u><u>\$ 1,468,127</u></u>

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

Exhibit D-2

Lauderdale County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2007

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 349,086
Receipts from Others	1,010
Payments for Waste Collections and Disposal Activity	<u>(451,853)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (101,757)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from Grants	<u>\$ 10,233</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 10,233</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Proceeds from Capital Lease	\$ 195,586
Purchase of Capital Assets	(320,212)
Principal Payments - Capital Lease	(39,235)
Interest Payments - Capital Lease	(3,915)
Proceeds from Disposal of Capital Assets	<u>75,000</u>
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (92,776)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 48,719</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 48,719</u>
Increase (Decrease) in Cash	\$ (135,581)
Cash, July 1, 2006	<u>1,336,897</u>
Cash, June 30, 2007	<u><u>\$ 1,201,316</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (129,102)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	33,523
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(4,081)
(Increase) Decrease in Due from Other Governments	(1,134)
Increase (Decrease) in Payroll Deductions Payable	180
Increase (Decrease) in Accrued Liability for Landfill Closure/Postclosure Costs	<u>(1,143)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (101,757)</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Equity in Pooled Cash and Investments	<u>\$ 1,201,316</u>
Cash, June 30, 2007	<u><u>\$ 1,201,316</u></u>

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

Exhibit E

Lauderdale County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 2,688,868
Cash	725,154
Due from Other Governments	<u>363,650</u>
Total Assets	<u>\$ 3,777,672</u>
<u>LIABILITIES</u>	
Due to Cities	\$ 164,901
Due to Other Taxing Units	2,885,463
Due to Litigants, Heirs, and Others	725,154
Due to Joint Ventures	<u>2,154</u>
Total Liabilities	<u>\$ 3,777,672</u>

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

**LAUDERDALE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lauderdale 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 Lauderdale County:

**A. Reporting Entity**

Lauderdale County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Lauderdale 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 Lauderdale 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 Lauderdale County School Department operates the public school system in the county, and the voters of Lauderdale 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 Lauderdale County Water System provides water to the residents of Lauderdale County in unincorporated areas. The system's governing body is appointed by the Lauderdale County Commission, and its operating budget is subject to the County Commission's approval.

The Lauderdale County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Lauderdale County, and the Lauderdale 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 Lauderdale County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Lauderdale County School Department are included in this report as listed in the table of contents. Complete financial statements of the Lauderdale County Water System and the Lauderdale County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Lauderdale County Water System  
550 Central Curve Road  
P.O. Box 527  
Ripley, TN 38063

Lauderdale County Emergency Communications District  
671 Highway 51 South  
P.O. Box 142  
Ripley, TN 38063

**Related Organization** – The Lauderdale County Industrial Development Board is a related organization of Lauderdale County. The county's officials are responsible for appointing the members of the board, but the county's accountability for the organization does not extend beyond making the appointments.

**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. The primary government of Lauderdale County has one business-type activity to report (the Solid Waste Disposal Fund). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Lauderdale 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.

Lauderdale County issues all debt for the discretely presented Lauderdale County School Department.

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

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

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

Fund financial statements of Lauderdale 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 and proprietary categories. Lauderdale County only reports one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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 fiduciary funds in total are reported in a single column.

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. Lauderdale 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 measurements 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.

Lauderdale 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.

Lauderdale County reports the following major proprietary fund:

**Solid Waste Disposal Fund** – This fund accounts for solid waste disposal operations of the Lauderdale County landfill.

Additionally, Lauderdale County reports the following fund type:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Lauderdale County, and state grants and other restricted revenues held for the benefit of the Twenty-fifth Judicial District Drug Task Force. 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 Lauderdale County School Department reports the following major governmental funds:

**General Purpose School Fund** – This fund is the primary operating fund for the School Department. It accounts for general operations of the School Department.

**Central Cafeteria Fund** – This fund accounts for the cafeteria operations in each of the schools.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitations. Lauderdale County has elected not to follow subsequent private-sector guidance.

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, an enterprise fund, to account for the operations of the county's landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

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 includes cash on deposit 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 (excluding the Lauderdale County Public Library), the discretely presented Lauderdale County School Department, and the discretely presented Lauderdale County Water System. 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 Lauderdale County School Department's General Purpose School Fund. Lauderdale County, the Lauderdale County School Department, and the Lauderdale County Water System 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.

**2. Receivables and Payables**

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.6 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 and the business-type 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 (buildings and improvements \$10,000, vehicles and equipment \$5,000, and infrastructure \$30,000), and an estimated useful life of more than five years. 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	20 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	20
Bridges	20 - 30

**4. Compensated Absences**

The general policy of Lauderdale County (with the exception of sick leave for employees of the Highway Department) does not allow employees to accumulate sick and vacation days beyond the end of the fiscal year. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The School Department's personnel policy does not allow employees to accumulate vacation days beyond the end of the fiscal year. Professional personnel are allowed to accumulate an unlimited amount of sick leave days and full-time non-professional employees can accumulate a limited amount of sick leave days based upon the number of months employed. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government.

**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 (or proprietary fund type) statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including claims and judgments and landfill closure/postclosure care costs, 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, 2007, Lauderdale County had \$17,305,171 in outstanding debt for capital purposes for the discretely presented Lauderdale County School Department. This debt is a liability of Lauderdale County, but the capital assets acquired are reported in the financial statements of the Lauderdale County School Department. Therefore, Lauderdale 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.

## **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 Lauderdale 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 Lauderdale 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 Lauderdale 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, County Attorney, Election Commission, etc.). Management may make revisions within major categories, but only the Lauderdale 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 Exceeded Appropriations

Public Library Fund and Ambulance Service Fund expenditures exceeded total appropriations approved by the County Commission by \$3,417 and \$15,003, respectively.

Also, expenditures exceeded appropriations approved by the County Commission in the Other Debt Service – General Government major appropriation category (the legal level of control) in the General Debt Service Fund by \$6,253.

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Lauderdale County (excluding the Lauderdale County Public Library), the discretely presented Lauderdale County School Department, and the discretely presented Lauderdale County Water System 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.

The county, excluding the Lauderdale County Public Library, had no pooled and nonpooled investments as of June 30, 2007.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2007, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 890,572	\$ 0	\$ 0	\$ 890,572
Total Capital Assets Not Depreciated	<u>\$ 890,572</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 890,572</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,639,194	\$ 0	\$ 0	\$ 8,639,194
Infrastructure	1,876,202	0	0	1,876,202
Other Capital Assets	3,587,440	407,622	(84,350)	3,910,712
Total Capital Assets Depreciated	<u>\$ 14,102,836</u>	<u>\$ 407,622</u>	<u>\$ (84,350)</u>	<u>\$ 14,426,108</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,978,072	\$ 340,177	\$ 0	\$ 3,318,249
Infrastructure	100,526	62,540	0	163,066
Other Capital Assets	2,750,240	353,968	(84,350)	3,019,858
Total Accumulated Depreciation	<u>\$ 5,828,838</u>	<u>\$ 756,685</u>	<u>\$ (84,350)</u>	<u>\$ 6,501,173</u>

**Governmental Activities (Cont.):**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Total Capital Assets Depreciated, Net	\$ 8,273,998	\$ (349,063)	\$ 0	\$ 7,924,935
Governmental Activities Capital Assets, Net	\$ 9,164,570	\$ (349,063)	\$ 0	\$ 8,815,507

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

**Governmental Activities:**

Administration of Justice	\$ 79,135
Public Safety	226,901
Public Health and Welfare	80,356
Social, Cultural, and Recreational Services	38,245
Highway/Public Works	<u>332,048</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 756,685</u>

**Business-type Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 160,000	\$ 0	\$ 0	\$ 160,000
Total Capital Assets Not Depreciated	<u>\$ 160,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 160,000</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 300,418	\$ 0	\$ 0	\$ 300,418
Other Capital Assets	430,897	320,212	(125,507)	625,602
Total Capital Assets Depreciated	<u>\$ 731,315</u>	<u>\$ 320,212</u>	<u>\$ (125,507)</u>	<u>\$ 926,020</u>
Less Accumulated Depreciation For: Buildings and Improvements	\$ 40,681	\$ 7,511	\$ 0	\$ 48,192

**Business-type Activities (Cont.):**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Less Accumulated Depreciation For (Cont.):				
Other Capital Assets	\$ 375,206	\$ 26,013	\$ (82,454)	\$ 318,765
Total Accumulated Depreciation	\$ 415,887	\$ 33,524	\$ (82,454)	\$ 366,957
Total Capital Assets Depreciated, Net	\$ 315,428	\$ 286,688	\$ (43,053)	\$ 559,063
Business-type Activities Capital Assets, Net	\$ 475,428	\$ 286,688	\$ (43,053)	\$ 719,063

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

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 1,341,648	\$ 37,000	\$ 1,378,648
Total Capital Assets Not Depreciated	\$ 1,341,648	\$ 37,000	\$ 1,378,648
Capital Assets Depreciated:			
Buildings and Improvements	\$ 35,062,190	\$ 56,495	\$ 35,118,685
Other Capital Assets	5,116,844	206,925	5,323,769
Total Capital Assets Depreciated	\$ 40,179,034	\$ 263,420	\$ 40,442,454
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 13,706,281	\$ 907,697	\$ 14,613,978
Other Capital Assets	2,864,069	322,702	3,186,771
Total Accumulated Depreciation	\$ 16,570,350	\$ 1,230,399	\$ 17,800,749

**Governmental Activities (Cont.):**

	Balance 7-1-06	Increases	Balance 6-30-07
Total Capital Assets Depreciated, Net	\$ 23,608,684	\$ (966,979)	\$ 22,641,705
Governmental Activities Capital Assets, Net	\$ 24,950,332	\$ (929,979)	\$ 24,020,353

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

Governmental Activities:

Instruction	\$ 919,453
Support Services	256,763
Operation of Non-Instructional Services	<u>54,183</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,230,399</u>

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

The composition of interfund balances as of June 30, 2007, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 6,784

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007, consisted of the following amount:

**Primary Government**

Transfers Out	Transfers In Nonmajor Governmental Funds
General Fund	\$ 96,973

**Discretely Presented Lauderdale County School Department**

Transfers Out	Transfers In General Purpose School Fund
Nonmajor governmental fund	\$ 31,214

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

**D. Capital Leases**

On October 30, 2006, Lauderdale County entered into a 4.5-year lease-purchase agreement for a bulldozer. The terms of the agreement require total lease payments of \$195,586 plus interest of 4.5 percent. The title to the equipment transfers to Lauderdale County at the end of the lease period. The Solid Waste Disposal Fund makes the lease payments.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

Year Ending June 30	Enterprise Fund
2008	\$ 43,150
2009	43,151

Year Ending June 30 (Cont.)	Enterprise Fund
2010	\$ 43,150
2011	43,150
Total Minimum Lease Payments	\$ 172,601
Amount Representing Interest	(16,250)
Present Value of Minimum Lease Payments	<u>\$ 156,351</u>

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

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

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 19 years for bonds and up to nine years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	2 to 3.75 %	\$ 9,835,000	\$ 8,635,000
General Obligation Bonds - Refunding	3 to 4	14,445,000	11,285,000
Capital Outlay Notes	0 to 5.35	720,000	363,070

The County Mayor's Office performs the accounting and oversight responsibilities for the discretely presented Lauderdale County Water System's water treatment plant expansion project. Lauderdale County

secured financing for this project with United States Department of Agriculture – Rural Development (U.S.D.A. – R.D.) bond proceeds received during the 2001-02 year. The liability for these bonds (\$736,586) has not been reflected in the county’s long-term debt schedule since they are to be retired by the Lauderdale County Water System. Lauderdale County will be contingently liable for the U.S.D.A. – R.D. loan and the interest thereon, in the event of default by the Lauderdale County Water System.

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 1,420,000	\$ 699,783	\$ 101,105	\$ 5,905
2009	1,455,000	657,408	76,087	3,044
2010	1,495,000	613,158	77,546	1,547
2011	1,545,000	562,845	33,333	0
2012	1,605,000	506,133	33,333	0
2013-2017	7,550,000	1,650,925	41,666	0
2018-2022	4,850,000	517,777	0	0
Total	<u>\$ 19,920,000</u>	<u>\$ 5,208,029</u>	<u>\$ 363,070</u>	<u>\$ 10,496</u>

There is \$3,795,195 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$735, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled \$748, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2006	\$ 21,320,000	\$ 461,448
Deductions	(1,400,000)	(98,378)
Balance, June 30, 2007	<u>\$ 19,920,000</u>	<u>\$ 363,070</u>
Balance Due Within One Year	<u>\$ 1,420,000</u>	<u>\$ 101,105</u>

Governmental Activities (Cont.):

	<u>Bonds</u>	<u>Notes</u>
	Other Loan	Claims and Judgments
Balance, July 1, 2006	\$ 188,000	\$ 3,550,000
Deductions	<u>(188,000)</u>	<u>(300,000)</u>
Balance, June 30, 2007	<u>\$ 0</u>	<u>\$ 3,250,000</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 300,000</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 23,533,070
Less: Balance Due Within One Year	(1,821,105)
Add: Unamortized Premium on Debt	7,666
Less: Deferred Amount on Refunding	<u>(36,674)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 21,682,957</u>
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At year-end, \$3,250,000 of claims and judgments is included in the above amounts. Claims and judgments payable will be retired from the General Debt Service Fund.

Defeasance of Prior Debt

In a prior year, Lauderdale County defeased certain outstanding general obligation refunding bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2007, the following outstanding bonds are considered defeased:

	<u>Amount</u>
1998 General Obligation Refunding Bonds	\$ 4,500,000

**Solid Waste Disposal Fund (Enterprise Fund)**

The following is a summary of changes in the long-term liabilities of the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2007:

Business-type Activities:

	Closure/ Postclosure Care Costs	Capital Lease
Balance, July 1, 2006	\$ 329,392	\$ 0
Additions	6,051	195,586
Deductions	(7,194)	(39,235)
Balance, June 30, 2007	<u>\$ 328,249</u>	<u>\$ 156,351</u>
Balance Due Within One Year	<u>\$ 6,811</u>	<u>\$ 36,521</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 484,600
Less: Balance Due Within One Year	<u>(43,332)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 441,268</u>

**Discretely Presented Lauderdale County School Department**

Lauderdale County issues capital outlay notes to fund capital facilities and other capital purchases such as renovations.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes outstanding as of June 30, 2007, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Capital Outlay Note	0 %	\$ 172,013	\$ 43,004

The annual requirements to amortize the note outstanding as of June 30, 2007, are presented in the following table:

Year Ending June 30	<u>Note Principal</u>
2008	\$ 9,556
2009	9,556
2010	9,556
2011	9,556
2012	<u>4,780</u>
Total	<u>\$ 43,004</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Lauderdale County School Department for the year ended June 30, 2007, was as follows:

	<u>Note</u>	<u>Lease</u>
Balance, July 1, 2006	\$ 52,560	\$ 160,759
Deductions	<u>(9,556)</u>	<u>(160,759)</u>
Balance, June 30, 2007	<u>\$ 43,004</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 9,556</u>	<u>\$ 0</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 43,004
Less: Balance Due Within One Year	<u>(9,556)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 33,448</u>

V. OTHER INFORMATION

A. Risk Management

Primary Government

Lauderdale County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and

quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF 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. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Lauderdale County participates in the Tennessee School Boards Risk Management Trust (TSB-RMT) which is a public entity risk pool, established by the Tennessee School Boards Association, an association of member school districts. The county pays an annual premium to the TSB-RMT for its workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$200,000 for each insured event.

Lauderdale County purchases commercial insurance for risks related to property and casualty losses. Settled claims have not exceeded this commercial coverage in any of the past three years.

Lauderdale County has chosen to provide for its risk-financing activities involving general liability insurance claims by paying any claims from funds available in the General Fund. County officials have not made any estimates of potential losses and/or claims against the county and have not determined if Lauderdale County is adequately protected. There was a material general liability judgment (\$3,600,000) against Lauderdale County in a prior year.

### **Discretely Presented Lauderdale County School Department**

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, 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 of losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the School Boards Association, an association of member school districts. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

**B. Subsequent Events**

On July 1, 2007, the Twenty-Fifth Judicial District Drug Task Force (DTF) was formed. The DTF is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-Fifth Judicial District; Fayette, Hardeman, Lauderdale, McNairy and Tipton counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. The DTF is overseen by the district attorney general and is governed by a Board of Directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district.

On August 12, 2007, the county obtained loan funds of \$500,000 for the Board of Education to replace cooling towers at an elementary school. These funds were borrowed at zero percent interest from Tennessee Department of Economic and Community Development.

On October 23, 2007, Lauderdale County issued capital outlay notes totaling \$239,236 for state bridge matching funds (\$138,300) and police pursuit vehicles (\$100,996).

The County Commission approved a \$10 increase in the county-wide motor vehicle tax. Effective October 1, 2007, the county wheel tax increased from \$55 to \$65.

**C. Contingent Liabilities**

Lauderdale County is contingently liable for the discretely presented Lauderdale County Water System bonds and interest in the event of default by the Lauderdale County Water System. As of June 30, 2007, future principal requirements were \$805,348, and future interest requirements were \$681,036.

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.

**D. Changes in Administration**

On August 31, 2006, Rozelle Criner left the Office of County Mayor and was succeeded by Rod Schuh, Carolyn McBroom left the Office of County Clerk and was succeeded by Linda Summar, and Louis Craig left the Office of Sheriff and was succeeded by Steve Sanders.

**E. Landfill Closure/Postclosure Care Costs**

State and federal laws and regulations require the county to place a final

cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The Lauderdale County Landfill Consortium, which consisted of Lauderdale County and the cities of Halls, Gates, Ripley, and Henning, operated a landfill until approximately June 30, 1993, at which time the consortium was dissolved and the landfill was closed. During the 1993-94 year, Lauderdale County assumed control of the consortium's landfill and its postclosure monitoring, and began operating a new Class 1 landfill. Lauderdale County stopped accepting solid waste at this landfill on February 1, 2001, and began operating a transfer station. Lauderdale County closed this landfill in the 2001-02 fiscal year. Lauderdale County now contracts with a private vendor for the transfer of the county's solid waste to another site. Also, during 1998, the county began operating a Class 3 landfill. Lauderdale County has a liability of \$328,249 for landfill closure and postclosure care costs at June 30, 2007. This amount represents future landfill closure and postclosure care costs associated with the Class 3 and the two Class 1 landfills at June 30, 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Retirement Commitments**

**Employees**

**Plan Description**

Employees of Lauderdale 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 Lauderdale County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report

may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

### **Funding Policy**

Lauderdale County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 8.18 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lauderdale County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2007, Lauderdale County's annual pension cost of \$648,845 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected 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. Lauderdale 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 ten 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
6-30-07	\$648,845	100%	\$0
6-30-06	523,653	100	0
6-30-05	499,738	100	0

### **School Teachers**

#### **Plan Description**

The Lauderdale County School Department contributes to the State

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Lauderdale County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Lauderdale County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were \$936,705, \$816,603, and \$806,045, respectively, equal to the required contributions for each year.

### **G. Other Post-employment Benefits**

In addition to the retirement commitments described above, the discretely presented Lauderdale County School Department pays up to \$1,000 per year

toward the cost of health insurance premiums for retired certified staff who meet established criteria. The criteria are as follows:

1. To have 30 years of total teaching experience
2. To have 20 years of the experience in Lauderdale County
3. To be covered under the group insurance at the time of retirement
4. To be younger than 65

As of June 30, 2007, 11 retirees were receiving this benefit. During the year, expenditures totaling \$9,583 were recognized for post-employment health insurance premiums.

#### **H. Purchasing Laws**

##### Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). This act provides for all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007, and excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

##### Office of Highway Commissioner

Purchasing procedures for the Highway Department are governed by provisions of Section 54-7-113, TCA (Uniform Road Law), which requires all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

##### Office of Director of Schools

Purchasing procedures for the discretely presented Lauderdale County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

#### **VI. OTHER NOTES – LAUDERDALE COUNTY PUBLIC LIBRARY (SPECIAL REVENUE FUND)**

##### **A. Summary of Significant Accounting Policies**

The Lauderdale County Public Library Fund accounts for its financial position and result of operations in accordance with generally accepted accounting principles applicable to governmental units.

1. **General**

The Lauderdale County Public Library serves as a public library for Lauderdale County.

2. **Reporting Entity**

The library is a special revenue fund of Lauderdale County, Tennessee, which is used to record the general operations of the library.

The financial statements are limited to the assets, liabilities, fund balance, and results of operations of the library. They are not intended to present the assets, liabilities, fund balances, and results of operations of Lauderdale County taken as a whole. The Lauderdale County Commission appoints the board of trustees of the library. The criteria of control or dependence is used to determine which activities are included in the library fund's financial statements.

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

Government 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 are 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants, entitlements, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the library fund receives cash.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

4. **Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets

are defined by the government as assets that have an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	40
Books	7
Furniture and fixtures	5-10

**5. Compensated Absences**

Full-time employees have the option of accruing sick leave and vacation pay for use in future periods.

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. Cash and Investments**

Cash, which is stated at cost, consists of the following:

	<u>Amount</u>
Cash on hand	\$ 664
Cash in bank	<u>38,851</u>
Total Cash	<u><u>\$ 39,515</u></u>

All monies are deposited in banks fully insured by the Federal Deposit Insurance Corporation (FDIC) and are in the name of Lauderdale County Library Fund.

Surplus funds may be invested in securities. State statutes authorize the Library Fund to invest in obligations of the U.S. Treasury, commercial paper, corporate bond, repurchase agreements, and the State Treasurer's Investment Pool.

**Custodial Credit Risk of Investment.** Custodial credit risk is the risk that, in the event of failure of the counterparty, the Library Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At year end, the fund's investments were subject to custodial credit risk due to the following:

- ◆ Investments were book-entry only in the name of the fund and were fully insured
- ◆ Investments were part of a mutual fund

**Interest Rate Risk.** Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. At year-end, the average maturities of investments are as follows:

Investment	Fair Value	Yearly Average Maturity
Cash	\$ 39,599	N/A
U.S. government or agency bond or note	280,465	17
Preferred debt	204,620	28
Certificate of deposits	136,908	4

**Credit Risk.** In compliance with state law, the fund's investment policy limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Organization
Cash	\$ 39,599	Not rated	
U.S. government or agency bond or note	280,465	Not rated	
Preferred debt	204,620	AAA	S&P or Moody's
Certificate of deposits	136,908	Not rated	

**Concentration of Credit Risk.** Not more than nine percent of the investments are invested in any one investment.

**C. Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2007:

**Governmental Activities:**

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated			
Land	\$ 7,800	\$ 0	\$ 7,800
Total Capital Assets Not Depreciated	<u>\$ 7,800</u>	<u>\$ 0</u>	<u>\$ 7,800</u>
Capital Assets Depreciated:			
Buildings	\$ 452,978	\$ 0	\$ 452,978
Books	51,667	7,199	58,866
Furniture and Fixtures	73,447	8,227	81,674
Total Capital Assets Depreciated	<u>\$ 578,092</u>	<u>\$ 15,426</u>	<u>\$ 593,518</u>
Less Accumulated Depreciation For:			
Buildings	\$ 79,271	\$ 11,324	\$ 90,595
Books	31,415	7,681	39,096
Furniture and Fixtures	61,657	5,650	67,307
Total Accumulated Depreciation	<u>\$ 172,343</u>	<u>\$ 24,655</u>	<u>\$ 196,998</u>
Total Capital Assets Depreciated, Net	<u>\$ 405,749</u>	<u>\$ (9,229)</u>	<u>\$ 396,520</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 413,549</u></u>	<u><u>\$ (9,229)</u></u>	<u><u>\$ 404,320</u></u>

Depreciation expense of \$24,655 was charged for the year.

**D. Reserved Funds**

1. Rice Fund. Principal bequest from the will of Lucie L. Rice for \$25,000. Principal is restricted perpetually. Use of income is restricted to no more than half of the income in any one year for operating expense.
2. Morris Fund. Restricted for the purchase of children's books and historical fiction. The fund maintains a current balance of \$11,974.

3. Palmer Fund. The library received \$10,000 in the year ended June 30, 2000, from Mrs. Jack Palmer. In 2005, Dorothy Palmer bequeathed an additional \$270,000 to this fund. These monies are restricted for capital purchases. The current balance is \$302,705.
4. Drake Fund. Monies received from the Drake estate are restricted for the purchase of English and American literature. The balance in the fund at June 30, 2007, is \$100,476.

Funds are not segregated. However, expenditures from these funds are designated within the accounting records.

**E. Revenues**

The library is funded by private contributions, operating transfers from Lauderdale County, and grants from the City of Ripley general funds.

**F. Lease**

The Board of Trustees has leased the old Sugar Hill Library Building to the Lauderdale County Chamber of Commerce for a period of 99 years. For all subsequent years, the Library Fund receives \$1 per year. The Chamber of Commerce maintains insurance on the building with the Library Fund as the loss payee. The chamber shall be responsible for all maintenance and upkeep on the building during the lease term.

**G. Risk Management**

The Lauderdale County Public Library Fund is exposed to various risks or losses related to theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The fund purchases commercial insurance to cover all of its insurance needs. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**VII. OTHER NOTES – LAUDERDALE COUNTY AMBULANCE AUTHORITY (SPECIAL REVENUE FUND)**

**A. Summary of Significant Accounting Policies**

The Lauderdale County Ambulance Authority is a special revenue fund of Lauderdale County, Tennessee. Financial statements of the authority are consolidated into the financial statements of Lauderdale County, Tennessee. The authority is governed by a committee of the Lauderdale County Commission and provides ambulance services to the citizens of Lauderdale County.

The accounting and reporting policies of the authority relating to the activities included in the accompanying financial statements conform to

generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the authority are described below:

**1. Reporting Entity**

The authority, for financial purposes, includes all the funds relevant to the operations of the Lauderdale County Ambulance Authority.

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

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 are 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Accounts receivable are reduced by an allowance for uncollectible accounts. The authority has one fund, which is a self-balancing account comprised of its assets, liabilities, fund equity, revenues, and expenditures.

**B. Cash and Cash Equivalents**

Cash and cash equivalents consist of the following:

	Amount 6-30-07
	<u>                    </u>
Cash in bank	\$ 291,004
Cash on hand	<u>                    9</u>
Total	<u><u>\$ 291,013</u></u>

Cash in banks is insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2007, \$100,000 was covered by the FDIC while \$416,003 was collateralized by the Tennessee Collateral Pool. All cash is held by the depositories in the name of the authority.

**C. Capital Assets**

Capital assets are comprised of equipment purchased by the authority for the past three years. All capital assets are capitalized and depreciated in the government-wide statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. Assets purchased prior to July 1, 2004, are reflected within the financial statements of Lauderdale County in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34 (as amended by Statement No. 37).

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.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the vehicles and equipment are five years. Total depreciation expense was \$21,832 for the year ended June 30, 2007.

Capital assets are summarized as follows:

	Balance 7-1-06	Additions	Balance 6-30-07
Vehicles	\$ 46,363	\$ 76,815	\$ 123,178
Equipment	19,983	11,552	31,535
Total	\$ 66,346	\$ 88,367	\$ 154,713
Accumulated Depreciation	(15,907)	(21,832)	(37,739)
Total	\$ 50,439	\$ 66,535	\$ 116,974

Assets purchased prior to July 1, 2004, have previously been incorporated in the financial statements.

**D. Allowance for Uncollectible Accounts**

The authority's allowance for estimated uncollectible receivables at June 30, 2007, was \$468,009.

**E. Compensated Absences**

The authority pays employees the value of all accumulated vacation and personal days prior to the end of the fiscal year. Therefore, no compensated absences are reflected within these statements.

**F. Estimates**

Management is required to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

**G. Stewardship, Compliance, and Accountability**

Budgetary information – An annual budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

Excess of expenditures over appropriations – Expenditures exceeded budgeted items for many line items. Revenues exceeded budgeted revenues and total expenditures were more than total budgeted expenditures. The primary difference was due to increased salary expense.

**H. Pension Plan**

The pension fund of the Lauderdale County Ambulance Authority is included in the total retirement program for Lauderdale County, Tennessee, under the Tennessee Consolidated Retirement System. Five percent is deducted from the employees' checks and the county pays a percentage match of 6.85 percent to fund the employees retirement. Retirement is based on 30 years of service or reaching the age of 60. For details relative to the funding status and progress, actuarial determined contribution requirements and contributions made, and trend information refer to note V.F.

**I. Risk Management**

The authority is exposed to various risks of loss related to torts, theft of; damage to; and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The authority has purchased commercial insurance for all of the above risks. Settled claims have not exceeded this coverage in any of the past three years.

**VIII. OTHER NOTES – DISCRETELY PRESENTED LAUDERDALE COUNTY WATER SYSTEM**

**A. Reporting Entity**

The Lauderdale County Water System was created in 1974. The Lauderdale County Commission appoints the system's five-member board, approves the system's operating budget, and is liable for any unpaid debt of the Lauderdale County Water System.

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, financial

statements are incorporated into the financial statements of Lauderdale County, Tennessee, as a component unit.

**B. Summary of Significant Accounting Policies**

Financial Reporting

The Lauderdale County Water System follows the provisions of the Governmental Accounting Standards Board (GASB) which establishes the financial reporting standards for all state and local government entities.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the Lauderdale County Water System, the reporting entity. The Lauderdale County Water System accounts for its operations as an enterprise fund. Operating revenues and expenses result from providing water service to residents of Lauderdale County in unincorporated areas of the county. All other revenues and expenses are reported as nonoperating revenues and expenses.

Under GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting, the Lauderdale County Water System has adopted the option to apply only those Financial Accounting Standards Board (FASB) statements and interpretations issued before November 30, 1989, that do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date will be followed.

Capital Assets

Capital assets are stated at historical cost. Depreciation is provided on the straight-line method at rates that are designed to amortize the original cost of the property over its estimated useful life. The major categories of property in service and their estimated useful lives are as follows:

<u>Asset</u>	<u>Years</u>
Utility plant in service	10-50
Equipment	2-10

Investments

Investments owned by the Lauderdale County Water System are in the safekeeping of the Lauderdale County trustee. They are valued at cost and consist of short-term certificates of deposits in area banks. The certificates of deposits have staggered maturity dates. The Lauderdale County Water System is authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government or any of its agencies. Securities pledged as

collateral for the certificates of deposits in local banks are held in the name of Lauderdale County and are combined with other funds.

#### Statement of Cash Flows

For purposes of the statement of cash flows, the Lauderdale County Water System considers all highly liquid investments purchased with a maturity of three months or less to be temporary cash investments.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Compensated Absences

The Lauderdale County Water System accrues vacation and compensated time for its employees to use in future periods.

#### Inventory

Inventory of supplies are recorded at historical cost.

#### Bad Debts

The Lauderdale County Water System uses the direct write-off method to account for bad debts. Amounts subsequently collected from bad-debt write-offs are recorded as income.

### **C. Deposits and Investments**

The Lauderdale County Water System's deposits and investments at June 30, 2007, consist of the following:

Deposits:	
Cash on hand	\$ 225
Cash in bank	22,935
Cash on deposit with county trustee	<u>419,417</u>
Total cash and cash equivalents	<u><u>\$ 442,577</u></u>
Investments:	
Certificates of deposit managed by county trustee	<u><u>\$ 1,802,306</u></u>

The Lauderdale County Water System's deposits and investments at June 30, 2007, were covered by federal depository insurance or by the Tennessee Collateral Pool or by securities held by the custodial bank in the county trustee's name.

**Interest Rate Risk.** To minimize exposure to declines in fair value, the certificates of deposit have staggering maturity rates with maturity dates of one year or less.

**Custodial Credit Risk.** The certificates of deposit are held in the County Trustee's Office name for the benefit of the Lauderdale County Water System and are not subject to custodial credit risk.

**Concentrations of Credit Risk.** The certificates of deposit are not subject to concentrations of credit risk as the custodial banks are either a member of the Tennessee Collateral Pool or provide securities held by the custodial bank as security for the funds invested.

**D. Accounts Receivable – Annexation**

The City of Ripley, Tennessee, annexed an area and agreed to pay the water system for estimated revenue lost by the Lauderdale County Water System from this annexation. The estimated revenue is payable over a ten-year period. The amount not collected at June 30, 2007, is also reflected as deferred revenue.

**E. Capital Assets**

Capital assets are summarized as follows:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 10,000	\$ 0	\$ 10,000
Total Capital Assets Not Depreciated	\$ 10,000	\$ 0	\$ 10,000
Capital Assets Depreciated:			
Water Plant	\$ 7,308,105	\$ 14,599	\$ 7,322,704
Plant Equipment	104,778	397	105,175
Office Equipment	67,848	0	67,848
Equipment	268,927	0	268,927
Total Capital Assets Depreciated	\$ 7,749,658	\$ 14,996	\$ 7,764,654

	Balance 7-1-06	Increases	Balance 6-30-07
Less Accumulated Depreciation:			
Plant Equipment	44,148	5,882	50,030
Office Equipment	39,497	9,497	48,994
Equipment	184,761	24,561	209,322
Total Accumulated Depreciation	<u>\$ 3,284,516</u>	<u>\$ 243,402</u>	<u>\$ 3,527,918</u>
 Total Capital Assets Depreciated, Net	 <u>\$ 4,465,142</u>	 <u>\$ (228,406)</u>	 <u>\$ 4,236,736</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 4,475,142</u>	 <u>\$ (228,406)</u>	 <u>\$ 4,246,736</u>

**F. Bonds Payable**

Bonds payable at June 30, 2007, consist of the following:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
FHA, 5%; payable in annual installments of \$6,345 including interest	\$ 4,504	\$ 32,314	\$ 36,818
FHA, 6%; payable in monthly installments of \$815 including interest	8,083	23,861	31,944
Rural Economic and Community Development 4.5%; payable in monthly installments of \$3,592	<u>10,166</u>	<u>726,420</u>	<u>736,586</u>
Total	<u>\$ 22,753</u>	<u>\$ 782,595</u>	<u>\$ 805,348</u>

The annual maturities of long-term bonds as of June 30, 2007, are:

<u>Year Ending June 30</u>	<u>Bonds</u>
2008	\$ 22,753
2009	23,944
2010	25,198
2011	23,014
2012	17,641
2013-2017	81,677
2018-2022	87,309
2023-2027	109,293

Year Ending June 30 (Cont.)	Bonds
2028-2032	136,812
2033-2037	171,262
2038-2040	<u>106,445</u>
Total	<u>\$ 805,348</u>

Net changes for the year ended June 30, 2007, in bond balances are:

	Bonds
Balance, July 1, 2006	\$ 826,966
Deductions	<u>(21,618)</u>
Balance, June 30, 2007	<u>\$ 805,348</u>

**G. Stewardship, Compliance, and Accountability**

An annual budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Some expenditures exceeded appropriations.

**H. Risk Management**

The Lauderdale County Water System is exposed to various risks or losses related to theft of, damage to, and destruction of assets; injuries to employees, and natural disasters. The Lauderdale County Water System purchases commercial insurance to cover all of its insurance needs. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**I. Retirement Plan**

**Plan Description**

Employees of the Lauderdale County Water System 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, 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. Political subdivisions such as the Lauderdale County Water System 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](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be assessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

### **Funding Policy**

The Lauderdale County Water System requires full-time employees to contribute five percent of earned compensation. The system is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 8.18 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Lauderdale County Water System is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2007, the Lauderdale County Water System's annual pension cost of \$00 to TCRS was equal to the system'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. The Lauderdale County Water System's unfunded accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was zero years. An actuarial valuation

was performed as of July 1, 2005, which established the contribution rate effective July 1, 2007.

**Trend information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$ 0	100%	\$ 0
6-30-06	16,811	100	0
6-30-05	15,305	100	0

**IX. OTHER NOTES – DISCRETELY PRESENTED LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Summary of Significant Accounting Policies**

**1. Reporting Entity**

Lauderdale County Emergency Communication District, Lauderdale County, Tennessee, is a governmental agency authorized by Tennessee state law and approved by the voters of Lauderdale County. The district provides a simplified method of securing emergency services for the residents of Lauderdale County, Tennessee. A seven-member board appointed by the County Commission governs the district. Because the district cannot issue debt without the approval of the County Commission, Lauderdale County Emergency Communications District has been determined to be a discrete component unit of Lauderdale County, Tennessee, as required by Governmental Accounting Standards Board Statement No. 14. The financial statements presented include only the Lauderdale County Emergency Communications District and the monies and funds managed by the Board of Directors of the district.

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The district distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the district are tariffs charged to

telephone users. Operating expenses for the district include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The district has elected not to follow subsequent private-sector guidance.

### 3. **Assets, Liabilities, and Net Assets or Equity**

#### a. **Deposits and Investments**

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the district to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The district has no investments that meet this criteria. All investments of the district consist of certificates of deposit, which are stated at cost.

#### b. **Receivables and Service Fees**

Fees collected by the Lauderdale County Emergency Communication District are derived from tariffs assessed on telephone customers of Lauderdale County, Tennessee. The tariff is billed and collected by Bell South and other telephone companies, who then remit the amounts collected to the district. Shared wireless charges are collected by the State of Tennessee and remitted to the district on a monthly basis.

At June 30, 2007, accounts receivable represent service fees and wireless charges collected by the entities named above and not remitted to the district.

#### c. **Capital Assets**

Capital assets consist of buildings, communication equipment, and office equipment owned by the district. The assets are capitalized at cost. Depreciation for furniture, fixtures, and

equipment is computed using the straight-line method over a five-to ten-year estimated life of the assets. Buildings and building improvements are depreciated over a 40-year estimated life using the straight-line method.

Depreciation expense charged to operations was \$29,073 for the year ended June 30, 2007. Capitalization of asset type purchases is determined on an item by item basis.

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.

d. Compensated Absences

It is the district's policy to permit employees to accumulate earned but unused vacation, holiday, and compensatory pay benefits.

Vacation benefits are earned in accordance with the following table.

<u>Length of Service</u>	<u>Benefit</u>
1 year	4 hours/month
After 1 year	8 hours/month

Maximum accumulation - 80 hours

There is no liability for unpaid accumulated sick leave.

Compensatory and holiday time is payable to the employee at 1 and 1/2 times the number of hours actually worked. The district has accrued absences that have been earned by the employees and are payable in accordance with the previous table.

e. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**B. Stewardship, Compliance, and Accountability**

**Budgetary Information**

An annual budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

**C. Detailed Notes on All Funds**

**1. Cash and Investments**

Cash and investments, which are stated at cost, consisted of the following:

Cash in Banks	\$ 356,833
Certificates of Deposit	<u>200,000</u>
Total	<u><u>\$ 556,833</u></u>

Cash in banks and certificates of deposits, are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2007, \$218,603 was covered by FDIC while \$338,230 was collateralized with the Tennessee Collateral Pool. The Board of Directors approves all investments. All cash and investments are held by the depositories in the name of the district.

**2. Capital Assets**

Capital assets are summarized as follows:

	Balance 7-1-06	Additions	Balance 6-30-07
Capital Assets Being Depreciated:			
Building and Improvements	\$ 157,642	\$ 1,200	\$ 158,842
Communication Equipment	122,080	0	122,080
Office Equipment	47,549	27,235	74,784
Furniture and Fixtures	10,134	1,200	11,334
Total Capital Assets Being Depreciated	<u>\$ 337,405</u>	<u>\$ 29,635</u>	<u>\$ 367,040</u>

	Balance 7-1-06	Additions	Balance 6-30-07
Less Accumulated Depreciation:			
Building and Improvements	\$ 11,477	\$ 4,299	\$ 15,776
Communication Equipment	45,889	12,151	58,040
Office Equipment	16,466	11,608	28,074
Furniture and Fixtures	4,790	1,015	5,805
Total Accumulated Depreciation	<u>\$ 78,622</u>	<u>\$ 29,073</u>	<u>\$ 107,695</u>
Net Capital Assets	<u>\$ 258,783</u>	<u>\$ 562</u>	<u>\$ 259,345</u>

### 3. Leases

The Emergency Communication District leases answering and monitoring equipment from Bell South under operating leases for an indefinite period. The lease, which began at the date of installation, is billed to the district at a monthly rate of \$3,031.

The following is a schedule by years of expected minimum future rentals on operating leases as of June 30, 2007:

Year Ending June 30	Amount
2008	\$ 36,372
2009	36,372
2010	36,372
2011	36,372
2012	36,372

## D. Other Information

### 1. Risk Management

Under Tennessee State Law, the board of directors is immune from liability unless they are grossly negligent. Therefore, no additional liability insurance is purchased on behalf of the board members. Board members who are responsible for the cash management of the district are covered under an insurance bond. The Board insures the equipment from loss through commercial insurance. Insurance has been purchased to protect against dispatcher negligence or omissions. No settlements have occurred in any of the prior three years.

**2. Related Party Transactions**

The district leases office space from an employee to house computer equipment and to transact the day-to-day business of the district. The monthly operating lease is for a one-year term with the option of renewing on a month-to-month basis. The office space rent is \$180 per month in 2007. Annual rent for the next five years is expected to be \$2,160 per year.

**3. Concentration of Credit Risk**

The district receives its operating funds from tariffs assessed on and collected from telephone users in Lauderdale County, Tennessee. While the district has a broad consumer base, the ability of consumers to pay their accounts is dependent on the economic conditions of the area.

**4. Retirement Plan**

**Plan Description**

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who 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 the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor,

Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasurer.state.tn.us](http://www.treasurer.state.tn.us) Copies of footnotes in PDF format can be accessed at <http://www.treasurer.state.tn.us/tcrs/PS/>.

**Funding Policy**

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 6.33 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ended June 30, 2007, the district’s annual pension cost of \$4,422 to TCRS was equal to the district’s required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected 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. The district’s unfounded accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 15 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2007.

**Trend information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$ 4,422	100%	\$ 0
6-30-06	3,459	100	0
6-30-05	5,076	100	0

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,108,559	\$ 3,901,482	\$ 3,901,482	\$ 207,077
Licenses and Permits	33,211	29,392	29,392	3,819
Fines, Forfeitures, and Penalties	102,051	73,747	73,747	28,304
Charges for Current Services	70,971	66,650	66,650	4,321
Other Local Revenues	62,374	14,527	20,720	41,654
Fees Received from County Officials	1,047,696	859,100	859,100	188,596
State of Tennessee	1,730,860	1,456,136	1,678,411	52,449
Federal Government	343,145	760,357	760,357	(417,212)
Other Governments and Citizens Groups	88,925	104,000	104,000	(15,075)
<b>Total Revenues</b>	<b>\$ 7,587,792</b>	<b>\$ 7,265,391</b>	<b>\$ 7,493,859</b>	<b>\$ 93,933</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 66,252	\$ 71,450	\$ 71,450	\$ 5,198
County Mayor/Executive	205,893	211,226	211,231	5,338
County Attorney	208,787	72,019	218,230	9,443
Election Commission	436,819	206,297	437,765	946
Register of Deeds	124,814	129,235	129,235	4,421
Development	94,119	98,166	98,166	4,047
Planning	18,364	26,810	26,810	8,446
County Buildings	433,077	459,371	459,371	26,294
Other General Administration	3,699	3,999	3,999	300
<u>Finance</u>				
Accounting and Budgeting	807	1,077	1,077	270
Property Assessor's Office	181,100	186,509	188,116	7,016
Reappraisal Program	21,031	27,180	25,573	4,542
County Trustee's Office	154,607	161,329	161,329	6,722
County Clerk's Office	258,074	261,966	261,966	3,892
<u>Administration of Justice</u>				
Circuit Court	205,498	213,632	213,632	8,134
General Sessions Judge	85,217	85,233	85,233	16
General Sessions Court Clerk	172,491	181,136	181,136	8,645
Chancery Court	137,421	160,723	160,723	23,302
Juvenile Court	438,101	441,616	441,616	3,515
Other Administration of Justice	91,428	91,428	91,428	0
<u>Public Safety</u>				
Sheriff's Department	1,516,233	1,457,660	1,535,860	19,627
Administration of the Sexual Offender Registry	836	900	900	64
Jail	1,408,351	1,387,610	1,513,906	105,555
Fire Prevention and Control	25,179	30,953	30,953	5,774
Civil Defense	302,511	507,703	507,703	205,192
Rescue Squad	5,000	5,000	5,000	0
Other Emergency Management	56,160	57,241	57,241	1,081

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 57,121	\$ 57,962	\$ 57,962	\$ 841
Rabies and Animal Control	45,158	45,316	45,316	158
Dental Health Program	268,517	269,649	269,649	1,132
Other Local Health Services	67,973	72,015	72,015	4,042
Aid to Dependent Children	0	600	600	600
Sanitation Education/Information	42,052	42,104	42,104	52
<u>Social, Cultural, and Recreational Services</u>				
Libraries	22,950	119,923	22,950	0
Parks and Fair Boards	25,500	26,000	26,000	500
<u>Agriculture &amp; Natural Resources</u>				
Agriculture Extension Service	84,635	115,710	115,710	31,075
Soil Conservation	77,969	91,498	91,498	13,529
<u>Other Operations</u>				
Veterans' Services	15,475	18,811	18,811	3,336
Other Charges	137,408	139,949	139,949	2,541
Contributions to Other Agencies	117,107	117,107	117,107	0
Employee Benefits	99,388	102,000	102,000	2,612
Miscellaneous	41,554	42,525	42,525	971
Total Expenditures	<u>\$ 7,754,676</u>	<u>\$ 7,798,638</u>	<u>\$ 8,283,845</u>	<u>\$ 529,169</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (166,884)</u>	<u>\$ (533,247)</u>	<u>\$ (789,986)</u>	<u>\$ 623,102</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (96,973)</u>	<u>\$ 0</u>	<u>\$ (96,973)</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ (96,973)</u>	<u>\$ 0</u>	<u>\$ (96,973)</u>	<u>\$ 0</u>
Net Change in Fund Balance	<u>\$ (263,857)</u>	<u>\$ (533,247)</u>	<u>\$ (886,959)</u>	<u>\$ 623,102</u>
Fund Balance, July 1, 2006	<u>2,532,093</u>	<u>2,088,332</u>	<u>2,442,044</u>	<u>90,049</u>
Fund Balance, June 30, 2007	<u><u>\$ 2,268,236</u></u>	<u><u>\$ 1,555,085</u></u>	<u><u>\$ 1,555,085</u></u>	<u><u>\$ 713,151</u></u>

Exhibit F-2

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 763,199	\$ 754,702	\$ 754,702	\$ 8,497
Licenses and Permits	661	536	536	125
Other Local Revenues	34,522	15,500	15,500	19,022
State of Tennessee	1,813,759	2,332,170	2,332,170	(518,411)
Total Revenues	<u>\$ 2,612,141</u>	<u>\$ 3,102,908</u>	<u>\$ 3,102,908</u>	<u>\$ (490,767)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 159,213	\$ 194,165	\$ 194,165	\$ 34,952
Highway and Bridge Maintenance	1,132,766	1,238,334	1,226,834	94,068
Operation and Maintenance of Equipment	422,688	560,592	572,092	149,404
Other Charges	211,462	212,043	212,043	581
Employee Benefits	422,384	430,829	438,829	16,445
Capital Outlay	11,456	647,500	647,500	636,044
Total Expenditures	<u>\$ 2,359,969</u>	<u>\$ 3,283,463</u>	<u>\$ 3,291,463</u>	<u>\$ 931,494</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 252,172</u>	<u>\$ (180,555)</u>	<u>\$ (188,555)</u>	<u>\$ 440,727</u>
Net Change in Fund Balance	\$ 252,172	\$ (180,555)	\$ (188,555)	\$ 440,727
Fund Balance, July 1, 2006	<u>370,628</u>	<u>415,191</u>	<u>415,191</u>	<u>(44,563)</u>
Fund Balance, June 30, 2007	<u>\$ 622,800</u>	<u>\$ 234,636</u>	<u>\$ 226,636</u>	<u>\$ 396,164</u>

Exhibit F-3

Lauderdale County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2007

**Required Supplementary Information**

Schedule of Funding Progress for Lauderdale County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 17,296	\$ 17,833	\$ 537	96.99 %	\$ 7,046	7.62 %
6-30-03	15,643	16,249	606	96.27	6,215	9.75
6-30-01	14,192	14,901	709	95.24	5,384	13.17

Exhibit F-4

Lauderdale County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Lauderdale County Emergency Communications District  
June 30, 2007

**Required Supplementary Information**

Schedule of Funding Progress for Lauderdale County Emergency Communications District

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 46	\$ 78	\$ 32	58.91 %	\$ 73	44.05 %
6-30-03	36	71	35	50.70	135	25.93
6-30-01	10	44	34	22.73	122	27.87

**LAUDERDALE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2007**

**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 Lauderdale 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/Executive, County Attorney, Election Commission, etc.). Management may make revisions within major categories, but only the Lauderdale County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county’s law library.

Public Library Fund – The Public Library Fund is used to account for transactions of the county library, which is jointly funded by Lauderdale County and the City of Ripley.

Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions of the county ambulance service.

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 revenues received 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.

Exhibit G-1

Lauderdale County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Constitu - tional Officers - Fees	
<u>ASSETS</u>							
Cash	\$ 0	\$ 39,515	\$ 291,013	\$ 0	\$ 0	\$ 6,784	\$ 337,312
Equity in Pooled Cash and Investments	4,608	0	225,000	41,028	56,520	0	327,156
Investments	0	661,592	0	0	0	0	661,592
Accounts Receivable	0	0	737,016	0	0	0	737,016
Allowance for Uncollectibles	0	0	(468,009)	0	0	0	(468,009)
Due from Other Governments	0	0	0	0	809	0	809
Accrued Interest Receivable	0	0	6,296	0	0	0	6,296
<b>Total Assets</b>	<b>\$ 4,608</b>	<b>\$ 701,107</b>	<b>\$ 791,316</b>	<b>\$ 41,028</b>	<b>\$ 57,329</b>	<b>\$ 6,784</b>	<b>\$ 1,602,172</b>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 0	\$ 0	\$ 6,851	\$ 0	\$ 0	\$ 0	\$ 6,851
Accrued Payroll	0	7,279	3,371	0	0	0	10,650
Payroll Deductions Payable	0	0	5,686	0	0	0	5,686
Due to Other Funds	0	0	0	0	0	6,784	6,784
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 7,279</b>	<b>\$ 15,908</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,784</b>	<b>\$ 29,971</b>
<u>Fund Balances</u>							
Reserved for Endowments	\$ 0	\$ 440,155	\$ 0	\$ 0	\$ 0	\$ 0	\$ 440,155
Unreserved	4,608	253,673	775,408	41,028	57,329	0	1,132,046
<b>Total Fund Balances</b>	<b>\$ 4,608</b>	<b>\$ 693,828</b>	<b>\$ 775,408</b>	<b>\$ 41,028</b>	<b>\$ 57,329</b>	<b>\$ 0</b>	<b>\$ 1,572,201</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,608</b>	<b>\$ 701,107</b>	<b>\$ 791,316</b>	<b>\$ 41,028</b>	<b>\$ 57,329</b>	<b>\$ 6,784</b>	<b>\$ 1,602,172</b>

Exhibit G-2

Lauderdale County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Constitu - tional Officers - Fees	
<u>Revenues</u>							
Local Taxes	\$ 1,586	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,586
Fines, Forfeitures, and Penalties	0	0	0	17,786	14,016	0	31,802
Charges for Current Services	0	0	1,216,755	0	0	26	1,216,781
Other Local Revenues	0	35,398	7,021	0	180	0	42,599
Other Governments and Citizens Groups	0	125,079	0	0	62,661	0	187,740
<b>Total Revenues</b>	<b>\$ 1,586</b>	<b>\$ 160,477</b>	<b>\$ 1,223,776</b>	<b>\$ 17,786</b>	<b>\$ 76,857</b>	<b>\$ 26</b>	<b>\$ 1,480,508</b>
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26	\$ 26
Administration of Justice	0	0	0	0	19,528	0	19,528
Public Safety	0	0	0	18,333	0	0	18,333
Public Health and Welfare	0	0	976,773	0	0	0	976,773
Social, Cultural, and Recreational Services	745	129,545	0	0	0	0	130,290
<b>Total Expenditures</b>	<b>\$ 745</b>	<b>\$ 129,545</b>	<b>\$ 976,773</b>	<b>\$ 18,333</b>	<b>\$ 19,528</b>	<b>\$ 26</b>	<b>\$ 1,144,950</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 841	\$ 30,932	\$ 247,003	\$ (547)	\$ 57,329	\$ 0	\$ 335,558
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 96,973	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96,973
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 96,973</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 96,973</b>
Net Change in Fund Balances	\$ 841	\$ 127,905	\$ 247,003	\$ (547)	\$ 57,329	\$ 0	\$ 432,531
Fund Balance, July 1, 2006	3,767	565,923	528,405	41,575	0	0	1,139,670
<b>Fund Balance, June 30, 2007</b>	<b>\$ 4,608</b>	<b>\$ 693,828</b>	<b>\$ 775,408</b>	<b>\$ 41,028</b>	<b>\$ 57,329</b>	<b>\$ 0</b>	<b>\$ 1,572,201</b>

Exhibit G-3

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,586	\$ 1,300	\$ 1,300	\$ 286
Total Revenues	\$ 1,586	\$ 1,300	\$ 1,300	\$ 286
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 745	\$ 2,100	\$ 2,100	\$ 1,355
Total Expenditures	\$ 745	\$ 2,100	\$ 2,100	\$ 1,355
Excess (Deficiency) of Revenues Over Expenditures	\$ 841	\$ (800)	\$ (800)	\$ 1,641
Net Change in Fund Balance	\$ 841	\$ (800)	\$ (800)	\$ 1,641
Fund Balance, July 1, 2006	3,767	3,822	3,822	(55)
Fund Balance, June 30, 2007	\$ 4,608	\$ 3,022	\$ 3,022	\$ 1,586

Exhibit G-4

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Public Library Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 35,398	\$ 1,001	\$ 1,001	\$ 34,397
Other Governments and Citizens Groups	125,079	28,154	28,154	96,925
Total Revenues	<u>\$ 160,477</u>	<u>\$ 29,155</u>	<u>\$ 29,155</u>	<u>\$ 131,322</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 129,545	\$ 126,128	\$ 126,128	\$ (3,417)
Total Expenditures	<u>\$ 129,545</u>	<u>\$ 126,128</u>	<u>\$ 126,128</u>	<u>\$ (3,417)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,932</u>	<u>\$ (96,973)</u>	<u>\$ (96,973)</u>	<u>\$ 127,905</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 96,973	\$ 96,973	\$ 96,973	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 96,973</u>	<u>\$ 96,973</u>	<u>\$ 96,973</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 127,905	\$ 0	\$ 0	\$ 127,905
Fund Balance, July 1, 2006	565,923	565,924	565,924	(1)
Fund Balance, June 30, 2007	<u>\$ 693,828</u>	<u>\$ 565,924</u>	<u>\$ 565,924</u>	<u>\$ 127,904</u>

Exhibit G-5

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,216,755	\$ 980,000	\$ 980,000	\$ 236,755
Other Local Revenues	7,021	650	650	6,371
Total Revenues	<u>\$ 1,223,776</u>	<u>\$ 980,650</u>	<u>\$ 980,650</u>	<u>\$ 243,126</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 976,773	\$ 919,832	\$ 961,770	\$ (15,003)
Total Expenditures	<u>\$ 976,773</u>	<u>\$ 919,832</u>	<u>\$ 961,770</u>	<u>\$ (15,003)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 247,003</u>	<u>\$ 60,818</u>	<u>\$ 18,880</u>	<u>\$ 228,123</u>
Net Change in Fund Balance	\$ 247,003	\$ 60,818	\$ 18,880	\$ 228,123
Fund Balance, July 1, 2006	<u>528,405</u>	<u>528,405</u>	<u>528,405</u>	<u>0</u>
Fund Balance, June 30, 2007	<u>\$ 775,408</u>	<u>\$ 589,223</u>	<u>\$ 547,285</u>	<u>\$ 228,123</u>

Exhibit G-6

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 17,786	\$ 22,300	\$ 22,300	\$ (4,514)
Total Revenues	\$ 17,786	\$ 22,300	\$ 22,300	\$ (4,514)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 18,333	\$ 25,000	\$ 25,000	\$ 6,667
Total Expenditures	\$ 18,333	\$ 25,000	\$ 25,000	\$ 6,667
Excess (Deficiency) of Revenues Over Expenditures	\$ (547)	\$ (2,700)	\$ (2,700)	\$ 2,153
Net Change in Fund Balance	\$ (547)	\$ (2,700)	\$ (2,700)	\$ 2,153
Fund Balance, July 1, 2006	41,575	41,125	41,125	450
Fund Balance, June 30, 2007	\$ 41,028	\$ 38,425	\$ 38,425	\$ 2,603

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit H

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 974,362	\$ 919,826	\$ 919,826	\$ 54,536
Licenses and Permits	940	450	450	490
State of Tennessee	2,518	0	0	2,518
Other Governments and Citizens Groups	1,286,088	0	1,286,088	0
Total Revenues	<u>\$ 2,263,908</u>	<u>\$ 920,276</u>	<u>\$ 2,206,364</u>	<u>\$ 57,544</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 611,434	\$ 636,378	\$ 611,434	\$ 0
Education	1,074,944	1,050,000	1,074,944	0
<u>Interest on Debt</u>				
General Government	113,979	124,093	120,414	6,435
Education	617,974	614,291	617,970	(4)
<u>Other Debt Service</u>				
General Government	318,753	312,500	312,500	(6,253)
Education	649	1,000	1,000	351
Total Expenditures	<u>\$ 2,737,733</u>	<u>\$ 2,738,262</u>	<u>\$ 2,738,262</u>	<u>\$ 529</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (473,825)</u>	<u>\$ (1,817,986)</u>	<u>\$ (531,898)</u>	<u>\$ 58,073</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 1,671,515	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 1,671,515</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (473,825)	\$ (146,471)	\$ (531,898)	\$ 58,073
Fund Balance, July 1, 2006	4,269,020	4,133,682	4,133,682	135,338
Fund Balance, June 30, 2007	<u>\$ 3,795,195</u>	<u>\$ 3,987,211</u>	<u>\$ 3,601,784</u>	<u>\$ 193,411</u>

# Fiduciary Funds

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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.

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Local Sales Tax Fund – The Local Sales Tax Fund is used to account for certain local option sales tax collections that are to be used for the retirement of school debt.

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, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Twenty-Fifth Judicial District.

Exhibit I-1

Lauderdale County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	Agency Funds			Total
	Local Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 2,686,714	\$ 0	\$ 2,154	\$ 2,688,868
Cash	0	725,154	0	725,154
Due from Other Governments	363,650	0	0	363,650
Total Assets	<u>\$ 3,050,364</u>	<u>\$ 725,154</u>	<u>\$ 2,154</u>	<u>\$ 3,777,672</u>
<u>LIABILITIES</u>				
Due to Cities	\$ 164,901	\$ 0	\$ 0	\$ 164,901
Due to Other Taxing Units	2,885,463	0	0	2,885,463
Due to Litigants, Heirs, and Others	0	725,154	0	725,154
Due to Joint Ventures	0	0	2,154	2,154
Total Liabilities	<u>\$ 3,050,364</u>	<u>\$ 725,154</u>	<u>\$ 2,154</u>	<u>\$ 3,777,672</u>

Exhibit I-2

Lauderdale County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Local Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,078,033	\$ 2,036,884	\$ 2,428,203	\$ 2,686,714
Due from Other Governments	349,935	363,650	349,935	363,650
Total Assets	\$ 3,427,968	\$ 2,400,534	\$ 2,778,138	\$ 3,050,364
<u>Liabilities</u>				
Due to Cities	\$ 157,077	\$ 164,901	\$ 157,077	\$ 164,901
Due to Other Taxing Units	3,270,891	2,235,633	2,621,061	2,885,463
Total Liabilities	\$ 3,427,968	\$ 2,400,534	\$ 2,778,138	\$ 3,050,364
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 651,358	\$ 4,617,773	\$ 4,543,977	\$ 725,154
Total Assets	\$ 651,358	\$ 4,617,773	\$ 4,543,977	\$ 725,154
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 651,358	\$ 4,617,773	\$ 4,543,977	\$ 725,154
Total Liabilities	\$ 651,358	\$ 4,617,773	\$ 4,543,977	\$ 725,154
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,154	\$ 0	\$ 2,154
Total Assets	\$ 0	\$ 2,154	\$ 0	\$ 2,154
<u>Liabilities</u>				
Due to Joint Ventures	\$ 0	\$ 2,154	\$ 0	\$ 2,154
Total Liabilities	\$ 0	\$ 2,154	\$ 0	\$ 2,154
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,078,033	\$ 2,039,038	\$ 2,428,203	\$ 2,688,868
Cash	651,358	4,617,773	4,543,977	725,154
Due from Other Governments	349,935	363,650	349,935	363,650
Total Assets	\$ 4,079,326	\$ 7,020,461	\$ 7,322,115	\$ 3,777,672
<u>Liabilities</u>				
Due to Cities	\$ 157,077	\$ 164,901	\$ 157,077	\$ 164,901
Due to Other Taxing Units	3,270,891	2,235,633	2,621,061	2,885,463
Due to Litigants, Heirs, and Others	651,358	4,617,773	4,543,977	725,154
Due to Joint Ventures	0	2,154	0	2,154
Total Liabilities	\$ 4,079,326	\$ 7,020,461	\$ 7,322,115	\$ 3,777,672

# Lauderdale County School Department

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This section presents combining and individual fund financial statements for the Lauderdale County School Department, a discretely presented component unit. The Lauderdale County School Department uses a General Fund and two Special Revenue Funds.

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General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects – 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.

Exhibit J-1

Lauderdale County, Tennessee  
Statement of Activities  
Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total
				Governmental
				Activities
Governmental Activities:				
Instruction	\$ 19,815,874	\$ 3,571	\$ 2,056,259	\$ (17,756,044)
Support Services	8,712,184	44,905	623,379	(8,043,900)
Operation of Non-Instructional Services	3,660,540	612,504	2,957,842	(90,194)
Interest on Long-term Debt	211	0	0	(211)
Other Debt Service	1,200,000	0	0	(1,200,000)
<b>Total Governmental Activities</b>	<b>\$ 33,388,809</b>	<b>\$ 660,980</b>	<b>\$ 5,637,480</b>	<b>\$ (27,090,349)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,763,470
Local Option Sales Taxes				1,758,151
Other Local Taxes				181,735
Grants and Contributions Not Restricted for Specific Programs				21,912,648
Unrestricted Investment Income				373,258
Miscellaneous				36,732
<b>Total General Revenues</b>				<b>\$ 27,025,994</b>
Change in Net Assets				\$ (64,355)
Net Assets, July 1, 2006				26,749,677
Net Assets, June 30, 2007				<b>\$ 26,685,322</b>

Exhibit J-2

Lauderdale County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Lauderdale County School Department  
June 30, 2007

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>School</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Federal</u>	<u>Governmental</u>
	<u>School</u>		<u>Projects</u>	<u>Funds</u>
			<u>Fund</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,166,211	\$ 432,868	\$ 116,040	\$ 1,715,119
Accounts Receivable	627	0	0	627
Due from Other Governments	883,324	148,892	97,658	1,129,874
Property Taxes Receivable	2,930,766	0	0	2,930,766
Allowance for Uncollectible Property Taxes	(141,401)	0	0	(141,401)
Accrued Interest Receivable	18,947	0	0	18,947
Total Assets	<u>\$ 4,858,474</u>	<u>\$ 581,760</u>	<u>\$ 213,698</u>	<u>\$ 5,653,932</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 48,451	\$ 0	\$ 0	\$ 48,451
Payroll Deductions Payable	165,775	0	70,713	236,488
Deferred Revenue - Current Property Taxes	2,661,020	0	0	2,661,020
Deferred Revenue - Delinquent Property Taxes	119,883	0	0	119,883
Other Deferred Revenues	176,008	0	0	176,008
Total Liabilities	<u>\$ 3,171,137</u>	<u>\$ 0</u>	<u>\$ 70,713</u>	<u>\$ 3,241,850</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 155,575	\$ 0	\$ 2,129	\$ 157,704
Reserved for Capital Outlay	17,593	0	0	17,593
Reserved for Career Ladder - Extended Contract	2,032	0	0	2,032
Reserved for Career Ladder Program	11,165	0	0	11,165
Reserved for Technology	234,000	0	0	234,000
Reserved for Title I Grants to Local Education Agencies	0	0	26,581	26,581
Reserved for Innovative Education Program Strategies	0	0	5,963	5,963
Reserved for Special Education - Grants to States	5,066	0	65,570	70,636
Other Federal Reserves	0	0	42,742	42,742
Unreserved, Reported In:				
General Fund	1,261,906	0	0	1,261,906
Special Revenue Funds	0	581,760	0	581,760
Total Fund Balances	<u>\$ 1,687,337</u>	<u>\$ 581,760</u>	<u>\$ 142,985</u>	<u>\$ 2,412,082</u>
Total Liabilities and Fund Balances	<u>\$ 4,858,474</u>	<u>\$ 581,760</u>	<u>\$ 213,698</u>	<u>\$ 5,653,932</u>

Exhibit J-3

Lauderdale County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Lauderdale County School Department  
June 30, 2007

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)		\$	2,412,082
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,378,648	
Add: buildings and improvements net of accumulated depreciation		20,504,707	
Add: other capital assets net of accumulated depreciation		<u>2,136,998</u>	24,020,353
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable			(43,004)
(3) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			
			<u>295,891</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>26,685,322</u></u>

Exhibit J-4

Lauderdale County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2007

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
			<u>Fund</u>	
<u>Revenues</u>				
Local Taxes	\$ 4,828,258	\$ 0	\$ 0	\$ 4,828,258
Licenses and Permits	4,503	0	0	4,503
Fines, Forfeitures, and Penalties	750	0	0	750
Charges for Current Services	44,905	612,504	0	657,409
Other Local Revenues	442,601	4,873	0	447,474
State of Tennessee	21,479,064	27,977	0	21,507,041
Federal Government	83,470	1,736,498	2,982,748	4,802,716
Other Governments and Citizens Groups	1,059,178	0	0	1,059,178
<b>Total Revenues</b>	<b>\$ 27,942,729</b>	<b>\$ 2,381,852</b>	<b>\$ 2,982,748</b>	<b>\$ 33,307,329</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 16,463,129	\$ 0	\$ 2,326,950	\$ 18,790,079
Support Services	8,283,430	46	408,124	8,691,600
Operation of Non-Instructional Services	790,727	2,366,487	304,347	3,461,561
Capital Outlay	213,301	0	0	213,301
Debt Service:				
Principal on Debt	170,315	0	0	170,315
Interest on Debt	3,966	0	0	3,966
Other Debt Service	1,200,000	0	0	1,200,000
<b>Total Expenditures</b>	<b>\$ 27,124,868</b>	<b>\$ 2,366,533</b>	<b>\$ 3,039,421</b>	<b>\$ 32,530,822</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 817,861	\$ 15,319	\$ (56,673)	\$ 776,507
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 31,214	\$ 0	\$ 0	\$ 31,214
Transfers Out	0	0	(31,214)	(31,214)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 31,214</b>	<b>\$ 0</b>	<b>\$ (31,214)</b>	<b>\$ 0</b>
Net Change in Fund Balances				
Fund Balance, July 1, 2006	\$ 849,075	\$ 15,319	\$ (87,887)	\$ 776,507
	838,262	566,441	230,872	1,635,575
Fund Balance, June 30, 2007				
	\$ 1,687,337	\$ 581,760	\$ 142,985	\$ 2,412,082

Exhibit J-5

Lauderdale County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2007

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)		\$ 776,507
(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	\$ 300,420	
Less: current year depreciation expense	<u>(1,230,399)</u>	(929,979)
(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, 2007	\$ 295,891	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(380,844)</u>	(84,953)
(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.		
Add: principal payments on notes	\$ 9,556	
Add: principal payments on leases	<u>160,759</u>	170,315
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable		<u>3,755</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (64,355)</u>

Exhibit J-6

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Lauderdale County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,828,258	\$ 0	\$ 0	\$ 4,828,258	\$ 5,244,766	\$ 4,696,134	\$ 132,124
Licenses and Permits	4,503	0	0	4,503	5,000	5,000	(497)
Fines, Forfeitures, and Penalties	750	0	0	750	0	0	750
Charges for Current Services	44,905	0	0	44,905	0	59,377	(14,472)
Other Local Revenues	442,601	0	0	442,601	347,900	378,924	63,677
State of Tennessee	21,479,064	0	0	21,479,064	19,981,586	21,363,459	115,605
Federal Government	83,470	0	0	83,470	52,708	78,044	5,426
Other Governments and Citizens Groups	1,059,178	0	0	1,059,178	0	1,059,178	0
Total Revenues	\$ 27,942,729	\$ 0	\$ 0	\$ 27,942,729	\$ 25,631,960	\$ 27,640,116	\$ 302,613
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 13,544,662	\$ (4,798)	\$ 1,776	\$ 13,541,640	\$ 13,496,168	\$ 13,652,521	\$ 110,881
Special Education Program	2,104,512	(198)	190	2,104,504	2,070,839	2,117,009	12,505
Vocational Education Program	813,955	0	0	813,955	822,921	819,682	5,727
<u>Support Services</u>							
Attendance	10,594	0	0	10,594	8,000	10,600	6
Health Services	180,179	0	1,875	182,054	114,699	183,674	1,620
Other Student Support	629,354	0	0	629,354	578,836	629,673	319
Regular Instruction Program	683,460	0	0	683,460	694,221	710,149	26,689
Special Education Program	280,700	0	0	280,700	279,565	281,050	350
Vocational Education Program	105,376	0	0	105,376	98,523	108,416	3,040
Board of Education	392,068	0	0	392,068	385,185	392,890	822
Director of Schools	254,050	0	190	254,240	263,785	256,845	2,605
Office of the Principal	1,858,038	(320)	0	1,857,718	1,746,708	1,861,293	3,575
Fiscal Services	153,562	0	0	153,562	152,583	154,313	751
Operation of Plant	\$ 1,751,868	\$ 0	\$ 0	\$ 1,751,868	\$ 1,830,024	\$ 1,778,993	\$ 27,125
Maintenance of Plant	627,890	(60,298)	2,333	569,925	540,220	579,653	9,728
Transportation	1,323,788	0	0	1,323,788	1,303,325	1,340,366	16,578
Central and Other	32,503	0	0	32,503	32,525	32,525	22

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	293	0	0	293	0	293	0
Community Services	258,999	0	132	259,131	65,999	261,617	2,486
Early Childhood Education	531,435	(12,064)	14,187	533,558	0	563,942	30,384
<u>Capital Outlay</u>							
Regular Capital Outlay	213,301	0	134,892	348,193	0	605,586	257,393
<u>Principal on Debt</u>							
Education	170,315	0	0	170,315	1,328,882	170,316	1
<u>Interest on Debt</u>							
Education	3,966	0	0	3,966	6,582	3,996	0
<u>Other Debt Service</u>							
Education	1,200,000	0	0	1,200,000	0	1,200,000	0
Total Expenditures	\$ 27,124,868	\$ (77,678)	\$ 155,575	\$ 27,202,765	\$ 25,819,590	\$ 27,715,372	\$ 512,607
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 817,861	\$ 77,678	\$ (155,575)	\$ 739,964	\$ (187,630)	\$ (75,256)	\$ 815,220
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 31,214	\$ 0	\$ 0	\$ 31,214	\$ 188,760	\$ 33,800	\$ (2,586)
Transfers Out	0	0	0	0	0	(460)	460
Total Other Financing Sources (Uses)	\$ 31,214	\$ 0	\$ 0	\$ 31,214	\$ 188,760	\$ 33,340	\$ (2,126)
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 849,075	\$ 77,678	\$ (155,575)	\$ 771,178	\$ 1,130	\$ (41,916)	\$ 813,094
	838,262	(77,678)	0	760,584	662,000	704,550	56,034
Fund Balance, June 30, 2007							
	\$ 1,687,337	\$ 0	\$ (155,575)	\$ 1,531,762	\$ 663,130	\$ 662,634	\$ 869,128

Exhibit J-7

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Lauderdale County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,982,748	\$ 0	\$ 0	\$ 2,982,748	\$ 3,091,442	\$ 3,062,473	\$ (79,725)
Total Revenues	\$ 2,982,748	\$ 0	\$ 0	\$ 2,982,748	\$ 3,091,442	\$ 3,062,473	\$ (79,725)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,299,010	\$ (233)	\$ 0	\$ 1,298,777	\$ 1,356,932	\$ 1,401,562	\$ 102,785
Special Education Program	933,077	0	0	933,077	1,042,617	1,066,639	133,562
Vocational Education Program	94,863	(8,489)	2,110	88,484	81,017	88,517	33
<u>Support Services</u>							
Health Services	4,441	0	0	4,441	6,000	6,000	1,559
Other Student Support	6,248	(1,607)	19	4,660	10,000	5,000	340
Regular Instruction Program	134,757	0	0	134,757	182,548	143,070	8,313
Special Education Program	255,369	0	0	255,369	309,563	285,541	30,172
Vocational Education Program	7,309	(209)	0	7,100	7,100	7,100	0
<u>Operation of Non-Instructional Services</u>							
Community Services	304,347	0	0	304,347	304,355	304,355	8
Total Expenditures	\$ 3,039,421	\$ (10,538)	\$ 2,129	\$ 3,031,012	\$ 3,300,132	\$ 3,307,784	\$ 276,772
Excess (Deficiency) of Revenues Over Expenditures	\$ (56,673)	\$ 10,538	\$ (2,129)	\$ (48,264)	\$ (208,690)	\$ (245,311)	\$ 197,047
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (31,214)	\$ 0	\$ 0	\$ (31,214)	\$ (34,261)	\$ (34,387)	\$ 3,173
Total Other Financing Sources (Uses)	\$ (31,214)	\$ 0	\$ 0	\$ (31,214)	\$ (34,261)	\$ (34,387)	\$ 3,173
Net Change in Fund Balance	\$ (87,887)	\$ 10,538	\$ (2,129)	\$ (79,478)	\$ (242,951)	\$ (279,698)	\$ 200,220
Fund Balance, July 1, 2006	230,872	(10,538)	0	220,334	279,700	279,700	(59,366)
Fund Balance, June 30, 2007	\$ 142,985	\$ 0	\$ (2,129)	\$ 140,856	\$ 36,749	\$ 2	\$ 140,854

Exhibit J-8

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Lauderdale County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 612,504	\$ 599,385	\$ 599,385	\$ 13,119
Other Local Revenues	4,873	2,000	2,000	2,873
State of Tennessee	27,977	28,500	28,500	(523)
Federal Government	1,736,498	1,669,927	1,669,927	66,571
Total Revenues	<u>\$ 2,381,852</u>	<u>\$ 2,299,812</u>	<u>\$ 2,299,812</u>	<u>\$ 82,040</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 46	\$ 0	\$ 60	\$ 14
<u>Operation of Non-Instructional Services</u>				
Food Service	2,366,487	2,419,732	2,419,672	53,185
Total Expenditures	<u>\$ 2,366,533</u>	<u>\$ 2,419,732</u>	<u>\$ 2,419,732</u>	<u>\$ 53,199</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,319</u>	<u>\$ (119,920)</u>	<u>\$ (119,920)</u>	<u>\$ 135,239</u>
Net Change in Fund Balance	\$ 15,319	\$ (119,920)	\$ (119,920)	\$ 135,239
Fund Balance, July 1, 2006	<u>566,441</u>	<u>478,840</u>	<u>478,840</u>	<u>87,601</u>
Fund Balance, June 30, 2007	<u>\$ 581,760</u>	<u>\$ 358,920</u>	<u>\$ 358,920</u>	<u>\$ 222,840</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Lauderdale County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
Primary Government and Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Fire Fighting Equipment	\$ 140,000	5.35 %	10-5-01	10-5-07	\$ 51,597	\$ 25,134	\$ 26,463
Health Department Construction	300,000	0	11-7-04	9-1-13	241,666	33,333	208,333
School Rehabilitation and Road Bank Stabilization	280,000	3.5	12-10-02	12-10-09	168,185	39,911	128,274
Total Notes Payable					<u>\$ 461,448</u>	<u>\$ 98,378</u>	<u>\$ 363,070</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Public Works Projects	1,000,000	variable	9-22-00	5-25-07	\$ 188,000	\$ 188,000	\$ 0
Total Other Loans Payable					<u>\$ 188,000</u>	<u>\$ 188,000</u>	<u>\$ 0</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
G.O. School Refunding, Series 2003	9,840,000	3 to 4	6-1-03	4-1-18	\$ 7,780,000	\$ 715,000	\$ 7,065,000
G.O. School, Series 2003	9,835,000	2 to 3.75	5-1-03	4-1-22	8,935,000	300,000	8,635,000
G.O. Refunding, Series 2006	4,605,000	3.75 to 4	5-10-06	4-1-16	4,605,000	385,000	4,220,000
Total Bonds Payable					<u>\$ 21,320,000</u>	<u>\$ 1,400,000</u>	<u>\$ 19,920,000</u>
<u>DISCRETELY PRESENTED LAUDERDALE COUNTY SCHOOL DEPARTMENT</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Asbestos Abatement	172,013	0	4-17-1992	5-30-12	\$ 52,560	\$ 9,556	\$ 43,004
Total Notes Payable					<u>\$ 52,560</u>	<u>\$ 9,556</u>	<u>\$ 43,004</u>
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Energy Savings Equipment	942,665	6.17	10-3-1997	7-10-06	\$ 160,759	\$ 160,759	\$ 0
Total Capital Leases Payable					<u>\$ 160,759</u>	<u>\$ 160,759</u>	<u>\$ 0</u>

Exhibit K-2

Lauderdale County, Tennessee  
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 1,420,000	\$ 699,783	\$ 2,119,783
2009	1,455,000	657,408	2,112,408
2010	1,495,000	613,158	2,108,158
2011	1,545,000	562,845	2,107,845
2012	1,605,000	506,133	2,111,133
2013	1,665,000	444,933	2,109,933
2014	1,725,000	381,583	2,106,583
2015	1,335,000	324,338	1,659,338
2016	1,385,000	274,838	1,659,838
2017	1,440,000	225,235	1,665,235
2018	1,040,000	176,275	1,216,275
2019	1,000,000	139,875	1,139,875
2020	1,000,000	103,875	1,103,875
2021	1,000,000	67,375	1,067,375
2022	810,000	30,375	840,375
Total	<u>\$ 19,920,000</u>	<u>\$ 5,208,029</u>	<u>\$ 25,128,029</u>

Exhibit K-3

Lauderdale County, Tennessee  
Schedule of Investments  
June 30, 2007

<u>Fund and Type</u>	<u>Amount</u>
<u>Public Library Fund</u>	
Money Market Funds	\$ 39,599
U.S. government or agency bond or note	280,465
Corporate bonds	204,620
Certificates of deposit	<u>136,908</u>
 Total Investments	 <u><u>\$ 661,592</u></u>

Exhibit K-4

Lauderdale County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Public Library	To provide funds for operations	\$ 96,973
Total Transfers Primary Government			<u>\$ 96,973</u>
<u>Discretely Presented Lauderdale County School Department</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ 31,214
Total Transfers Discretely Presented Lauderdale County School Department			<u>\$ 31,214</u>

Exhibit K-5

Lauderdale County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
<b>County Mayor:</b>				
Rozelle Criner (7-1-06 through 8-31-06)	Section 8-24-102, TCA, and County Commission	\$ 12,793	\$ 50,000	RLI Insurance Company
Rod Schuh (9-1-06 through 6-30-07)	Section 8-24-102, TCA, and County Commission	63,966	50,000	RLI Insurance Company
Highway Commissioner	Chapter 304, Private Acts of 1929, as amended, and County Commission	61,702	100,000	"
Director of Schools	State Board of Education and Lauderdale County Board of Education	96,030 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <u>TCA</u>	56,069	772,700	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,069	10,000	"
<b>County Clerk:</b>				
Carolyn McBroom (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,345	50,000	"
Linda Summar (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	46,724	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	56,069	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	56,069	300,000	"
Register	Section 8-24-102, <u>TCA</u>	56,069	25,000	"
<b>Sheriff:</b>				
Louis Craig (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	10,879 (2)	25,000	"
Steve Sanders (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	51,997 (2)	25,000	"
<b>Employees Blanket Bonds:</b>				
<b>Office:</b>				
County Mayor's Staff			10,000	RLI Insurance Company
Highway Department's Staff			10,000	"
Director of Schools - All Employees			150,000	Tennessee School Boards Risk Management Trust
Deputies - Trustee's Office			10,000	RLI Insurance Company
Deputies - County Clerk's Office			10,000	"
Deputies - Circuit and General Sessions Courts Clerk's Office			10,000	"
Deputies - Clerk and Master's Office			10,000	"
Sheriff's Department Bookkeeper			10,000	"

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

(2) Includes law enforcement training supplement of \$600.

Exhibit K-6

Lauderdale County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

	Special Revenue Funds				
	General	Law Library	Public Library	Ambulance Service	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,816,262	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	106,384	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	57,452	0	0	0	0
Interest and Penalty	22,841	0	0	0	0
Pick-up Taxes	8,006	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	428	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	30,707	0	0	0	0
Payments in-Lieu-of Taxes - Other	77,979	0	0	0	0
<u>County Local Option Taxes</u>					
Hotel/Motel Tax	50,693	0	0	0	0
Wheel Tax	709,827	0	0	0	0
Litigation Tax - General	77,035	0	0	0	0
Litigation Tax - Special Purpose	17,116	1,586	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	45,496	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	19,523	0	0	0	0
Wholesale Beer Tax	66,356	0	0	0	0
Interstate Telecommunications Tax	2,454	0	0	0	0
Total Local Taxes	\$ 4,108,559	\$ 1,586	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 5,927	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	3,070	0	0	0	0
<u>Permits</u>					
Beer Permits	950	0	0	0	0
Building Permits	23,264	0	0	0	0
Total Licenses and Permits	\$ 33,211	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Law Library	Public Library	Ambulance Service	Drug Control
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 6,694	\$ 0	\$ 0	\$ 0	0
Officers Costs	6,130	0	0	0	0
Drug Control Fines	4,986	0	0	0	15,538
Drug Court Fees	14	0	0	0	0
Jail Fees	1,794	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	833	0	0	0	0
Data Entry Fee - Circuit Court	351	0	0	0	0
<u>General Sessions Court</u>					
Fines	33,321	0	0	0	0
Officers Costs	19,623	0	0	0	0
Game and Fish Fines	128	0	0	0	0
Drug Control Fines	3,332	0	0	0	2,248
Drug Court Fees	342	0	0	0	0
Jail Fees	12,485	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	4,079	0	0	0	0
Data Entry Fee - General Sessions Court	5,527	0	0	0	0
<u>Juvenile Court</u>					
Fines	658	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,491	0	0	0	0
Data Entry Fee - Chancery Court	30	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	233	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 102,051	\$ 0	\$ 0	\$ 0	17,786
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	1,216,755	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Law Library	Public Library	Ambulance Service	Drug Control
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Telephone Commissions	\$ 25,269	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	17	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	8,842	0	0	0	0
Data Processing Fee - Sheriff	5,478	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,463	0	0	0	0
<u>Education Charges</u>					
Tuition - Other	29,902	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 70,971</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,216,755</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 32,063	\$ 7,021	\$ 0
Sale of Materials and Supplies	0	0	0	0	0
Commissary Sales	995	0	0	0	0
Miscellaneous Refunds	57,932	0	3,335	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	1,146	0	0	0	0
Damages Recovered from Individuals	2,101	0	0	0	0
Contributions & Gifts	200	0	0	0	0
<b>Total Other Local Revenues</b>	<b>\$ 62,374</b>	<b>\$ 0</b>	<b>\$ 35,398</b>	<b>\$ 7,021</b>	<b>\$ 0</b>
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 280,558	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	94,969	0	0	0	0
General Sessions Court Clerk	179,901	0	0	0	0
Clerk and Master	78,302	0	0	0	0
Register	111,736	0	0	0	0
Sheriff	15,571	0	0	0	0
Trustee	286,659	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 1,047,696</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Law Library	Public Library	Ambulance Service	Drug Control
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 14,500	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	9,408	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	13,200	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	295,555	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	29,508	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	9,665	0	0	0	0
Alcoholic Beverage Tax	51,816	0	0	0	0
Mixed Drink Tax	410	0	0	0	0
State Revenue Sharing - T.V.A.	94,231	0	0	0	0
Emergency Hospital - Prisoners	3,884	0	0	0	0
Contracted Prisoner Boarding	738,150	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	230,177	0	0	0	0
Other State Revenues	223,976	0	0	0	0
Total State of Tennessee	\$ 1,730,860	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 32,627	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	306,798	0	0	0	0
Law Enforcement Grants	3,720	0	0	0	0
Total Federal Government	\$ 343,145	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 6,925	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>				
	General	Law Library	Public Library	Ambulance Service	Drug Control
<u>Other Governments and Citizens Groups (Cont.)</u>					
<u>Other Governments (Cont.)</u>					
Contributions	\$ 36,000	\$ 0	\$ 125,079	\$ 0	\$ 0
Contracted Services	46,000	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 88,925</u>	<u>\$ 0</u>	<u>\$ 125,079</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 7,587,792</u>	<u>\$ 1,586</u>	<u>\$ 160,477</u>	<u>\$ 1,223,776</u>	<u>\$ 17,786</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 0	\$ 606,368	\$ 862,390	\$ 4,285,020
Trustee's Collections - Prior Year	0	0	22,029	22,029	150,442
Circuit/Clerk & Master Collections - Prior Years	0	0	11,899	11,899	81,250
Interest and Penalty	0	0	4,778	5,304	32,923
Pick-up Taxes	0	0	1,710	2,294	12,010
Payments in-Lieu-of Taxes - T.V.A.	0	0	92	131	651
Payments in-Lieu-of Taxes - Local Utilities	0	0	6,609	9,404	46,720
Payments in-Lieu-of Taxes - Other	0	0	16,784	23,881	118,644
<u>County Local Option Taxes</u>					
Hotel/Motel Tax	0	0	0	0	50,693
Wheel Tax	0	0	88,728	0	798,555
Litigation Tax - General	0	0	0	0	77,035
Litigation Tax - Special Purpose	0	0	0	0	18,702
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	31,051	31,051
Business Tax	0	0	0	0	45,496
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	4,202	5,979	29,704
Wholesale Beer Tax	0	0	0	0	66,356
Interstate Telecommunications Tax	0	0	0	0	2,454
Total Local Taxes	\$ 0	\$ 0	\$ 763,199	\$ 974,362	\$ 5,847,706
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,927
Cable TV Franchise	0	0	661	940	4,671
<u>Permits</u>					
Beer Permits	0	0	0	0	950
Building Permits	0	0	0	0	23,264
Total Licenses and Permits	\$ 0	\$ 0	\$ 661	\$ 940	\$ 34,812

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	6,694
Officers Costs	0	0	0	0	6,130
Drug Control Fines	0	0	0	0	20,524
Drug Court Fees	0	0	0	0	14
Jail Fees	0	0	0	0	1,794
District Attorney General Fees	433	0	0	0	433
DUI Treatment Fines	0	0	0	0	833
Data Entry Fee - Circuit Court	0	0	0	0	351
<u>General Sessions Court</u>					
Fines	0	0	0	0	33,321
Officers Costs	0	0	0	0	19,623
Game and Fish Fines	0	0	0	0	128
Drug Control Fines	0	0	0	0	5,580
Drug Court Fees	0	0	0	0	342
Jail Fees	0	0	0	0	12,485
District Attorney General Fees	2,387	0	0	0	2,387
DUI Treatment Fines	0	0	0	0	4,079
Data Entry Fee - General Sessions Court	0	0	0	0	5,527
<u>Juvenile Court</u>					
Fines	0	0	0	0	658
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	1,491
Data Entry Fee - Chancery Court	0	0	0	0	30
<u>Courts in Other District Counties</u>					
District Attorney General Fees	11,196	0	0	0	11,196
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	0	0	233
Total Fines, Forfeitures, and Penalties	\$ 14,016	\$ 0	\$ 0	\$ 0	133,853
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	1,216,755

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	25,269
Vending Machine Collections	0	0	0	0	17
Constitutional Officers' Fees and Commissions	0	26	0	0	26
Data Processing Fee - Register	0	0	0	0	8,842
Data Processing Fee - Sheriff	0	0	0	0	5,478
Sexual Offender Registration Fees - Sheriff	0	0	0	0	1,463
<u>Education Charges</u>					
Tuition - Other	0	0	0	0	29,902
Total Charges for Current Services	\$ 0	\$ 26	\$ 0	\$ 0	1,287,752
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	39,084
Sale of Materials and Supplies	0	0	9,120	0	9,120
Commissary Sales	0	0	0	0	995
Miscellaneous Refunds	180	0	25,402	0	86,849
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	1,146
Damages Recovered from Individuals	0	0	0	0	2,101
Contributions & Gifts	0	0	0	0	200
Total Other Local Revenues	\$ 180	\$ 0	\$ 34,522	\$ 0	139,495
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	280,558
Circuit Court Clerk	0	0	0	0	94,969
General Sessions Court Clerk	0	0	0	0	179,901
Clerk and Master	0	0	0	0	78,302
Register	0	0	0	0	111,736
Sheriff	0	0	0	0	15,571
Trustee	0	0	0	0	286,659
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	1,047,696

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	14,500
State Reappraisal Grant	0	0	0	0	9,408
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	13,200
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	295,555
<u>Public Works Grants</u>					
Litter Program	0	0	0	0	29,508
<u>Other State Revenues</u>					
Income Tax	0	0	0	2,518	12,183
Alcoholic Beverage Tax	0	0	0	0	51,816
Mixed Drink Tax	0	0	0	0	410
State Revenue Sharing - T.V.A.	0	0	49,359	0	143,590
Emergency Hospital - Prisoners	0	0	0	0	3,884
Contracted Prisoner Boarding	0	0	0	0	738,150
Gasoline and Motor Fuel Tax	0	0	1,742,599	0	1,742,599
Petroleum Special Tax	0	0	21,801	0	21,801
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Grants	0	0	0	0	230,177
Other State Revenues	0	0	0	0	223,976
Total State of Tennessee	\$ 0	\$ 0	\$ 1,813,759	\$ 2,518	\$ 3,547,137
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	32,627
Homeland Security Grants	0	0	0	0	306,798
Law Enforcement Grants	0	0	0	0	3,720
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 343,145
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	6,925

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Governments and Citizens Groups (Cont.)</u>					
<u>Other Governments (Cont.)</u>					
Contributions	\$ 62,661	\$ 0	\$ 0	\$ 1,286,088	\$ 1,509,828
Contracted Services	0	0	0	0	46,000
Total Other Governments and Citizens Groups	\$ 62,661	\$ 0	\$ 0	\$ 1,286,088	\$ 1,562,753
Total	\$ 76,857	\$ 26	\$ 2,612,141	\$ 2,263,908	\$ 13,944,349

## Exhibit K-7

Lauderdale County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Lauderdale County School Department  
 For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,573,786	\$ 0	\$ 0	\$ 2,573,786
Trustee's Collections - Prior Year	113,344	0	0	113,344
Circuit/Clerk & Master Collections - Prior Years	53,964	0	0	53,964
Interest and Penalty	21,337	0	0	21,337
Pick-up Taxes	7,388	0	0	7,388
Payments in-Lieu-of Taxes - T.V.A.	393	0	0	393
Payments in-Lieu-of Taxes - Local Utilities	28,212	0	0	28,212
Payments in-Lieu-of Taxes - Other	71,643	0	0	71,643
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,756,767	0	0	1,756,767
Wheel Tax	177,554	0	0	177,554
<u>Statutory Local Taxes</u>				
Bank Excise Tax	17,937	0	0	17,937
Interstate Telecommunications Tax	4,181	0	0	4,181
Other Statutory Local Taxes	1,752	0	0	1,752
Total Local Taxes	\$ 4,828,258	\$ 0	\$ 0	\$ 4,828,258
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,682	\$ 0	\$ 0	\$ 1,682
Cable TV Franchise	2,821	0	0	2,821
Total Licenses and Permits	\$ 4,503	\$ 0	\$ 0	\$ 4,503
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 750	\$ 0	\$ 0	\$ 750
Total Fines, Forfeitures, and Penalties	\$ 750	\$ 0	\$ 0	\$ 750
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 274,146	\$ 274,146
Lunch Payments - Adults	0	0	59,940	59,940
Income from Breakfast	0	0	50,528	50,528
Special Milk Sales	0	0	8,540	8,540
A la carte Sales	0	0	199,008	199,008
Contract for Instructional Services with Other LEAs	18,096	0	0	18,096
<u>Other Charges for Services</u>				
Other Charges for Services	26,809	0	20,342	47,151
Total Charges for Current Services	\$ 44,905	\$ 0	\$ 612,504	\$ 657,409
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 401,999	\$ 0	\$ 4,873	\$ 406,872
Lease/Rentals	2,260	0	0	2,260
Miscellaneous Refunds	32,885	0	0	32,885
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	3,903	0	0	3,903
Contributions & Gifts	996	0	0	996

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Other Local Revenues</u>				
Other Local Revenues	\$ 558	\$ 0	\$ 0	\$ 558
Total Other Local Revenues	\$ 442,601	\$ 0	\$ 4,873	\$ 447,474
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 19,300,100	\$ 0	\$ 0	\$ 19,300,100
School Food Service	0	0	27,977	27,977
Driver Education	4,390	0	0	4,390
Other State Education Funds	403,979	0	0	403,979
Career Ladder Program	292,461	0	0	292,461
Career Ladder - Extended Contract	193,296	0	0	193,296
<u>Other State Revenues</u>				
Income Tax	6,887	0	0	6,887
Mixed Drink Tax	410	0	0	410
State Revenue Sharing - T.V.A.	305,128	0	0	305,128
Other State Grants	900,329	0	0	900,329
Other State Revenues	72,084	0	0	72,084
Total State of Tennessee	\$ 21,479,064	\$ 0	\$ 27,977	\$ 21,507,041
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,183,675	\$ 1,183,675
Breakfast	0	0	540,654	540,654
USDA - Other	0	0	12,169	12,169
Vocational Education - Basic Grants to States	0	99,848	0	99,848
Title I Grants to Local Education Agencies	0	981,016	0	981,016
Innovative Education Program Strategies	0	136,762	0	136,762
Special Education - Grants to States	12,847	1,081,857	0	1,094,704
Special Education Preschool Grants	12,489	42,889	0	55,378
Eisenhower Professional Development State Grants	0	287,829	0	287,829
Other Federal through State	0	352,547	0	352,547
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	58,134	0	0	58,134
Total Federal Government	\$ 83,470	\$ 2,982,748	\$ 1,736,498	\$ 4,802,716
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,059,178	\$ 0	\$ 0	\$ 1,059,178
Total Other Governments and Citizens Groups	\$ 1,059,178	\$ 0	\$ 0	\$ 1,059,178
Total	\$ 27,942,729	\$ 2,982,748	\$ 2,381,852	\$ 33,307,329

Exhibit K-8

Lauderdale County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	46,492	
Social Security		2,883	
State Retirement		2,367	
Employer Medicare		674	
Audit Services		6,186	
Dues and Memberships		1,550	
Travel		6,100	
Total County Commission			\$ 66,252

County Mayor/Executive

County Official/Administrative Officer	\$	76,759	
Accountants/Bookkeepers		54,791	
Salary Supplements		2,581	
Social Security		7,555	
State Retirement		10,972	
Employee and Dependent Insurance		23,342	
Employer Medicare		1,767	
Communication		1,908	
Dues and Memberships		1,400	
Postal Charges		14,311	
Travel		1,583	
Other Contracted Services		5,000	
Office Supplies		3,853	
Other Supplies and Materials		71	
Total County Mayor/Executive			205,893

County Attorney

County Official/Administrative Officer	\$	1,810	
Social Security		90	
Employee and Dependent Insurance		835	
Employer Medicare		21	
Legal Services		59,820	
Judgments		146,211	
Total County Attorney			208,787

Election Commission

County Official/Administrative Officer	\$	50,462
Deputy(ies)		24,931
Clerical Personnel		13,724
Part-time Personnel		16,404

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Commission	\$	5,475	
Election Workers		29,387	
Social Security		6,324	
State Retirement		6,167	
Employee and Dependent Insurance		20,109	
Employer Medicare		1,479	
Audit Services		2,000	
Communication		2,998	
Data Processing Services		3,988	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		4,169	
Printing, Stationery, and Forms		2,250	
Travel		5,450	
Office Supplies		3,156	
Other Supplies and Materials		2,120	
Office Equipment		<u>236,051</u>	
Total Election Commission			\$ 436,819

Register of Deeds

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		25,704	
Part-time Personnel		4,590	
Social Security		5,196	
State Retirement		6,689	
Employee and Dependent Insurance		4,161	
Employer Medicare		1,215	
Communication		2,424	
Contracts with Other Public Agencies		12,739	
Dues and Memberships		508	
Travel		195	
Office Supplies		<u>5,324</u>	
Total Register of Deeds			124,814

Development

Contracts with Government Agencies	\$	93,666	
Other Charges		<u>453</u>	
Total Development			94,119

Planning

Materials Supervisor	\$	11,608	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Board and Committee Members Fees	\$	3,960	
Social Security		816	
Employer Medicare		191	
Advertising		568	
Communication		739	
Office Supplies		307	
Other Supplies and Materials		175	
Total Planning			\$ 18,364

County Buildings

Custodial Personnel	\$	19,040	
Maintenance Personnel		34,854	
Part-time Personnel		8,444	
Social Security		3,589	
State Retirement		4,171	
Employee and Dependent Insurance		10,453	
Employer Medicare		839	
Maintenance & Repair Services - Buildings		106,162	
Custodial Supplies		10,345	
Utilities		204,080	
Other Supplies and Materials		167	
Building and Contents Insurance		30,933	
Total County Buildings			433,077

Other General Administration

Other Salaries & Wages	\$	3,436	
Social Security		213	
Employer Medicare		50	
Total Other General Administration			3,699

Finance

Accounting and Budgeting

Social Security	\$	46	
Employer Medicare		11	
Accounting Services		750	
Total Accounting and Budgeting			807

Property Assessor's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		49,419	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Secretary(ies)	\$	24,246	
Board and Committee Members Fees		1,733	
Social Security		7,757	
State Retirement		10,612	
Employee and Dependent Insurance		11,956	
Employer Medicare		1,814	
Communication		1,214	
Contracts with Private Agencies		6,200	
Dues and Memberships		1,259	
Travel		2,671	
Data Processing Supplies		4,290	
Office Supplies		1,860	
Total Property Assessor's Office			\$ 181,100

Reappraisal Program

Part-time Personnel	\$	13,919	
Social Security		863	
Employer Medicare		202	
Data Processing Services		2,571	
Postal Charges		1,200	
Travel		2,174	
Office Supplies		102	
Total Reappraisal Program			21,031

County Trustee's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		53,134	
Part-time Personnel		508	
Social Security		6,431	
State Retirement		8,933	
Employee and Dependent Insurance		14,132	
Employer Medicare		1,504	
Communication		1,520	
Dues and Memberships		608	
Legal Notices, Recording, and Court Costs		74	
Travel		873	
Office Supplies		10,177	
Office Equipment		644	
Total County Trustee's Office			154,607

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		133,296	
Social Security		11,278	
State Retirement		14,099	
Employee and Dependent Insurance		16,339	
Employer Medicare		2,638	
Communication		1,731	
Contracts with Other Public Agencies		14,774	
Dues and Memberships		533	
Travel		850	
Office Supplies		5,791	
Office Equipment		676	
Total County Clerk's Office			\$ 258,074

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		42,907	
Attendants		6,630	
Jury and Witness Fees		19,467	
Social Security		5,823	
State Retirement		8,096	
Employee and Dependent Insurance		24,139	
Employer Medicare		1,362	
Communication		901	
Dues and Memberships		478	
Maintenance & Repair Services - Equipment		7,187	
Postal Charges		2,700	
Travel		2,406	
Data Processing Supplies		7,461	
Office Supplies		14,913	
Other Charges		681	
Office Equipment		4,278	
Total Circuit Court			205,498

General Sessions Judge

Judge(s)	\$	67,305
Other Per Diem & Fees		1,800
Social Security		4,023
State Retirement		5,506

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Employee and Dependent Insurance	\$	4,240	
Employer Medicare		941	
Dues and Memberships		270	
Travel		1,132	
Total General Sessions Judge			\$ 85,217

General Sessions Court Clerk

Clerical Personnel	\$	122,404	
Social Security		6,726	
State Retirement		8,696	
Employee and Dependent Insurance		32,008	
Employer Medicare		1,573	
Communication		1,084	
Total General Sessions Court Clerk			172,491

Chancery Court

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		22,253	
Attendants		11,435	
Part-time Personnel		21,352	
Social Security		6,767	
State Retirement		6,407	
Employee and Dependent Insurance		3,848	
Employer Medicare		1,583	
Communication		1,459	
Legal Notices, Recording, and Court Costs		73	
Office Supplies		6,175	
Total Chancery Court			137,421

Juvenile Court

County Official/Administrative Officer	\$	33,819	
Judge(s)		67,305	
Deputy(ies)		93,542	
Probation Officer(s)		27,295	
Youth Service Officer(s)		31,167	
Secretary(ies)		21,812	
Attendants		16,092	
In-Service Training		1,195	
Other Per Diem & Fees		1,309	
Social Security		16,895	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

State Retirement	\$	22,488	
Employee and Dependent Insurance		42,902	
Employer Medicare		3,951	
Communication		6,692	
Contracts with Private Agencies		21,020	
Dues and Memberships		920	
Maintenance & Repair Services - Equipment		2,293	
Maintenance & Repair Services - Vehicles		4,097	
Travel		12,774	
Office Supplies		600	
Other Supplies and Materials		6,647	
Vehicle and Equipment Insurance		3,286	
Total Juvenile Court			\$ 438,101

Other Administration of Justice

Social Workers	\$	40,602	
Secretary(ies)		3,058	
Social Security		2,913	
Handling Charges & Administrative Costs		8,137	
State Retirement		4,148	
Employee and Dependent Insurance		9,847	
Employer Medicare		681	
Communication		1,290	
Contracts with Private Agencies		1,775	
Maintenance & Repair Services - Equipment		632	
Maintenance & Repair Services - Vehicles		370	
Postal Charges		500	
Travel		711	
Data Processing Supplies		1,000	
Office Supplies		1,093	
Testing		434	
Other Supplies and Materials		4,700	
Vehicle and Equipment Insurance		657	
Workers' Compensation Insurance		1,301	
In Service/Staff Development		80	
Other Charges		100	
Office Equipment		7,399	
Total Other Administration of Justice			91,428

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,676	
Assistant(s)		43,188	
Deputy(ies)		375,591	
Investigator(s)		137,550	
Accountants/Bookkeepers		29,147	
Salary Supplements		13,200	
Dispatchers/Radio Operators		179,164	
Clerical Personnel		26,657	
Part-time Personnel		71,851	
Other Salaries & Wages		51,665	
In-Service Training		6,786	
Social Security		57,921	
State Retirement		65,661	
Employee and Dependent Insurance		115,261	
Employer Medicare		13,546	
Communication		19,298	
Data Processing Services		227	
Dues and Memberships		1,400	
Maintenance & Repair Services - Equipment		3,797	
Maintenance & Repair Services - Vehicles		21,641	
Postal Charges		4,500	
Travel		7,458	
Data Processing Supplies		3,881	
Gasoline		100,363	
Law Enforcement Supplies		9,373	
Office Supplies		9,043	
Uniforms		9,282	
Other Supplies and Materials		3,820	
Vehicle and Equipment Insurance		22,094	
Workers' Compensation Insurance		22,816	
Other Charges		2,126	
Motor Vehicles		24,394	
Office Equipment		1,856	
Total Sheriff's Department			\$ 1,516,233

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	836	
Total Administration of the Sexual Offender Registry			836

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Captain(s)	\$	40,000	
Lieutenant(s)		25,935	
Sergeant(s)		162,871	
Accountants/Bookkeepers		20,746	
Medical Personnel		32,614	
Salary Supplements		6,600	
Guards		375,878	
Cafeteria Personnel		30,678	
Custodial Personnel		13,467	
Part-time Personnel		35,019	
Social Security		43,390	
State Retirement		42,172	
Employee and Dependent Insurance		101,290	
Employer Medicare		10,148	
Medical and Dental Services		61,850	
Travel		4,609	
Other Contracted Services		45,895	
Drugs and Medical Supplies		57,881	
Food Supplies		217,091	
Office Supplies		5,957	
Prisoners Clothing		5,109	
Uniforms		6,353	
Other Supplies and Materials		18,816	
Workers' Compensation Insurance		17,203	
In Service/Staff Development		2,823	
Office Equipment		23,956	
Total Jail			\$ 1,408,351

Fire Prevention and Control

Other Salaries & Wages	\$	5,150	
Social Security		317	
State Retirement		421	
Employee and Dependent Insurance		8	
Employer Medicare		74	
Contracts with Government Agencies		11,347	
Other Supplies and Materials		7,862	
Total Fire Prevention and Control			25,179

Civil Defense

Other Equipment	\$	302,511	
Total Civil Defense			302,511

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 5,000	
Total Rescue Squad		\$ 5,000

Other Emergency Management

Supervisor/Director	\$ 36,050	
Social Security	2,214	
State Retirement	2,949	
Employee and Dependent Insurance	76	
Employer Medicare	518	
Communication	2,146	
Dues and Memberships	35	
Rentals	2,400	
Travel	5,284	
Data Processing Supplies	395	
Office Supplies	662	
Other Supplies and Materials	3,431	
Total Other Emergency Management		56,160

Public Health and Welfare

Local Health Center

Communication	\$ 2,613	
Maintenance & Repair Services - Buildings	20,384	
Postal Charges	4,685	
Other Contracted Services	12,001	
Drugs and Medical Supplies	1,281	
Office Supplies	4,284	
Utilities	11,873	
Total Local Health Center		57,121

Rabies and Animal Control

Investigator(s)	\$ 25,550	
Part-time Personnel	3,658	
Social Security	1,811	
Employer Medicare	424	
Communication	1,262	
Gasoline	2,608	
Utilities	5,142	
Other Supplies and Materials	4,703	
Total Rabies and Animal Control		45,158

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program

Medical Personnel	\$	19,992	
Clerical Personnel		20,011	
Educational Assistants		77,566	
Social Security		6,764	
State Retirement		5,553	
Employee and Dependent Insurance		18,754	
Employer Medicare		1,582	
Medical and Dental Services		104,783	
Travel		5,742	
Drugs and Medical Supplies		7,770	
Total Dental Health Program			\$ 268,517

Other Local Health Services

Contracts with Government Agencies	\$	4,065	
Contracts with Other Public Agencies		49,951	
Other Contracted Services		13,957	
Total Other Local Health Services			67,973

Sanitation Education/Information

Guards	\$	29,145	
Clerical Personnel		2,658	
Social Security		1,848	
State Retirement		2,384	
Employer Medicare		432	
Contracts with Other Public Agencies		5,585	
Total Sanitation Education/Information			42,052

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	22,950	
Total Libraries			22,950

Parks and Fair Boards

Contributions	\$	25,500	
Total Parks and Fair Boards			25,500

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	53,245	
Social Security		3,220	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

State Retirement	\$	6,474	
Employer Medicare		28	
Communication		2,892	
Janitorial Services		1,000	
Maintenance & Repair Services - Equipment		7,424	
Other Contracted Services		10,352	
Total Agriculture Extension Service			\$ 84,635

Soil Conservation

Salary Supplements	\$	29,870	
Secretary(ies)		21,170	
Part-time Personnel		17,432	
Social Security		4,245	
State Retirement		4,175	
Employee and Dependent Insurance		84	
Employer Medicare		993	
Total Soil Conservation			77,969

Other Operations

Veterans' Services

Supervisor/Director	\$	12,450	
Social Security		772	
Employer Medicare		180	
Communication		778	
Travel		727	
Office Supplies		568	
Total Veterans' Services			15,475

Other Charges

Trustee's Commission	\$	86,727	
Workers' Compensation Insurance		24,656	
Other Charges		26,025	
Total Other Charges			137,408

Contributions to Other Agencies

Contributions	\$	117,107	
Total Contributions to Other Agencies			117,107

Employee Benefits

State Retirement	\$	27,496	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$	53,204	
Unemployment Compensation		18,688	
Total Employee Benefits	\$		99,388

Miscellaneous

Advertising	\$	1,387	
Data Processing Services		4,430	
Dues and Memberships		10,332	
Other Contracted Services		11,931	
Other Supplies and Materials		795	
Other Charges		12,679	
Total Miscellaneous			41,554

Total General Fund \$ 7,754,676

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	730	
Trustee's Commission		15	
Total Libraries	\$		745

Total Law Library Fund 745

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries & Wages	\$	64,082	
Social Security		4,824	
Medical Insurance		13,103	
Accounting Services		1,980	
Communication		2,780	
Maintenance & Repair Services - Buildings		11,429	
Library Books/Media		7,199	
Office Supplies		2,994	
Utilities		8,295	
Building and Contents Insurance		4,632	
Office Equipment		8,227	
Total Libraries	\$		129,545

Total Public Library Fund 129,545

(Continued)

Exhibit K-8

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

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	644,666	
In-Service Training		3,989	
Social Security		47,896	
State Retirement		7,926	
Bank Charges		174	
Communication		8,271	
Debt Collection Services		1,905	
Licenses		944	
Maintenance & Repair Services - Equipment		20,682	
Travel		1,617	
Other Contracted Services		6,600	
Data Processing Supplies		4,007	
Diesel Fuel		26,109	
Drugs and Medical Supplies		32,507	
Office Supplies		8,258	
Uniforms		4,575	
Utilities		6,008	
Liability Insurance		62,272	
Other Capital Outlay		88,367	
Total Ambulance/Emergency Medical Services			\$ 976,773

Total Ambulance Service Fund \$ 976,773

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	10,000	
Maintenance & Repair Services - Equipment		1,010	
Maintenance & Repair Services - Vehicles		3,086	
Travel		1,476	
Other Supplies and Materials		2,448	
Law Enforcement Equipment		313	
Total Drug Enforcement			\$ 18,333

Total Drug Control Fund 18,333

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	4,510	
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(Continued)

Exhibit K-8

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Dues and Memberships	\$	315	
Travel		5,882	
Other Contracted Services		1,890	
Law Enforcement Supplies		571	
Office Supplies		1,634	
Uniforms		886	
Other Supplies and Materials		543	
Office Equipment		<u>3,297</u>	
Total District Attorney General			<u>\$ 19,528</u>

Total District Attorney General Fund \$ 19,528

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	<u>26</u>	
Total Register of Deeds			<u>\$ 26</u>

Total Constitutional Officers - Fees Fund 26

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,702	
Accountants/Bookkeepers		52,722	
Communication		4,550	
Data Processing Services		2,247	
Dues and Memberships		3,736	
Legal Notices, Recording, and Court Costs		357	
Medical and Dental Services		362	
Postal Charges		607	
Printing, Stationery, and Forms		678	
Travel		1,571	
Other Contracted Services		1,768	
Data Processing Supplies		143	
Drugs and Medical Supplies		142	
Electricity		12,544	
Natural Gas		12,529	
Office Supplies		1,186	
Other Charges		<u>2,369</u>	
Total Administration			<u>\$ 159,213</u>

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	160,359	
Equipment Operators		413,855	
Truck Drivers		190,950	
Laborers		123,385	
Asphalt - Cold Mix		1,560	
Asphalt - Liquid		83,464	
Crushed Stone		73,864	
General Construction Materials		229	
Other Road Supplies		5,761	
Pipe - Metal		584	
Road Signs		2,265	
Small Tools		334	
Wood Products		25,149	
Chemicals		48,707	
Other Supplies and Materials		2,300	
Total Highway and Bridge Maintenance			\$ 1,132,766

Operation and Maintenance of Equipment

Mechanic(s)	\$	77,976	
Laundry Service		16,085	
Maintenance & Repair Services - Equipment		18,544	
Other Contracted Services		354	
Diesel Fuel		135,614	
Equipment and Machinery Parts		84,367	
Garage Supplies		8,014	
Gasoline		40,722	
Lubricants		14,182	
Small Tools		3,170	
Tires and Tubes		21,743	
Other Supplies and Materials		1,411	
Other Charges		506	
Total Operation and Maintenance of Equipment			422,688

Other Charges

Liability Insurance	\$	31,986	
Premiums on Corporate Surety Bonds		345	
Trustee's Commission		31,574	
Workers' Compensation Insurance		147,557	
Total Other Charges			211,462

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	74,443	
State Retirement		88,464	
Employee and Dependent Insurance		246,206	
Unemployment Compensation		11,963	
Other Fringe Benefits		1,308	
Total Employee Benefits			\$ 422,384

Capital Outlay

Bridge Construction	\$	5,151	
Communication Equipment		3,805	
Other Construction		2,500	
Total Capital Outlay			11,456

Total Highway/Public Works Fund \$ 2,359,969

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	350,000	
Principal on Notes		73,434	
Principal on Other Loans		188,000	
Total General Government			\$ 611,434

Education

Principal on Bonds	\$	1,050,000	
Principal on Notes		24,944	
Total Education			1,074,944

Interest on Debt

General Government

Interest on Bonds	\$	100,820	
Interest on Notes		4,968	
Interest on Other Loans		8,191	
Total General Government			113,979

Education

Interest on Bonds	\$	614,295	
Interest on Notes		3,679	
Total Education			617,974

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$ 18,753	
Other Debt Service	<u>300,000</u>	
Total General Government		\$ 318,753

Education

Other Debt Service	\$ 649	
Total Education		<u>649</u>

Total General Debt Service Fund \$ 2,737,733

Total Governmental Funds - Primary Government \$ 13,997,328

Exhibit K-9

Lauderdale County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,060,643	
Career Ladder Program	160,635	
Career Ladder Extended Contracts	105,000	
Educational Assistants	398,935	
Certified Substitute Teachers	212,945	
Social Security	591,709	
State Retirement	598,798	
Medical Insurance	1,625,657	
Unemployment Compensation	27,168	
Employer Medicare	138,383	
Other Contracted Services	171,540	
Instructional Supplies and Materials	110,960	
Textbooks	157,720	
Other Supplies and Materials	1,148	
Fee Waivers	5,422	
Other Charges	155,000	
Regular Instruction Equipment	22,999	
Total Regular Instruction Program		\$ 13,544,662

Special Education Program

Teachers	\$ 1,560,819	
Career Ladder Program	27,000	
Career Ladder Extended Contracts	20,500	
Homebound Teachers	13,656	
Social Security	96,952	
State Retirement	99,458	
Medical Insurance	238,859	
Employer Medicare	22,674	
Instructional Supplies and Materials	4,349	
Other Supplies and Materials	20,245	
Total Special Education Program		2,104,512

Vocational Education Program

Teachers	\$ 628,155
Career Ladder Program	8,000
Career Ladder Extended Contracts	5,000
Social Security	38,427
State Retirement	39,119
Medical Insurance	80,223

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Employer Medicare	\$	8,987	
Instructional Supplies and Materials		903	
Textbooks		5,141	
Total Vocational Education Program			\$ 813,955

Support Services

Attendance

Other Contracted Services	\$	10,594	
Total Attendance			10,594

Health Services

Medical Personnel	\$	96,239	
Other Salaries & Wages		9,900	
Social Security		6,055	
State Retirement		7,438	
Medical Insurance		19,949	
Employer Medicare		1,416	
Travel		2,978	
Other Supplies and Materials		32,604	
Other Charges		3,600	
Total Health Services			180,179

Other Student Support

Career Ladder Program	\$	12,000	
Guidance Personnel		434,340	
Career Ladder Extended Contracts		4,000	
Social Security		27,045	
State Retirement		27,667	
Medical Insurance		64,125	
Employer Medicare		6,325	
Evaluation and Testing		4,652	
Other Contracted Services		49,200	
Total Other Student Support			629,354

Regular Instruction Program

Supervisor/Director	\$	67,293
Career Ladder Program		15,500
Career Ladder Extended Contracts		12,000
Librarians		301,547

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Materials Supervisor	\$	63,975	
Instructional Computer Personnel		55,196	
Social Security		30,293	
State Retirement		31,264	
Medical Insurance		81,480	
Employer Medicare		7,085	
Travel		5,290	
In Service/Staff Development		12,537	
Total Regular Instruction Program			\$ 683,460

Special Education Program

Supervisor/Director	\$	63,975	
Career Ladder Program		5,000	
Psychological Personnel		69,788	
Career Ladder Extended Contracts		8,000	
Secretary(ies)		50,112	
Social Security		11,732	
State Retirement		13,096	
Medical Insurance		26,952	
Employer Medicare		2,744	
Consultants		19,000	
Travel		10,301	
Total Special Education Program			280,700

Vocational Education Program

Supervisor/Director	\$	63,975	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Clerical Personnel		13,854	
Social Security		5,112	
State Retirement		5,423	
Medical Insurance		4,560	
Employer Medicare		1,167	
In Service/Staff Development		7,285	
Total Vocational Education Program			105,376

Board of Education

Board and Committee Members Fees	\$	13,219	
Social Security		820	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

State Retirement	\$	676	
Employer Medicare		192	
Audit Services		4,000	
Dues and Memberships		15,279	
Legal Services		5,612	
Travel		11,825	
Liability Insurance		69,290	
Premiums on Corporate Surety Bonds		3,306	
Trustee's Commission		127,182	
Workers' Compensation Insurance		137,944	
Other Charges		2,723	
Total Board of Education			\$ 392,068

Director of Schools

County Official/Administrative Officer	\$	95,030	
Assistant(s)		68,263	
Career Ladder Program		1,000	
Social Security		9,935	
State Retirement		10,071	
Medical Insurance		11,005	
Employer Medicare		2,323	
Communication		33,298	
Postal Charges		4,680	
Travel		10,174	
Remittance of Revenue Collected		767	
Office Supplies		6,554	
Other Charges		950	
Total Director of Schools			254,050

Office of the Principal

Principals	\$	526,326	
Career Ladder Program		18,000	
Career Ladder Extended Contracts		12,000	
Assistant Principals		418,629	
Secretary(ies)		363,715	
Clerical Personnel		43,200	
Social Security		83,290	
State Retirement		94,123	
Medical Insurance		189,681	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Employer Medicare	\$	19,479	
Travel		4,380	
Other Charges		70,005	
Administration Equipment		15,210	
Total Office of the Principal			\$ 1,858,038

Fiscal Services

Supervisor/Director	\$	60,100	
Accountants/Bookkeepers		28,512	
Secretary(ies)		27,708	
Social Security		6,963	
State Retirement		9,515	
Medical Insurance		6,797	
Employer Medicare		1,657	
Travel		1,956	
Other Contracted Services		10,030	
Office Supplies		324	
Total Fiscal Services			153,562

Operation of Plant

Supervisor/Director	\$	38,834	
Custodial Personnel		239,263	
Social Security		16,475	
State Retirement		21,522	
Medical Insurance		22,374	
Employer Medicare		3,853	
Other Contracted Services		508,769	
Electricity		502,993	
Natural Gas		324,549	
Boiler Insurance		1,653	
Building and Contents Insurance		71,583	
Total Operation of Plant			1,751,868

Maintenance of Plant

Maintenance Personnel	\$	84,121	
Other Salaries & Wages		88,811	
Social Security		9,965	
State Retirement		13,185	
Medical Insurance		25,606	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Employer Medicare	\$	2,331	
Maintenance & Repair Services - Buildings		94,875	
Maintenance & Repair Services - Equipment		71,318	
Travel		2,115	
Other Contracted Services		161,964	
Other Supplies and Materials		73,247	
Maintenance Equipment		352	
Total Maintenance of Plant			\$ 627,890

Transportation

Supervisor/Director	\$	38,834	
Mechanic(s)		86,672	
Bus Drivers		511,089	
Other Salaries & Wages		22,044	
Social Security		40,339	
State Retirement		12,465	
Medical Insurance		17,863	
Employer Medicare		9,434	
Other Fringe Benefits		7,413	
Travel		159	
Gasoline		223,060	
Tires and Tubes		22,129	
Vehicle Parts		93,063	
Other Supplies and Materials		300	
Vehicle and Equipment Insurance		29,753	
Other Charges		2,246	
Transportation Equipment		206,925	
Total Transportation			1,323,788

Central and Other

Clerical Personnel	\$	28,080	
Social Security		1,723	
State Retirement		2,297	
Employer Medicare		403	
Total Central and Other			32,503

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	257	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	16	
State Retirement		16	
Employer Medicare		4	
Total Food Service			\$ 293

Community Services

Supervisor/Director	\$	5,586	
Teachers		113,562	
Other Salaries & Wages		38,257	
Social Security		9,650	
State Retirement		9,892	
Medical Insurance		3,260	
Employer Medicare		2,257	
Travel		4,582	
Other Contracted Services		500	
Other Supplies and Materials		44,306	
Other Charges		27,147	
Total Community Services			258,999

Early Childhood Education

Teachers	\$	215,027	
Educational Assistants		75,659	
Certified Substitute Teachers		6,000	
Social Security		17,768	
State Retirement		18,064	
Medical Insurance		56,603	
Employer Medicare		4,155	
Instructional Supplies and Materials		132,376	
In Service/Staff Development		5,783	
Total Early Childhood Education			531,435

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	16,000	
Building Improvements		135,301	
Land		62,000	
Total Regular Capital Outlay			213,301

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Principal on Notes	\$ 9,556	
Principal on Capital Leases	160,759	
Total Education		\$ 170,315

Interest on Debt

Education

Interest on Capital Leases	\$ 3,966	
Total Education		3,966

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 1,200,000	
Total Education		1,200,000

Total General Purpose School Fund \$ 27,124,868

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 593,887	
Educational Assistants	142,121	
Other Salaries & Wages	74,901	
Social Security	47,421	
State Retirement	52,494	
Medical Insurance	173,919	
Employer Medicare	11,090	
Travel	2,513	
Other Contracted Services	81,050	
Instructional Supplies and Materials	73,131	
Other Supplies and Materials	3,039	
Other Charges	2,859	
Regular Instruction Equipment	40,585	
Total Regular Instruction Program		\$ 1,299,010

Special Education Program

Educational Assistants	\$ 549,345
Speech Pathologist	45,280
Other Salaries & Wages	20,000
Non-certified Substitute Teachers	10,000

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	35,875	
State Retirement		45,610	
Medical Insurance		117,913	
Employer Medicare		12,340	
Instructional Supplies and Materials		35,481	
Other Supplies and Materials		61,233	
Total Special Education Program			\$ 933,077

Vocational Education Program

Educational Assistants	\$	17,750	
Social Security		1,037	
State Retirement		1,452	
Medical Insurance		1,722	
Employer Medicare		243	
Travel		10,510	
Instructional Supplies and Materials		53,286	
Other Supplies and Materials		3,453	
Other Charges		4,856	
Vocational Instruction Equipment		554	
Total Vocational Education Program			94,863

Support Services

Health Services

Other Supplies and Materials	\$	4,441	
Total Health Services			4,441

Other Student Support

Travel	\$	2,480	
Other Supplies and Materials		1,588	
In Service/Staff Development		1,966	
Other Charges		214	
Total Other Student Support			6,248

Regular Instruction Program

Supervisor/Director	\$	62,024	
Secretary(ies)		13,854	
Social Security		4,675	
State Retirement		4,935	
Employer Medicare		1,093	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	2,608	
Other Contracted Services		18,400	
Library Books/Media		7,246	
Other Supplies and Materials		535	
In Service/Staff Development		15,846	
Other Equipment		3,541	
Total Regular Instruction Program			\$ 134,757

Special Education Program

Psychological Personnel	\$	85,585	
Other Salaries & Wages		26,506	
Social Security		6,767	
State Retirement		6,871	
Medical Insurance		23,390	
Employer Medicare		1,583	
Consultants		79,659	
Travel		13,913	
In Service/Staff Development		11,095	
Total Special Education Program			255,369

Vocational Education Program

Travel	\$	3,459	
Other Supplies and Materials		2,422	
In Service/Staff Development		833	
Other Charges		595	
Total Vocational Education Program			7,309

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	61,450	
Teachers		124,050	
Educational Assistants		18,383	
Other Salaries & Wages		9,768	
Social Security		13,163	
State Retirement		12,126	
Medical Insurance		4,179	
Employer Medicare		3,078	
Travel		4,152	
Other Supplies and Materials		43,930	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Other Charges	\$ 10,068	
Total Community Services		\$ 304,347

Total School Federal Projects Fund \$ 3,039,421

Central Cafeteria Fund

Support Services

Board of Education

Trustee's Commission	\$ 46	
Total Board of Education		\$ 46

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 52,422	
Accountants/Bookkeepers	28,512	
Cafeteria Personnel	790,617	
Other Salaries & Wages	3,895	
Social Security	52,477	
State Retirement	54,421	
Medical Insurance	92,869	
Employer Medicare	12,273	
Other Fringe Benefits	33,591	
Communication	3,632	
Maintenance & Repair Services - Equipment	18,886	
Payments to Schools - Other	900	
Transportation - Other than Students	13,462	
Travel	5,106	
Other Contracted Services	32,177	
Food Supplies	998,972	
Uniforms	10,245	
Utilities	94,499	
Other Supplies and Materials	22,382	
In Service/Staff Development	4,148	
Food Service Equipment	41,001	
Total Food Service		2,366,487

Total Central Cafeteria Fund 2,366,533

Total Governmental Funds - Lauderdale County School Department \$ 32,530,822

Exhibit K-10

Lauderdale County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2007

	<u>Local Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,036,884
Total Cash Receipts	<u>\$ 2,036,884</u>
 <u>Cash Disbursements</u>	
Contributions:	
General Debt Service Fund	\$ 471,515
General Purpose School Fund	997,178
Remittance of Revenues Collected	938,521
Trustee's Commission	20,989
Total Cash Disbursements	<u>\$ 2,428,203</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ (391,319)
Cash Balance, July 1, 2006	<u>3,078,033</u>
 Cash Balance, June 30, 2007	<u><u>\$ 2,686,714</u></u>

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## **SINGLE AUDIT SECTION**

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

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

December 3, 2007

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

To the County Mayor and County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Lauderdale County's basic financial statements and have issued our report thereon dated December 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Lauderdale County Public Library and Lauderdale County Ambulance Authority (nonmajor special revenue funds), and the Lauderdale County Water System and Lauderdale County Emergency Communications District (discretely presented component units) as described in our report on Lauderdale County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lauderdale County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lauderdale County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lauderdale County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01, 07.02, 07.04, and 07.06.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Lauderdale County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be significant weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lauderdale 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 07.03.

We consider item 07.05 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Lauderdale County in separate communications.

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

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rc



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

December 3, 2007

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Lauderdale 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, 2007. Lauderdale 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 Lauderdale County's management. Our responsibility is to express an opinion on Lauderdale County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lauderdale 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 Lauderdale County's compliance with those requirements.

In our opinion, Lauderdale 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, 2007.

#### Internal Control Over Compliance

The management of Lauderdale 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 Lauderdale 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lauderdale County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control,

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Tennessee, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 3, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Lauderdale County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the

basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rc

Lauderdale County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2007

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	\$ 102,078
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	540,654
National School Lunch Program	10.555	N/A	1,195,844
Total U.S. Department of Agriculture			<u>\$ 1,838,576</u>
U.S. Department of Interior:			
Direct Payments:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 140,981
Total U.S. Department of Interior			<u>\$ 140,981</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z0600261500	\$ 14,500
Passed-through State Office of Criminal Justice Programs:			
Bulletproof Vest Partnership Program	16.607	(2)	3,720
Total U.S. Department of Justice			<u>\$ 18,220</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,017,566
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,188,485
Special Education - Preschool Grants	84.173	N/A	35,268
Vocational Education - Basic Grants to States	84.048	N/A	108,167
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	45,520
Twenty-First Century Community Learning Centers	84.287	(2)	304,571
State Grants for Innovative Programs	84.298	N/A	7,356
Education Technology State Grants	84.318	(2)	11,119
Rural Education	84.358	N/A	133,180
Improving Teacher Quality State Grants	84.367	N/A	240,298
Total U.S. Department of Education			<u>\$ 3,091,530</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(3)	\$ 222,275
Total U.S. Elections Assistance Commission			<u>\$ 222,275</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	(2)	\$ 4,441
Passed-through State Department of Health:			
Promoting Safe and Stable Families	93.556	07-120-36	41,115
Total U.S. Department of Health and Human Services			<u>\$ 45,556</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z0502517801	\$ 289,004
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	32,627
Emergency Management Performance Grants	97.042	(5)	17,794
Total U.S. Department of Homeland Security			<u>\$ 339,425</u>
Total Expenditures of Federal Awards			<u>\$ 5,696,563</u>

(Continued)

Lauderdale County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 9,408
Litter Program - State Department of Transportation	N/A	Z0703381700	29,508
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG071259300	230,177
Local Health Services - State Department of Health	N/A	(6)	295,555
Safe Schools Act 2003 - State Department of Education	N/A	(2)	34,733
Consolidated School Health - State Department of Education	N/A	(2)	82,000
Technology Development - State Department of Education	N/A	GG072067300	250,000
Lottery for Education - State Department of Education	N/A	(2)	185,356
Pre-K Lottery Grants - State Department of Education	N/A	(2)	601,929
High Schools that Work - State Department of Education	N/A	(2)	7,285
<b>Total State Grants</b>			<u>\$ 1,725,951</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) Z-06-032964-00: \$212,200; Z-07-037389-00: \$10,075
- (4) Z-03-015808-04: \$22,336; Z-03-017909-00: \$10,291
- (5) Z-06-032841-00: \$5,376; Z-07-20604-00: \$12,418
- (6) Z-06-025970-02: \$21,216; Z-07-031559-00: \$274,339

Lauderdale County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2007

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 Lauderdale County, Tennessee, for the year ended June 30, 2006, which have not been corrected.

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
06.05	180	The office's warrant-signing machine did not have a counter to show the total number of warrants processed

**OFFICE OF TRUSTEE**

Finding Number	Page Number	Subject
06.06	180	The trustee's depository used an unauthorized method to pay for warrants

**OFFICE OF REGISTER**

Finding Number	Page Number	Subject
06.11	183	The register allowed individuals unsupervised access to the office after business hours

**OFFICE OF SHERIFF**

Finding Number	Page Number	Subject
06.12	183	Duties were not segregated adequately

**OTHER FINDING**

Finding Number	Page Number	Subject
06.13	184	A central system of accounting, budgeting, and purchasing had not been adopted

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**LAUDERDALE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2007**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Lauderdale County is unqualified.
2. The audit of the financial statements of Lauderdale County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Lauderdale County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Twenty-First Century Community Learning Centers (CFDA No. 84.287) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Lauderdale 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. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **OFFICE OF COUNTY MAYOR**

**FINDING 07.01      THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**  
(Internal Control – Significant Deficiencies Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies:

- A.     The office did not issue purchase orders for some applicable purchases. Purchases orders are necessary to control who has purchasing authority for the office and to document purchasing commitments.
  
- B.     In some instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
  
- C.     The dollar amounts of purchases were not listed on some purchase orders. The dollar amounts of items on purchase orders are necessary to quantify purchasing commitments.

### **RECOMMENDATION**

Purchase orders should be issued for all applicable purchases before purchases are made and should include the dollar amounts of items purchased.

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### **OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 07.02      THE OFFICE'S WARRANT-SIGNING MACHINE DID NOT HAVE A COUNTER TO SHOW THE TOTAL NUMBER OF WARRANTS PROCESSED**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Board of Education used a mechanical warrant-signing machine to affix the signatures of the director of schools and the chairman of the Board of Education. Various department employees were allowed to use the warrant-signing machine. The mechanical counter on the machine could be reset, and there was no counter to show the total number of warrants processed through the machine.

## RECOMMENDATION

The warrant-signing machine should have a counter that cannot be reset indicating the total number of warrants processed.

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## OFFICE OF TRUSTEE

### FINDING 07.03      **THE TRUSTEE'S DEPOSITORY USED AN UNAUTHORIZED METHOD TO PAY FOR WARRANTS** (Noncompliance Under Government Auditing Standards)

The trustee's depository deducted warrants from the office's bank account before the bank presented the warrants to the trustee for payment. Section 8-11-104, Tennessee Code Annotated (TCA), states that the trustee should "pay all just claims against the county as they are presented, if he has a sufficient sum of money ... not otherwise appropriated." The depository's practice did not provide a method for the trustee to verify the availability of funds for paying warrants. Section 5-8-210, TCA, provides an alternative method for the trustee to determine that adequate funds are available and for the bank to charge the trustee's account directly. This section authorizes the county trustee to implement a checking system instead of a warrant system for disbursing funds.

## RECOMMENDATION

The office's depository should not deduct warrants from the office's bank account until the warrants have been presented to the trustee for payment. As an alternative to this practice, the trustee should consider implementing a checking system for disbursing county funds as authorized by state statute.

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## OFFICE OF REGISTER

### FINDING 07.04      **THE REGISTER ALLOWED INDIVIDUALS UNSUPERVISED ACCESS TO THE OFFICE AFTER BUSINESS HOURS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination disclosed that the register did not adequately control access to her office. Individuals who were not office employees had unsupervised access to the Register's Office after business hours. Allowing persons who are not employees to have unsupervised access to the office after business hours seriously weakens internal controls over assets.

## RECOMMENDATION

Individuals who are not office employees should not be allowed unsupervised access to the office after business hours.

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## **OTHER FINDINGS AND RECOMMENDATIONS**

**FINDING 07.05      A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

### **RECOMMENDATION**

County officials should consider adopting the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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**FINDING 07.06      DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND SHERIFF**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Circuit and General Sessions Court Clerk and Sheriff. Officials and employees responsible for maintaining the accounting records were also involved in receipting funds, preparing bank deposits, depositing funds, posting the cash journal, disbursing funds, and/or reconciling bank statements. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

**LAUDERDALE COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2007**

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