

**ANNUAL FINANCIAL REPORT  
LAUDERDALE COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2008**



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**ANNUAL FINANCIAL REPORT  
LAUDERDALE COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2008**

***DEPARTMENT OF AUDIT  
JUSTIN P. WILSON  
Comptroller of the Treasury***

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

***JAMES R. ARNETTE  
Director***

***NORMAN R. NORMENT, CGFM  
Audit Manager***

***HORACE B. WISEMAN, CGFM  
Auditor 4***

***MICHAEL C. HULME, CPA, CGFM  
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, 2008

## ***Scope***

We have audited the basic financial statements of Lauderdale County as of and for the year ended June 30, 2008.

## ***Results***

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

Our audit resulted in 13 findings and recommendations, which we have reviewed with Lauderdale County management. Detailed findings, recommendations and management's response are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **LAUDERDALE COUNTY AND LAUDERDALE COUNTY SCHOOL DEPARTMENT**

- ◆ Lauderdale County and the Lauderdale County School Department do not have the resources to produce financial statements and notes to the financial statements.
- ◆ Material audit adjustments were required for proper financial statement presentation in the General, Highway/Public Works, Solid Waste Disposal, General Debt Service, and General Purpose School funds.

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### **OFFICE OF COUNTY MAYOR**

- ◆ Purchase orders were not issued for all applicable purchases, and dollar amounts of purchases were not reflected on some purchase orders.
- ◆ Computer system backups were not stored off-site.

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### **OFFICE OF HIGHWAY COMMISSIONER**

- ◆ Supervisors and employees were not required to sign the time sheets as evidence of review and accuracy.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The actual fund balance of the General Purpose School Fund exceeded the estimated fund balance by a material amount.
  - ◆ The office had deficiencies in the controls over the signing of warrants.
  - ◆ The food service office did not implement adequate controls to protect its information resources.
- 

## **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.
  - ◆ The office did not implement adequate controls to protect its information resources.
- 

## **OFFICE OF REGISTER**

- ◆ The register allowed individuals unsupervised access to the office after business hours.
- 

## **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, 2008

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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	John Gaines
Talmage Carihfield	Danny Hartsfield
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

### **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

Kathy Alston

Gene Edwards

Ronnie Elder

Don Fisher

John Gaines

Danny Hartsfield

Rob Reviere

Dwight Shoemake

Lynnwood Shoemake

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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 37243-1402  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

February 11, 2009

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, 2008, 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 13.4 percent and 6.2 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 14.1 percent and 90.1 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 18 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 2.4 percent and .97 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, Lauderdale County Ambulance Authority, Lauderdale County Water System, and 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, 2008, 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 February 11, 2009, 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.

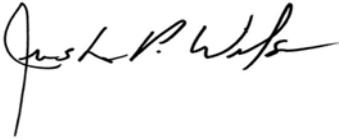
As described in Note V.B., Lauderdale County has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

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, pension, and other postemployment benefits information on pages 93 through 99 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 in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Lauderdale County, Tennessee  
Statement of Net Assets  
June 30, 2008

	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	\$ 258,411	\$ 0	\$ 258,411	\$ 0	\$ 27,705	\$ 310,802
Equity in Pooled Cash and Investments	4,589,846	1,130,722	5,720,568	2,386,952	2,586,057	0
Inventory	0	0	0	0	25,235	0
Investments	683,873	0	683,873	0	0	200,000
Accounts Receivable	813,918	13,175	827,093	6,020	108,982	26,963
Allowance for Uncollectibles	(494,832)	0	(494,832)	0	0	0
Due from Other Governments	3,715,774	21,129	3,736,903	822,509	5,102	0
Property Taxes Receivable	6,208,717	0	6,208,717	3,074,557	0	0
Allowance for Uncollectible Property Taxes	(337,086)	0	(337,086)	(165,252)	0	0
Prepaid Items	0	0	0	0	815	0
Accrued Interest Receivable	4,986	0	4,986	36,385	0	911
Deferred Charges - Debt Issuance Costs	55,799	0	55,799	0	0	0
Capital Assets:						
Assets Not Depreciated:						
Land	890,572	160,000	1,050,572	1,378,648	10,000	0
Construction in Progress	20,191	0	20,191	0	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	4,987,563	244,715	5,232,278	19,785,569	3,934,057	136,314
Infrastructure	1,650,596	0	1,650,596	78,166	0	0
Other Capital Assets	752,504	272,819	1,025,323	2,683,660	97,005	213,146
Total Assets	\$ 23,800,832	\$ 1,842,560	\$ 25,643,392	\$ 30,087,214	\$ 6,794,958	\$ 888,136
<u>LIABILITIES</u>						
Accounts Payable	\$ 34,847	\$ 1,638	\$ 36,485	\$ 0	\$ 9,521	\$ 425
Accrued Payroll	8,590	0	8,590	0	37,717	3,223
Payroll Deductions Payable	95,126	3,302	98,428	400,982	0	0
Contracts Payable	286,029	0	286,029	0	0	0
Accrued Interest Payable	163,827	0	163,827	0	3,459	0
Due to State of Tennessee	4,952	0	4,952	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	2,827
Customer Deposits Payable	0	0	0	0	179,001	0
Deferred Revenue - Current Property Taxes	5,581,170	0	5,581,170	2,768,612	0	0
Other Deferred Revenues	0	0	0	0	5,102	0
Noncurrent Liabilities:						
Due Within One Year	1,902,516	45,239	1,947,755	9,556	23,944	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	20,286,181	400,814	20,686,995	269,570	758,651	0
Total Liabilities	\$ 28,363,238	\$ 450,993	\$ 28,814,231	\$ 3,448,720	\$ 1,017,395	\$ 6,475
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	\$ 5,781,215	\$ 557,704	\$ 6,338,919	\$ 23,892,595	\$ 3,258,467	\$ 0
Invested in Capital Assets Restricted for:	0	0	0	0	0	349,460
Public Library	725,430	0	725,430	0	0	0
Ambulance Service	751,033	0	751,033	0	0	0
Highway/Public Works	1,085,795	0	1,085,795	0	0	0
School Federal Projects	0	0	0	71,084	0	0
Central Cafeteria	0	0	0	508,133	0	0
Debt Service	3,751,667	0	3,751,667	0	0	0
Technology	0	0	0	77,228	0	0
Other Purposes	114,095	0	114,095	20,596	0	0
Unrestricted	(16,771,641)	833,863	(15,937,778)	2,068,858	2,519,096	532,201
Total Net Assets	\$ (4,562,406)	\$ 1,391,567	\$ (3,170,839)	\$ 26,638,494	\$ 5,777,563	\$ 881,661

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, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-type Activities	Lauderdale County				
						Governmental Activities	School Department	Water System	Emergency Communications District	
				Total						
Primary Government:										
Governmental Activities:										
General Government	\$ 1,022,600	\$ 142,636	\$ 41,206	\$ 0	\$ (838,758)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	652,459	580,590	8,250	0	(63,619)	0	0	0	0	0
Administration of Justice	1,418,328	532,647	109,374	0	(776,307)	0	0	0	0	0
Public Safety	3,857,908	873,517	26,980	239,446	(2,717,965)	0	0	0	0	0
Public Health and Welfare	1,728,281	1,112,022	341,580	0	(274,679)	0	0	0	0	0
Social, Cultural, and Recreational Services	201,498	0	35,730	37,452	(128,316)	0	0	0	0	0
Agriculture and Natural Resources	181,818	0	0	0	(181,818)	0	0	0	0	0
Other Operations	288,998	871	8,273	0	(279,854)	0	0	0	0	0
Highways/Public Works	3,105,815	3,816	1,794,918	210,803	(1,096,278)	0	0	0	0	0
Education	500,000	0	0	0	(500,000)	0	0	0	0	0
Interest on Long-term Debt	694,402	0	1,765,547	0	1,071,145	0	0	0	0	0
Other Debt Service	34,855	0	0	0	(34,855)	0	0	0	0	0
Total Governmental Activities	\$ 13,686,962	\$ 3,246,099	\$ 4,131,858	\$ 487,701	\$ (5,821,304)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Solid Waste Disposal	\$ 556,960	\$ 417,133	\$ 0	\$ 0	\$ 0	\$ (139,827)	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 14,243,922	\$ 3,663,232	\$ 4,131,858	\$ 487,701	\$ (5,821,304)	\$ (139,827)	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Lauderdale County School Department	\$ 35,872,161	\$ 703,747	\$ 5,650,656	\$ 0	\$ 0	\$ 0	\$ (29,517,758)	\$ 0	\$ 0	\$ 0
Lauderdale County Water System	1,146,391	1,173,889	0	0	0	0	0	27,498	0	0
Emergency Communications District	309,595	321,970	14,575	16,500	0	0	0	0	43,450	43,450
Total Component Units	\$ 37,328,147	\$ 2,199,606	\$ 5,665,231	\$ 16,500	\$ 0	\$ 0	\$ (29,517,758)	\$ 27,498	\$ 43,450	\$ 43,450

(Continued)

Exhibit B

Lauderdale County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues					Component Units						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Primary Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District	
General Revenues:												
Taxes:												
Property Taxes Levied for General Purposes						\$ 4,659,639	\$ 0	\$ 4,659,639	\$ 2,757,320	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service						1,005,909	0	1,005,909	0	0	0	0
Local Option Sales Taxes						0	0	0	1,805,361	0	0	0
Wheel Tax						924,475	0	924,475	0	0	0	0
Other Local Taxes						244,316	0	244,316	179,071	0	0	0
Grants and Contributions Not Restricted to Specific Programs						464,826	12,500	477,326	24,266,981	0	0	0
Unrestricted Investment Income						11,199	50,767	61,966	416,862	95,670	10,880	0
Miscellaneous						12,258	0	12,258	45,335	0	0	0
Gain (Loss) on Disposal of Capital Assets						51,635	0	51,635	0	12,500	(371)	0
Total General Revenues						\$ 7,374,257	\$ 63,267	\$ 7,437,524	\$ 29,470,930	\$ 108,170	\$ 10,509	\$ 10,509
Change in Net Assets						\$ 1,552,953	\$ (76,560)	\$ 1,476,393	\$ (46,828)	\$ 135,668	\$ 53,959	\$ 53,959
Net Assets, July 1, 2007						(6,115,359)	1,468,127	(4,647,232)	26,685,322	5,641,895	827,702	827,702
Net Assets, June 30, 2008						\$ (4,562,406)	\$ 1,391,567	\$ (3,170,839)	\$ 26,638,494	\$ 5,777,563	\$ 881,661	\$ 881,661

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, 2008

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
<b>ASSETS</b>					
Cash	\$ 0	\$ 0	\$ 0	\$ 258,411	\$ 258,411
Equity in Pooled Cash and Investments	2,598,129	814,022	853,810	323,885	4,589,846
Investments	0	0	0	683,873	683,873
Accounts Receivable	5,608	204	243	807,863	813,918
Allowance for Uncollectibles	0	0	0	(494,832)	(494,832)
Due from Other Governments	218,914	515,995	2,979,941	924	3,715,774
Due from Other Funds	6,347	0	0	0	6,347
Property Taxes Receivable	4,296,039	880,662	1,032,016	0	6,208,717
Allowance for Uncollectible Property Taxes	(231,350)	(48,027)	(57,709)	0	(337,086)
Accrued Interest Receivable	0	0	0	4,986	4,986
<b>Total Assets</b>	<b>\$ 6,893,687</b>	<b>\$ 2,162,856</b>	<b>\$ 4,808,301</b>	<b>\$ 1,585,110</b>	<b>\$ 15,449,954</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 28,976	\$ 0	\$ 0	\$ 5,871	\$ 34,847
Accrued Payroll	0	0	0	8,590	8,590
Payroll Deductions Payable	95,126	0	0	0	95,126
Contracts Payable	0	286,029	0	0	286,029
Due to Other Funds	0	0	0	6,347	6,347
Due to State of Tennessee	4,952	0	0	0	4,952
Deferred Revenue - Current Property Taxes	3,867,267	791,032	922,871	0	5,581,170
Deferred Revenue - Delinquent Property Taxes	184,081	38,842	48,140	0	271,063
Other Deferred Revenues	70,000	151,800	0	0	221,800
<b>Total Liabilities</b>	<b>\$ 4,250,402</b>	<b>\$ 1,267,703</b>	<b>\$ 971,011</b>	<b>\$ 20,808</b>	<b>\$ 6,509,924</b>
<b>Fund Balances</b>					
Reserved for Alcohol and Drug Treatment	\$ 9,427	\$ 0	\$ 0	\$ 0	\$ 9,427
Reserved for Sexual Offender Registration	2,316	0	0	0	2,316
Reserved for Victims Assistance Programs	3,693	0	0	0	3,693
Reserved for Automation Purposes - General Sessions Court	7,273	0	0	0	7,273
Reserved for Automation Purposes - Sheriff	3,547	0	0	0	3,547
Reserved for Endowments	0	0	0	577,437	577,437
Reserved for Other General Purposes	0	0	2,979,495	0	2,979,495
Unreserved, Reported In:					
General Fund	2,617,029	0	0	0	2,617,029
Special Revenue Funds	0	895,153	0	986,865	1,882,018
Debt Service Funds	0	0	857,795	0	857,795
<b>Total Fund Balances</b>	<b>\$ 2,643,285</b>	<b>\$ 895,153</b>	<b>\$ 3,837,290</b>	<b>\$ 1,564,302</b>	<b>\$ 8,940,030</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,893,687</b>	<b>\$ 2,162,856</b>	<b>\$ 4,808,301</b>	<b>\$ 1,585,110</b>	<b>\$ 15,449,954</b>

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, 2008

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)		\$	8,940,030
(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: construction in progress		20,191	
Add: buildings and improvements net of accumulated depreciation		4,987,563	
Add: infrastructure net of accumulated depreciation		1,650,596	
Add: other capital assets net of accumulated depreciation		<u>752,504</u>	8,301,426
(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	\$	(761,966)	
Less: bonds payable		(18,500,000)	
Less: accrued interest on bonds and notes		(163,827)	
Less: judgments payable		(2,950,000)	
Less: unamortized premium on refunding		(6,795)	
Add: deferred charges - debt issuance costs		55,799	
Add: deferred amount on refunding		<u>30,064</u>	(22,296,725)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>492,863</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>(4,562,406)</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, 2008

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<b>Revenues</b>					
Local Taxes	\$ 4,990,838	\$ 918,948	\$ 1,063,847	\$ 1,434	\$ 6,975,067
Licenses and Permits	33,300	720	890	0	34,910
Fines, Forfeitures, and Penalties	131,069	0	0	39,628	170,697
Charges for Current Services	58,915	0	0	1,107,758	1,166,673
Other Local Revenues	40,833	24,774	0	57,251	122,858
Fees Received from County Officials	1,033,273	0	0	0	1,033,273
State of Tennessee	1,380,804	2,062,646	0	0	3,443,450
Federal Government	250,119	0	0	0	250,119
Other Governments and Citizens Groups	176,091	0	1,765,547	35,430	1,977,068
<b>Total Revenues</b>	<b>\$ 8,095,242</b>	<b>\$ 3,007,088</b>	<b>\$ 2,830,284</b>	<b>\$ 1,241,501</b>	<b>\$ 15,174,115</b>
<b>Expenditures</b>					
Current:					
General Government	\$ 1,209,431	\$ 0	\$ 0	\$ 0	\$ 1,209,431
Finance	630,358	0	0	0	630,358
Administration of Justice	1,251,264	0	0	23,012	1,274,276
Public Safety	3,538,973	0	0	37,180	3,576,153
Public Health and Welfare	516,401	0	0	1,143,332	1,659,733
Social, Cultural, and Recreational Services	54,050	0	0	142,849	196,899
Agriculture and Natural Resources	169,279	0	0	0	169,279
Other Operations	354,460	0	0	0	354,460
Highways	0	2,876,278	0	0	2,876,278
Debt Service:					
Principal on Debt	0	0	1,760,400	0	1,760,400
Interest on Debt	0	0	706,698	0	706,698
Other Debt Service	0	0	321,091	0	321,091
Capital Projects	0	0	0	500,000	500,000
<b>Total Expenditures</b>	<b>\$ 7,724,216</b>	<b>\$ 2,876,278</b>	<b>\$ 2,788,189</b>	<b>\$ 1,846,373</b>	<b>\$ 15,235,056</b>
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 371,026	\$ 130,810	\$ 42,095	\$ (604,872)	\$ (60,941)
<b>Other Financing Sources (Uses)</b>					
Notes Issued	\$ 100,996	\$ 138,300	\$ 0	\$ 500,000	\$ 739,296
Insurance Recovery	0	3,243	0	0	3,243
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>\$ 4,023</b>	<b>\$ 141,543</b>	<b>\$ 0</b>	<b>\$ 596,973</b>	<b>\$ 742,539</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2007	\$ 2,268,236	\$ 622,800	\$ 3,795,195	\$ 1,572,201	\$ 8,258,432
Fund Balance, June 30, 2008	\$ 2,643,285	\$ 895,153	\$ 3,837,290	\$ 1,564,302	\$ 8,940,030

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, 2008

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)		\$	681,598
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	209,583	
Less: current year depreciation expense		<u>(723,664)</u>	(514,081)
(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, 2008	\$	492,863	
Less: deferred delinquent property taxes and other deferred June 30, 2007		<u>(427,934)</u>	64,929
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: note proceeds	\$	(739,296)	
Add: change in premium on debt issuances		871	
Less: change in deferred debt issuance costs		(7,154)	
Add: principal payments on notes		340,400	
Add: principal payments on bonds		1,420,000	
Less: change in deferred amount on refunding debt		(6,610)	
Add: payments on judgments		<u>300,000</u>	1,308,211
(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>12,296</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>1,552,953</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, 2008

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>Operating Revenues</u>	
Tipping Fees	\$ 414,006
Other General Service Charges	3,127
Total Operating Revenues	<u>\$ 417,133</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 25,557
Salary Supplements	4,423
Equipment Operators	45,403
Social Security	4,106
State Retirement	6,166
Employee and Dependent Insurance	21,631
Employer Medicare	960
Communication	605
Contracts with Private Agencies	292,768
Maintenance Agreements	3,000
Maintenance and Repair Services - Buildings	8,777
Maintenance and Repair Services - Equipment	62,847
Travel	2,212
Diesel Fuel	5,910
Office Supplies	156
Utilities	4,278
Other Supplies and Materials	1,310
Building and Contents Insurance	814
Trustee's Commission	508
Vehicle and Equipment Insurance	7,591
Workers' Compensation Insurance	4,887
Depreciation	41,529
Landfill Closure/Postclosure Care Costs	4,892
Total Operating Expenses	<u>\$ 550,330</u>
Operating Income (Loss)	<u>\$ (133,197)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 50,767
Solid Waste Grants	12,500
Interest on Capital Leases	(6,630)
Total Nonoperating Revenues (Expenses)	<u>\$ 56,637</u>
Change in Net Assets	\$ (76,560)
Net Assets, July 1, 2007	<u>1,468,127</u>
Net Assets, June 30, 2008	<u><u>\$ 1,391,567</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, 2008

	Business-type Activities
	<u>Major Fund</u>
	Solid
	Waste
	<u>Disposal</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 414,829
Receipts from Others	3,127
Payments for Waste Collections and Disposal Activity	(508,666)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (90,710)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from Grants	\$ 12,500
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 12,500</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Payments - Capital Lease	\$ (36,521)
Interest Payments - Capital Lease	(6,630)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (43,151)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 50,767
Net Cash Provided By (Used In) Investing Activities	<u>\$ 50,767</u>
Increase (Decrease) in Cash	\$ (70,594)
Cash, July 1, 2007	<u>1,201,316</u>
Cash, June 30, 2008	<u><u>\$ 1,130,722</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	\$ (133,197)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	41,529
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	22
(Increase) Decrease in Due from Other Governments	801
Increase (Decrease) in Accounts Payable	1,638
Increase (Decrease) in Payroll Deductions Payable	523
Increase (Decrease) in Accrued Liability for Landfill	
Closure/Postclosure Costs	<u>(2,026)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (90,710)</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, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 2,811,165
Cash	642,790
Accounts Receivable	674
Due from Other Governments	<u>380,160</u>
Total Assets	<u>\$ 3,834,789</u>
<u>LIABILITIES</u>	
Due to Cities	\$ 173,335
Due to Other Taxing Units	2,979,495
Due to Litigants, Heirs, and Others	643,464
Due to Joint Ventures	<u>38,495</u>
Total Liabilities	<u>\$ 3,834,789</u>

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

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**LAUDERDALE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

**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 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 types:

**Capital Projects Fund** – The General Capital Projects Fund accounts for general capital expenditures of the county.

**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 fund:

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

Additionally, the Lauderdale County School Department reports the following fund type:

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

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 and Lauderdale County Ambulance Authority funds), 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 School Department's General Purpose School Fund. Lauderdale County, the 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 2.9 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 (excluding the Lauderdale County Public Library and Lauderdale County Ambulance Authority special revenue funds) 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, landfill closure/postclosure care costs, and other postemployment benefits, 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, 2008, Lauderdale County had \$16,209,354 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 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 the General Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 expenditures exceeded total appropriations approved by the County Commission by \$2,896. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

**C. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount**

The General Purpose School Fund's actual fund balance at July 1, 2007, was \$1,531,762; however, the estimated fund balance reflected in the county's budget was \$481,344. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$1,050,418.

**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, 2008.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2008, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 890,572	\$ 0	\$ 0	\$ 890,572
Construction in Progress	0	20,191	0	20,191
Total Capital Assets				
Not Depreciated	\$ 890,572	\$ 20,191	\$ 0	\$ 910,763

**Governmental Activities: (Cont.)**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
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	3,910,712	189,392	(35,996)	4,064,108
Total Capital Assets Depreciated	<u>\$ 14,426,108</u>	<u>\$ 189,392</u>	<u>\$ (35,996)</u>	<u>\$ 14,579,504</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,318,249	\$ 333,382	\$ 0	\$ 3,651,631
Infrastructure	163,066	62,540	0	225,606
Other Capital Assets	3,019,858	327,742	(35,996)	3,311,604
Total Accumulated Depreciation	<u>\$ 6,501,173</u>	<u>\$ 723,664</u>	<u>\$ (35,996)</u>	<u>\$ 7,188,841</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,924,935</u>	<u>\$ (534,272)</u>	<u>\$ 0</u>	<u>\$ 7,390,663</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,815,507</u>	<u>\$ (514,081)</u>	<u>\$ 0</u>	<u>\$ 8,301,426</u>

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

**Governmental Activities:**

Administration of Justice	\$ 83,645
Public Safety	265,101
Public Health and Welfare	81,007
Social, Cultural, and Recreational Services	33,631
Highway/Public Works	<u>260,280</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 723,664</u>

**Business-type Activities:**

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 160,000	\$ 0	\$ 160,000
Total Capital Assets Not Depreciated	<u>\$ 160,000</u>	<u>\$ 0</u>	<u>\$ 160,000</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 300,418	\$ 0	\$ 300,418
Other Capital Assets	625,602	0	625,602
Total Capital Assets Depreciated	<u>\$ 926,020</u>	<u>\$ 0</u>	<u>\$ 926,020</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 48,192	\$ 7,511	\$ 55,703
Other Capital Assets	318,765	34,018	352,783
Total Accumulated Depreciation	<u>\$ 366,957</u>	<u>\$ 41,529</u>	<u>\$ 408,486</u>
Total Capital Assets Depreciated, Net	<u>\$ 559,063</u>	<u>\$ (41,529)</u>	<u>\$ 517,534</u>
Business-type Activities Capital Assets, Net	<u>\$ 719,063</u>	<u>\$ (41,529)</u>	<u>\$ 677,534</u>

Depreciation expense for the business-type activities was \$41,529.

**Discretely Presented Lauderdale County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 1,378,648	\$ 0	\$ 0	\$ 1,378,648
Total Capital Assets Not Depreciated	<u>\$ 1,378,648</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,378,648</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,118,685	\$ 222,092	\$ (25,000)	\$ 35,315,777
Infrastructure	0	81,212	0	81,212
Other Capital Assets	5,323,769	879,276	0	6,203,045
Total Capital Assets Depreciated	<u>\$ 40,442,454</u>	<u>\$ 1,182,580</u>	<u>\$ (25,000)</u>	<u>\$ 41,600,034</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 14,613,978	\$ 917,324	\$ (1,094)	\$ 15,530,208
Infrastructure	0	3,046	0	3,046
Other Capital Assets	3,186,771	332,614	0	3,519,385
Total Accumulated Depreciation	<u>\$ 17,800,749</u>	<u>\$ 1,252,984</u>	<u>\$ (1,094)</u>	<u>\$ 19,052,639</u>
Total Capital Assets Depreciated, Net	<u>\$ 22,641,705</u>	<u>\$ (70,404)</u>	<u>\$ (23,906)</u>	<u>\$ 22,547,395</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,020,353</u>	<u>\$ (70,404)</u>	<u>\$ (23,906)</u>	<u>\$ 23,926,043</u>

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

**Governmental Activities:**

Instruction	\$ 938,069
Support Services	263,375
Operation of Non-Instructional Services	<u>51,540</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,252,984</u></u>

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

The composition of interfund balances as of June 30, 2008, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 6,347

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, 2008, consisted of the following amounts:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Fund	\$ 96,973

**Discretely Presented Lauderdale County School Department**

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental fund	\$ 175,892

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, 2008, are as follows:

Year Ending June 30	Solid Waste Disposal Fund
2009	\$ 43,151
2010	43,150
2011	43,150
Total Minimum Lease Payments	\$ 129,451
Amount Representing Interest	<u>(9,621)</u>
Present Value of Minimum Lease Payments	<u>\$ 119,830</u>

**E. Long-term Debt**

**Primary Government**

General Obligation Bonds and Notes

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

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, 2008, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	2 to 3.75 %	\$ 9,835,000	\$ 8,335,000
General Obligation Bonds - Refunding	3 to 4	14,445,000	10,165,000
Capital Outlay Notes	0 to 3.5	1,080,000	761,966

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 the 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 (\$726,420) 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, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2014-2018	6,925,000	1,382,269	8,307,269
2019-2022	3,810,000	341,500	4,151,500
Total	\$ 18,500,000	\$ 4,508,246	\$ 23,008,246

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 147,516	\$ 3,044	\$ 150,560
2010	148,974	1,547	150,521
2011	104,762	0	104,762
2012	104,762	0	104,762
2013	104,762	0	104,762
2014-2015	151,190	0	151,190
Total	\$ 761,966	\$ 4,591	\$ 766,557

There is \$3,837,290 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$682, based on the 2000 federal census. Debt per capita, including bonds and notes totaled \$711, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

#### Governmental Activities:

	Bonds	Notes
Balance, July 1, 2007	\$ 19,920,000	\$ 363,070
Additions	0	739,296
Deductions	(1,420,000)	(340,400)
Balance, June 30, 2008	\$ 18,500,000	\$ 761,966
Balance Due Within One Year	\$ 1,455,000	\$ 147,516

	Claims and Judgments
Balance, July 1, 2007	\$ 3,250,000
Deductions	(300,000)
Balance, June 30, 2008	\$ 2,950,000
Balance Due Within One Year	\$ 300,000

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 22,211,966
Less: Balance Due Within One Year	(1,902,516)
Add: Unamortized Premium on Debt	6,795
Less: Deferred Amount on Refunding	<u>(30,064)</u>
 Noncurrent Liabilities - Due in More Than One Year - Exhibit A	 <u><u>\$ 20,286,181</u></u>

Effective May 10, 2006, Lauderdale County was ordered to pay a judgment of \$25,000 per month for 144 consecutive months totaling \$3,600,000 to a litigant's trust fund. At year-end, \$2,950,000 of claims and judgments is included in the above amounts. Claims and judgments payable will be retired from the General Debt Service Fund.

**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, 2008:

Business-type Activities:

	Closure/ Postclosure Care Costs	Capital Lease
	<u>          </u>	<u>          </u>
Balance, July 1, 2007	\$ 328,249	\$ 156,351
Additions	4,891	0
Deductions	<u>(6,917)</u>	<u>(36,521)</u>
 Balance, June 30, 2008	 <u><u>\$ 326,223</u></u>	 <u><u>\$ 119,830</u></u>
 Balance Due Within One Year	 <u><u>\$ 7,056</u></u>	 <u><u>\$ 38,183</u></u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 446,053
Less: Balance Due Within One Year	<u>(45,239)</u>
 Noncurrent Liabilities - Due in More Than One Year - Exhibit A	 <u><u>\$ 400,814</u></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, 2008, will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2008, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Note	0 %	\$ 172,013	\$ 33,448

The annual requirements to amortize the note outstanding as of June 30, 2008, are presented in the following table:

Year Ending June 30	Note Principal
2009	\$ 9,556
2010	9,556
2011	9,556
2012	4,780
Total	<u>\$ 33,448</u>

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Lauderdale County School Department for the year ended June 30, 2008, was as follows:

	Note	Other Postemployment Benefits
Balance, July 1, 2007	\$ 43,004	\$ 0
Additions	0	513,000
Deductions	(9,556)	(267,322)
Balance, June 30, 2008	<u>\$ 33,448</u>	<u>\$ 245,678</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, 2008	\$ 279,126
Less: Balance Due Within One Year	<u>(9,556)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 269,570</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and the School Federal Projects funds.

**F. Pledges of Future Revenues**

Local Option Sales Tax Revenues Pledged

In 1995, the citizens of Lauderdale County voted to increase the local option sales tax rate from two percent to 2.75 percent. The county and all local incorporated municipalities pledged their additional sales tax collections generated from the .75 percent increase to repay \$9 million and \$8 million in general obligation school bonds issued 12-1-95 and 3-1-96, respectively, to finance school construction and renovation and to provide salary improvements and/or increases for classroom teachers and principals for a period of ten years after the \$17 million school bonds are repaid. The county has pledged 100 percent of its .75 percent increase sales tax collection for ten years and the incorporated municipalities have pledged 100 percent for the first applicable year with a decrease of 10 percent annually. This 1995 pledge continues for 40 percent of the refunding school bonds issued 5-1-03 and the entire school refunding bonds issued 6-1-03, which were used to repay the 12-1-95 and 3-1-96 general obligation school bonds issues. These bonds are also guaranteed by the county in the event the additional sales tax revenues are insufficient to meet the debt service requirements on the bonds. Total principal and interest requirements for the bonds are \$9,946,148, payable

semiannually through April 1, 2022. For the current year, principal and interest paid and sales tax revenues generated by the increase and other School Department revenues pledged were \$1,109,311 and \$1,073,478, respectively.

Component Unit Revenues Pledged for Primary Government Debt

The Lauderdale County School Department pledged, as security for bonds issued by Lauderdale County, \$1,200,000 annually with \$600,000 from its collections generated from one percent and one-half percent sales tax levy and \$600,000 from restricted funds received from the state for capital outlay purposes. The bonds issued by Lauderdale County in May 2003 and June 2003, totaling \$19.675 million to provide financing for the refunding of other school bonds and to provide financing for school construction and renovation are payable through 2022. In addition, \$1,505,000 of the bonds issued by Lauderdale County in 2006 used to provide financing for school refunding are payable through 2016. For the current year, principal and interest paid and revenues generated and appropriated by the School Department were \$555,372 and \$1,200,000, respectively.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Lauderdale County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$35,916 and \$22,675, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

For the period July 1, 2007, through November 30, 2007, Lauderdale County participated 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. Effective December 1, 2007, Lauderdale County purchased commercial health insurance for its employees.

Lauderdale County participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays an annual premium to the TN-RMT for its workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums. The TN-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 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk of losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

The School Department purchases commercial insurance for other risks of loss, including general liability, property, casualty, and workers' compensation. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years for the county and the past fiscal year for the School Department.

## **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of

Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Lauderdale County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition. The primary government of Lauderdale County does not currently offer other postemployment benefits.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Lauderdale County. Lauderdale County previously did not disclose the nature of its pledged revenue streams.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Lauderdale County to provide additional and more detailed pension plan note disclosures than in previous years.

**C. Subsequent Events**

On September 15, 2008, the Lauderdale County Commission approved the issuance of a public building authority loan not to exceed \$1,000,000 for various public works projects. On January 28, 2009, Lauderdale County received other loan proceeds totaling \$435,000 for courthouse renovations.

On October 9, 2008, Lauderdale County issued a \$120,000 capital outlay note to provide funds for law enforcement vehicles.

**D. 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, 2008, future principal requirements were \$782,595, and future interest requirements were \$644,559.

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

**E. 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, when 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 \$326,223 for landfill closure and postclosure care costs at June 30, 2008. This amount represents future landfill closure and postclosure care costs associated with the Class 3 and the two Class 1 landfills at June 30, 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

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. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. 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. Lauderdale County made no contributions to the DTF for the year ended June 30, 2008, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General  
Twenty-Fifth Judicial District Drug Task Force  
121 North Main  
Ripley, TN 38063

**G. 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, 2008, 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, 2008, Lauderdale County's annual pension cost of \$694,682 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 postretirement 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, 2007, which established contribution rates effective July 1, 2008.

## Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$694,682	100%	\$0
6-30-07	648,845	100	0
6-30-06	523,653	100	0

## Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 89.27 percent funded. The actuarial accrued liability for benefits was \$22.32 million, and the actuarial value of assets was \$19.92 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.66 million, and the ratio of the UAAL to the covered payroll was 31.25 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

## **School Teachers**

### **Plan Description**

The 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 [www.treasury.state.tn.us](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 ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$996,418, \$936,705, and \$816,603, respectively, equal to the required contributions for each year.

### **H. Other Postemployment Benefits (OPEB)**

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

##### Plan Description

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

##### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. The discretely presented Lauderdale County School Department paid \$100 per month beginning September 2007 (\$83 prior to September 2007) 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

During the year ended June 30, 2008, the School Department contributed \$267,322 for postemployment health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 513,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<u>\$ 513,000</u>
Amount of contribution	<u>(267,322)</u>
Increase/decrease in NPO	\$ 245,678
Net OPEB obligation, 7-1-07	<u>0</u>
 Net OPEB obligation, 6-30-08	 <u><u>\$ 245,678</u></u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Location Education Group	\$ 513,000	52.11 %	\$ 245,678

\* Data not available for two preceding years.

## Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 4,820,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,820,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 15,674,346
UAAL as a % of covered payroll	30.75%

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

### Actuarial Methods and Assumptions

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

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

**I. 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 \$10,000 (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 Chapter 304, Private Acts of 1929 and provisions of Section 54-7-113, TCA (Uniform Road Law), which require 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	\$ 718
Cash in bank	<u>41,479</u>
Total Cash	<u>\$ 42,197</u>

All monies are deposited in banks fully insured by the Federal Deposit Insurance Corporation 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:

<u>Investment</u>	<u>Fair Value</u>	<u>Yearly Average Maturity</u>
Cash	\$ 229,440	N/A
U.S. government or agency bond or note	232,241	15
Preferred debt	55,931	28
Certificate of deposits	<u>166,261</u>	4
Total	<u>\$ 683,873</u>	

**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:

<u>Investment</u>	<u>Value</u>	<u>Rating</u>	<u>Organization</u>
Cash	\$ 229,440	Not rated	
U.S. government or agency bond or note	232,241	Not rated	
Preferred debt	55,932	AAA	S&P or Moody's
Certificate of deposits	166,261	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, 2008:

**Governmental Activities:**

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated			
Land	\$ 7,800	\$ 0	\$ 7,800
Construction on Progress	0	20,191	20,191
Total Capital Assets Not Depreciated	<u>\$ 7,800</u>	<u>\$ 20,191</u>	<u>\$ 27,991</u>
Capital Assets Depreciated:			
Buildings	\$ 452,978	\$ 0	\$ 452,978
Books	58,866	3,581	62,447
Furniture and Fixtures	81,674	5,260	86,934
Total Capital Assets Depreciated	<u>\$ 593,518</u>	<u>\$ 8,841</u>	<u>\$ 602,359</u>
Less Accumulated Depreciation For:			
Buildings	\$ 90,595	\$ 11,324	\$ 101,919
Books	39,096	6,603	45,699
Furniture and Fixtures	67,307	6,701	74,008
Total Accumulated Depreciation	<u>\$ 196,998</u>	<u>\$ 24,628</u>	<u>\$ 221,626</u>
Total Capital Assets Depreciated, Net	<u>\$ 396,520</u>	<u>\$ (15,787)</u>	<u>\$ 380,733</u>
Governmental Activities Capital Assets, Net	<u>\$ 404,320</u>	<u>\$ 4,404</u>	<u>\$ 408,724</u>

Depreciation expense of \$24,628 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 \$13,242.
3. Palmer Fund. The library received \$10,000 in the fiscal 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 \$317,495.

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, 2008, is \$111,113.
5. Fitzhugh Fund. In 2007, Mr. and Mrs. Jim Fitzhugh gave \$100,000 for the purpose of library expansion. The balance at June 30, 2008, is \$110,587.

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:

	<u>Amount 6-30-08</u>
Cash in bank	\$ 209,722
Cash on hand	<u>145</u>
Total	<u><u>\$ 209,867</u></u>

Cash in banks is insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2008, \$200,000 was covered by the FDIC while \$246,692 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 \$33,852 for the year ended June 30, 2008.

Capital assets are summarized as follows:

	Balance 7-1-07	Additions	Balance 6-30-08
Vehicles	\$ 123,178	\$ 0	\$ 123,178
Equipment	31,535	25,940	57,475
Total	\$ 154,713	\$ 25,940	\$ 180,653
Accumulated Depreciation	(37,739)	(33,852)	(71,591)
Total	\$ 116,974	\$ (7,912)	\$ 109,062

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, 2008, was \$494,832.

**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 two line items. Revenues were less than budgeted revenues and total expenditures were less than total budgeted expenditures.

**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 8.18 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.G.

**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, 2008, consist of the following:

#### Deposits:

Cash on hand	\$ 225
Cash in bank	27,480
Cash on deposit with county trustee	<u>786,057</u>

Total cash and cash equivalents	<u><u>\$ 813,762</u></u>
---------------------------------	--------------------------

#### Investments:

Certificates of deposit managed by county trustee	<u><u>\$ 1,800,000</u></u>
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The Lauderdale County Water System's deposits and investments at June 30, 2008, were covered either by federal depository insurance, the Tennessee Collateral Pool, or 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 Lauderdale 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, 2008, is also reflected as deferred revenue.

**E. Capital Assets**

Capital assets are summarized as follows:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Total Capital Assets Not Depreciated	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,000</u>
Capital Assets Depreciated:				
Water Plant	\$ 7,322,704	\$ 30,605	\$ 0	\$ 7,353,309
Plant Equipment	105,175	0	0	105,175
Office Equipment	67,848	0	0	67,848
Equipment	268,927	0	(42,182)	226,745
Total Capital Assets Depreciated	<u>\$ 7,764,654</u>	<u>\$ 30,605</u>	<u>\$ (42,182)</u>	<u>\$ 7,753,077</u>

Capital Assets (Cont.)	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation:				
Water Plant	\$ 3,219,572	\$ 199,680	\$ 0	\$ 3,419,252
Plant Equipment	50,030	5,858	0	55,888
Office Equipment	48,994	9,396	0	58,390
Equipment	209,322	21,345	(42,182)	188,485
Total Accumulated Depreciation	\$ 3,527,918	\$ 236,279	\$ (42,182)	\$ 3,722,015
Total Capital Assets Depreciated, Net	\$ 4,236,736	\$ (205,674)	\$ 0	\$ 4,031,062
Governmental Activities Capital Assets, Net	\$ 4,246,736	\$ (205,674)	\$ 0	\$ 4,041,062

**F. Bonds Payable**

Bonds payable at June 30, 2008, consist of the following:

	Current	Long Term	Total
FHA, 5%; payable in annual installments of \$6,345 including interest	\$ 4,729	\$ 27,585	\$ 32,314
FHA, 6%; payable in monthly installments of \$815 including interest	8,582	15,279	23,861
Rural Economic and Community Development 4.5%; payable in monthly installments of \$3,592	10,633	715,787	726,420
Total	\$ 23,944	\$ 758,651	\$ 782,595

The annual maturities of long-term bonds as of June 30, 2008, are:

Year Ending June 30	Bonds
2009	\$ 23,944
2010	25,198
2011	23,014
2012	17,641
2013	18,473
2014-2018	79,133
2019-2023	91,320
2024-2028	114,314
2029-2033	143,098
2034-2038	179,129
2039-2040	<u>67,331</u>
Total	<u>\$ 782,595</u>

Net changes for the year ended June 30, 2008, in bond balances are:

	Bonds
Balance, July 1, 2007	\$ 805,348
Deductions	<u>(22,753)</u>
Balance, June 30, 2008	<u>\$ 782,595</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, 2008, 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 \$0 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, 2008.

**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 Communications 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.

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 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, 2008, 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 \$36,992 for the year ended June 30, 2008. 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 times are payable to employees at 1.5 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	\$ 310,802
Certificates of Deposit	<u>200,000</u>
Total	<u><u>\$ 510,802</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, 2008, \$217,644 was covered by FDIC while \$293,158 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 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Depreciated:				
Buildings and Improvements	\$ 158,842	\$ 0	\$ 0	\$ 158,842
Communications Equipment	122,080	121,930	(16,084)	227,926
Office Equipment	74,784	4,406	0	79,190
Furniture and Fixtures	11,334	4,791	0	16,125
Total Capital Assets				
Depreciated	\$ 367,040	\$ 131,127	\$ (16,084)	\$ 482,083
Less Accumulated Depreciation:				
Buildings and Improvements	\$ 15,776	\$ 6,752	\$ 0	\$ 22,528
Communications Equipment	58,040	16,624	(12,064)	62,600
Office Equipment	28,074	11,955	0	40,029
Furniture and Fixtures	5,805	1,661	0	7,466
Total Accumulated Depreciation	\$ 107,695	\$ 36,992	\$ (12,064)	\$ 132,623
Governmental Activities				
Capital Assets, Net	\$ 259,345	\$ 94,135	\$ (4,020)	\$ 349,460

### 3. Leases

The 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 \$2,901. The expense is expected to increase to \$3,885 per month in the next year.

The following is a schedule by years of expected minimum future rentals on operating leases as of June 30, 2008:

Year Ending June 30	Amount
2009	\$ 46,584
2010	46,584
2011	46,584
2012	46,584
2013	46,584

**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 2008. 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, 2008, 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, 2008, the district's annual pension cost of \$5,348 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 unfunded 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, 2007, which established contribution rates effective July 1, 2008.

**Trend information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$ 5,348	100%	\$ 0
6-30-07	4,422	100	0
6-30-06	3,459	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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,990,838	\$ 4,819,949	\$ 4,819,949	\$ 170,889
Licenses and Permits	33,300	31,850	31,850	1,450
Fines, Forfeitures, and Penalties	131,069	100,645	106,305	24,764
Charges for Current Services	58,915	66,650	66,650	(7,735)
Other Local Revenues	40,833	10,500	10,500	30,333
Fees Received from County Officials	1,033,273	1,011,000	1,011,000	22,273
State of Tennessee	1,380,804	1,495,249	1,527,945	(147,141)
Federal Government	250,119	320,257	320,257	(70,138)
Other Governments and Citizens Groups	176,091	164,000	164,000	12,091
<b>Total Revenues</b>	<b>\$ 8,095,242</b>	<b>\$ 8,020,100</b>	<b>\$ 8,058,456</b>	<b>\$ 36,786</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 55,866	\$ 66,650	\$ 66,650	\$ 10,784
County Mayor/Executive	230,961	213,412	241,890	10,929
County Attorney	33,392	50,000	50,000	16,608
Election Commission	191,435	198,783	203,006	11,571
Register of Deeds	127,064	135,480	135,480	8,416
Development	96,646	96,666	96,666	20
Planning	19,709	27,860	27,860	8,151
County Buildings	450,549	458,261	458,261	7,712
Other General Administration	3,809	4,111	4,111	302
<u>Finance</u>				
Accounting and Budgeting	879	1,077	1,077	198
Property Assessor's Office	193,658	194,528	198,988	5,330
Reappraisal Program	12,420	25,113	20,653	8,233
County Trustee's Office	158,706	163,405	163,405	4,699
County Clerk's Office	264,695	268,506	268,506	3,811
<u>Administration of Justice</u>				
Circuit Court	196,855	223,475	223,475	26,620
General Sessions Judge	89,067	89,641	89,641	574
General Sessions Court Clerk	178,889	180,026	187,526	8,637
Chancery Court	139,430	164,056	165,298	25,868
Juvenile Court	551,485	562,513	591,106	39,621
Other Administration of Justice	91,428	91,428	91,428	0
Victims Assistance Programs	4,110	0	4,110	0
<u>Public Safety</u>				
Sheriff's Department	1,715,033	1,676,988	1,761,625	46,592
Administration of the Sexual Offender Registry	895	900	900	5
Jail	1,443,775	1,525,420	1,525,420	81,645
Fire Prevention and Control	93,956	33,165	113,165	19,209
Civil Defense	213,739	302,811	302,811	89,072
Rescue Squad	14,946	15,000	15,000	54

(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 Safety (Cont.)</u>				
Other Emergency Management	\$ 56,629	\$ 57,428	\$ 57,428	\$ 799
<u>Public Health and Welfare</u>				
Local Health Center	57,262	57,962	57,962	700
Rabies and Animal Control	56,604	54,772	57,972	1,368
Dental Health Program	296,528	312,846	312,846	16,318
Other Local Health Services	62,355	70,515	86,304	23,949
Sanitation Education/Information	43,652	43,775	43,775	123
<u>Social, Cultural, and Recreational Services</u>				
Libraries	22,950	119,923	22,950	0
Parks and Fair Boards	31,100	31,100	31,100	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	87,576	117,709	117,709	30,133
Soil Conservation	81,703	93,271	93,271	11,568
<u>Other Operations</u>				
Veterans' Services	16,913	17,904	17,904	991
Other Charges	138,328	142,000	144,000	5,672
Contributions to Other Agencies	168,607	168,607	168,607	0
Employee Benefits	7,661	15,000	15,000	7,339
Miscellaneous	22,951	39,145	39,145	16,194
Total Expenditures	\$ 7,724,216	\$ 8,111,232	\$ 8,274,031	\$ 549,815
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 371,026	\$ (91,132)	\$ (215,575)	\$ 586,601
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 100,996	\$ 0	\$ 100,996	\$ 0
Transfers Out	(96,973)	0	(96,973)	0
Total Other Financing Sources (Uses)	\$ 4,023	\$ 0	\$ 4,023	\$ 0
Net Change in Fund Balance				
Fund Balance, July 1, 2007	\$ 2,268,236	\$ 2,193,724	\$ 2,193,724	\$ 74,512
Fund Balance, June 30, 2008				
	\$ 2,643,285	\$ 2,102,592	\$ 1,982,172	\$ 661,113

## 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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 918,948	\$ 906,176	\$ 906,176	\$ 12,772
Licenses and Permits	720	500	500	220
Other Local Revenues	24,774	11,000	11,000	13,774
State of Tennessee	2,062,646	2,332,159	2,332,159	(269,513)
Total Revenues	\$ 3,007,088	\$ 3,249,835	\$ 3,249,835	\$ (242,747)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 179,865	\$ 183,256	\$ 189,256	\$ 9,391
Highway and Bridge Maintenance	1,195,758	1,336,483	1,280,483	84,725
Operation and Maintenance of Equipment	451,053	448,145	505,645	54,592
Other Charges	214,201	228,060	228,060	13,859
Employee Benefits	363,379	446,084	446,084	82,705
Capital Outlay	472,022	825,000	983,300	511,278
Total Expenditures	\$ 2,876,278	\$ 3,467,028	\$ 3,632,828	\$ 756,550
Excess (Deficiency) of Revenues Over Expenditures	\$ 130,810	\$ (217,193)	\$ (382,993)	\$ 513,803
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 138,300	\$ 0	\$ 138,300	\$ 0
Insurance Recovery	3,243	5,000	5,000	(1,757)
Total Other Financing Sources (Uses)	\$ 141,543	\$ 5,000	\$ 143,300	\$ (1,757)
Net Change in Fund Balance	\$ 272,353	\$ (212,193)	\$ (239,693)	\$ 512,046
Fund Balance, July 1, 2007	622,800	442,764	442,764	180,036
Fund Balance, June 30, 2008	\$ 895,153	\$ 230,571	\$ 203,071	\$ 692,082

Exhibit F-3

Lauderdale County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 19,926	\$ 22,322	\$ 2,396	89.27 %	\$ 7,667	31.25 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; and therefore only the most current year is presented.

Exhibit F-4

Lauderdale County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Lauderdale County Emergency Communications District  
June 30, 2008

(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)
6-30-07	\$ 60	\$ 52	\$ (8)	114.96 %	\$ 76	(10.27) %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; and therefore only the most current year is presented.

Exhibit F-5

Lauderdale County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Lauderdale County School Department  
June 30, 2008

(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)
Local Education Group Plan	6-30-07	\$ 0	\$ 4,820	\$ 4,820	0 %	\$ 15,674	30.75 %

\* Data not available for two preceding years.

**LAUDERDALE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2008**

**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’s 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.

# Capital Projects Fund

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

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

Exhibit G-1

Lauderdale County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2008

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
\$	0	42,197	209,867	0	0	6,347	258,411
4,967	0	236,970	32,735	49,213	0	0	323,885
0	683,873	0	0	0	0	0	683,873
0	0	807,863	0	0	0	0	807,863
0	0	(494,832)	0	0	0	0	(494,832)
0	0	0	0	924	0	0	924
0	0	4,986	0	0	0	0	4,986
\$	4,967	726,070	764,854	32,735	50,137	6,347	1,585,110

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Investments  
 Accounts Receivable  
 Allowance for Uncollectibles  
 Due from Other Governments  
 Accrued Interest Receivable  
 Total Assets

LIABILITIES AND FUND BALANCES

\$	0	0	5,871	0	0	0	5,871
0	640	7,950	0	0	0	0	8,590
0	0	0	0	0	6,347	6,347	6,347
\$	0	640	13,821	0	0	6,347	20,808
\$	0	577,437	0	0	0	0	577,437
4,967	147,993	751,033	32,735	50,137	0	0	986,865
\$	4,967	725,430	751,033	32,735	50,137	0	1,564,302
\$	4,967	726,070	764,854	32,735	50,137	6,347	1,585,110

Liabilities  
 Accounts Payable  
 Accrued Payroll  
 Due to Other Funds  
 Total Liabilities

Fund Balances  
 Reserved for Endowments  
 Unreserved  
 Total Fund Balances  
 Total Liabilities and Fund Balances

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, 2008

	Special Revenue Funds										Capital Projects Fund	Total Nonmajor Governmental Funds				
	Law Library					Ambulance Service			Drug Control				District Attorney General		Total	
	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General			Capital Projects	Nonmajor Governmental Funds		
<u>Revenues</u>																
Local Taxes	\$ 1,434	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,434	\$ 1,434			
Fines, Forfeitures, and Penalties	0	0	0	23,808	15,820	0	0	0	0	0	0	39,628	39,628			
Charges for Current Services	0	0	1,107,758	0	0	0	0	0	0	0	0	1,107,758	1,107,758			
Other Local Revenues	38	40,935	11,199	5,079	0	0	0	0	0	0	0	57,251	57,251			
Other Governments and Citizens Groups	0	35,430	0	0	0	0	0	0	0	0	0	35,430	35,430			
Total Revenues	\$ 1,472	\$ 76,365	\$ 1,118,957	\$ 28,887	\$ 15,820	\$ 1,241,501	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,241,501	\$ 1,241,501			
<u>Expenditures</u>																
Current:																
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,012	\$ 23,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,012	\$ 23,012			
Public Safety	0	0	0	37,180	0	37,180	0	0	0	0	0	37,180	37,180			
Public Health and Welfare	0	0	1,143,332	0	0	1,143,332	0	0	0	0	0	1,143,332	1,143,332			
Social, Cultural, and Recreational Services	1,113	141,736	0	0	0	142,849	0	0	0	0	0	142,849	142,849			
Capital Projects	0	0	0	0	0	0	0	0	0	500,000	0	500,000	500,000			
Total Expenditures	\$ 1,113	\$ 141,736	\$ 1,143,332	\$ 37,180	\$ 23,012	\$ 1,346,373	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 0	\$ 1,846,373	\$ 1,846,373			
Excess (Deficiency) of Revenues Over Expenditures	\$ 359	\$ (65,371)	\$ (24,375)	\$ (8,293)	\$ (7,192)	\$ (104,872)	\$ (500,000)	\$ (604,872)	\$ 0	\$ 0	\$ 0	\$ (604,872)	\$ (604,872)			
<u>Other Financing Sources (Uses)</u>																
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 0	\$ 500,000	\$ 500,000			
Transfers In	0	96,973	0	0	0	96,973	0	0	0	0	0	96,973	96,973			
Total Other Financing Sources (Uses)	\$ 0	\$ 96,973	\$ 0	\$ 0	\$ 0	\$ 96,973	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 0	\$ 596,973	\$ 596,973			
Net Change in Fund Balances	\$ 359	\$ 31,602	\$ (24,375)	\$ (8,293)	\$ (7,192)	\$ (7,899)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (7,899)	\$ (7,899)			
Fund Balance, July 1, 2007	4,608	693,828	775,408	41,028	57,329	1,572,201	0	0	0	0	0	1,572,201	1,572,201			
Fund Balance, June 30, 2008	\$ 4,967	\$ 725,430	\$ 751,033	\$ 32,735	\$ 50,137	\$ 1,564,302	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,564,302	\$ 1,564,302			

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,434	\$ 1,350	\$ 1,350	\$ 84
Other Local Revenues	38	0	0	38
Total Revenues	<u>\$ 1,472</u>	<u>\$ 1,350</u>	<u>\$ 1,350</u>	<u>\$ 122</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 1,113	\$ 2,100	\$ 2,100	\$ 987
Total Expenditures	<u>\$ 1,113</u>	<u>\$ 2,100</u>	<u>\$ 2,100</u>	<u>\$ 987</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 359</u>	<u>\$ (750)</u>	<u>\$ (750)</u>	<u>\$ 1,109</u>
Net Change in Fund Balance	\$ 359	\$ (750)	\$ (750)	1,109
Fund Balance, July 1, 2007	<u>4,608</u>	<u>4,342</u>	<u>4,342</u>	<u>266</u>
Fund Balance, June 30, 2008	<u>\$ 4,967</u>	<u>\$ 3,592</u>	<u>\$ 3,592</u>	<u>\$ 1,375</u>

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 40,935	\$ 4,555	\$ 4,555	\$ 36,380
Other Governments and Citizens Groups	35,430	35,430	35,430	0
Total Revenues	<u>\$ 76,365</u>	<u>\$ 39,985</u>	<u>\$ 39,985</u>	<u>\$ 36,380</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 141,736	\$ 138,840	\$ 138,840	\$ (2,896)
Total Expenditures	<u>\$ 141,736</u>	<u>\$ 138,840</u>	<u>\$ 138,840</u>	<u>\$ (2,896)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (65,371)</u>	<u>\$ (98,855)</u>	<u>\$ (98,855)</u>	<u>\$ 33,484</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 96,973	\$ 98,855	\$ 98,855	\$ (1,882)
Total Other Financing Sources (Uses)	<u>\$ 96,973</u>	<u>\$ 98,855</u>	<u>\$ 98,855</u>	<u>\$ (1,882)</u>
Net Change in Fund Balance	\$ 31,602	\$ 0	\$ 0	\$ 31,602
Fund Balance, July 1, 2007	<u>693,828</u>	<u>693,828</u>	<u>693,828</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ 725,430</u>	<u>\$ 693,828</u>	<u>\$ 693,828</u>	<u>\$ 31,602</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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,107,758	\$ 1,225,000	\$ 1,225,000	\$ (117,242)
Other Local Revenues	11,199	650	650	10,549
Total Revenues	<u>\$ 1,118,957</u>	<u>\$ 1,225,650</u>	<u>\$ 1,225,650</u>	<u>\$ (106,693)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,143,332	\$ 1,217,915	\$ 1,217,915	\$ 74,583
Total Expenditures	<u>\$ 1,143,332</u>	<u>\$ 1,217,915</u>	<u>\$ 1,217,915</u>	<u>\$ 74,583</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (24,375)</u>	<u>\$ 7,735</u>	<u>\$ 7,735</u>	<u>\$ (32,110)</u>
Net Change in Fund Balance	\$ (24,375)	\$ 7,735	\$ 7,735	\$ (32,110)
Fund Balance, July 1, 2007	<u>775,408</u>	<u>775,408</u>	<u>775,408</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ 751,033</u>	<u>\$ 783,143</u>	<u>\$ 783,143</u>	<u>\$ (32,110)</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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 23,808	\$ 17,400	\$ 17,400	\$ 6,408
Other Local Revenues	5,079	0	5,000	79
Total Revenues	<u>\$ 28,887</u>	<u>\$ 17,400</u>	<u>\$ 22,400</u>	<u>\$ 6,487</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 37,180	\$ 25,000	\$ 46,100	\$ 8,920
Total Expenditures	<u>\$ 37,180</u>	<u>\$ 25,000</u>	<u>\$ 46,100</u>	<u>\$ 8,920</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,293)</u>	<u>\$ (7,600)</u>	<u>\$ (23,700)</u>	<u>\$ 15,407</u>
Net Change in Fund Balance	\$ (8,293)	\$ (7,600)	\$ (23,700)	\$ 15,407
Fund Balance, July 1, 2007	<u>41,028</u>	<u>40,008</u>	<u>40,008</u>	<u>1,020</u>
Fund Balance, June 30, 2008	<u>\$ 32,735</u>	<u>\$ 32,408</u>	<u>\$ 16,308</u>	<u>\$ 16,427</u>

# **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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,063,847	\$ 1,029,539	\$ 1,029,539	\$ 34,308
Licenses and Permits	890	711	711	179
Other Governments and Citizens Groups	1,765,547	1,671,515	1,671,515	94,032
Total Revenues	<u>\$ 2,830,284</u>	<u>\$ 2,701,765</u>	<u>\$ 2,701,765</u>	<u>\$ 128,519</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 664,583	\$ 763,901	\$ 737,074	\$ 72,491
Education	1,095,817	1,141,500	1,167,317	71,500
<u>Interest on Debt</u>				
General Government	109,209	111,006	109,210	1
Education	597,489	594,683	597,489	0
<u>Other Debt Service</u>				
General Government	320,441	321,500	321,500	1,059
Education	650	1,000	1,000	350
Total Expenditures	<u>\$ 2,788,189</u>	<u>\$ 2,933,590</u>	<u>\$ 2,933,590</u>	<u>\$ 145,401</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,095</u>	<u>\$ (231,825)</u>	<u>\$ (231,825)</u>	<u>\$ 273,920</u>
Net Change in Fund Balance	\$ 42,095	\$ (231,825)	\$ (231,825)	\$ 273,920
Fund Balance, July 1, 2007	<u>3,795,195</u>	<u>4,199,892</u>	<u>4,199,892</u>	<u>(404,697)</u>
Fund Balance, June 30, 2008	<u>\$ 3,837,290</u>	<u>\$ 3,968,067</u>	<u>\$ 3,968,067</u>	<u>\$ (130,777)</u>

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# 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.

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Exhibit I-1

Lauderdale County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2008

	Agency Funds			Total
	Local Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 2,772,670	\$ 0	\$ 38,495	\$ 2,811,165
Cash	0	642,790	0	642,790
Accounts Receivable	0	674	0	674
Due from Other Governments	380,160	0	0	380,160
Total Assets	<u>\$ 3,152,830</u>	<u>\$ 643,464</u>	<u>\$ 38,495</u>	<u>\$ 3,834,789</u>
<u>LIABILITIES</u>				
Due to Cities	\$ 173,335	\$ 0	\$ 0	\$ 173,335
Due to Other Taxing Units	2,979,495	0	0	2,979,495
Due to Litigants, Heirs, and Others	0	643,464	0	643,464
Due to Joint Ventures	0	0	38,495	38,495
Total Liabilities	<u>\$ 3,152,830</u>	<u>\$ 643,464</u>	<u>\$ 38,495</u>	<u>\$ 3,834,789</u>

Exhibit I-2

Lauderdale County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Local Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,686,714	\$ 2,146,879	\$ 2,060,923	\$ 2,772,670
Due from Other Governments	363,650	380,160	363,650	380,160
Total Assets	<u>\$ 3,050,364</u>	<u>\$ 2,527,039</u>	<u>\$ 2,424,573</u>	<u>\$ 3,152,830</u>
<u>Liabilities</u>				
Due to Cities	\$ 164,901	\$ 173,335	\$ 164,901	\$ 173,335
Due to Other Taxing Units	2,885,463	2,353,704	2,259,672	2,979,495
Total Liabilities	<u>\$ 3,050,364</u>	<u>\$ 2,527,039</u>	<u>\$ 2,424,573</u>	<u>\$ 3,152,830</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 725,154	\$ 4,628,531	\$ 4,710,895	\$ 642,790
Accounts Receivable	0	674	0	674
Total Assets	<u>\$ 725,154</u>	<u>\$ 4,629,205</u>	<u>\$ 4,710,895</u>	<u>\$ 643,464</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 725,154	\$ 4,629,205	\$ 4,710,895	\$ 643,464
Total Liabilities	<u>\$ 725,154</u>	<u>\$ 4,629,205</u>	<u>\$ 4,710,895</u>	<u>\$ 643,464</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,154	\$ 147,438	\$ 111,097	\$ 38,495
Total Assets	<u>\$ 2,154</u>	<u>\$ 147,438</u>	<u>\$ 111,097</u>	<u>\$ 38,495</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 2,154	\$ 147,438	\$ 111,097	\$ 38,495
Total Liabilities	<u>\$ 2,154</u>	<u>\$ 147,438</u>	<u>\$ 111,097</u>	<u>\$ 38,495</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,688,868	\$ 2,294,317	\$ 2,172,020	\$ 2,811,165
Cash	725,154	4,628,531	4,710,895	642,790
Accounts Receivable	0	674	0	674
Due from Other Governments	363,650	380,160	363,650	380,160
Total Assets	<u>\$ 3,777,672</u>	<u>\$ 7,303,682</u>	<u>\$ 7,246,565</u>	<u>\$ 3,834,789</u>
<u>Liabilities</u>				
Due to Cities	\$ 164,901	\$ 173,335	\$ 164,901	\$ 173,335
Due to Other Taxing Units	2,885,463	2,353,704	2,259,672	2,979,495
Due to Litigants, Heirs, and Others	725,154	4,629,205	4,710,895	643,464
Due to Joint Ventures	2,154	147,438	111,097	38,495
Total Liabilities	<u>\$ 3,777,672</u>	<u>\$ 7,303,682</u>	<u>\$ 7,246,565</u>	<u>\$ 3,834,789</u>

# 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 Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

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Exhibit J-1

Lauderdale County, Tennessee  
Statement of Activities  
Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 21,536,081	\$ 3,209	\$ 2,020,570	\$ (19,512,302)
Support Services	9,185,732	59,072	563,871	(8,562,789)
Operation of Non-Instructional Services	3,814,707	641,466	2,930,574	(242,667)
Interest on Long-term Debt	0	0	0	0
Other Debt Service	1,200,000	0	0	(1,200,000)
Total Governmental Activities	\$ 35,736,520	\$ 703,747	\$ 5,515,015	\$ (29,517,758)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,757,320
Local Option Sales Taxes				1,805,361
Other Local Taxes				179,071
Grants and Contributions Not Restricted for Specific Programs				24,266,981
Unrestricted Investment Income				416,862
Miscellaneous				45,335
Total General Revenues				\$ 29,470,930
Change in Net Assets				\$ (46,828)
Net Assets, July 1, 2007				26,685,322
Net Assets, June 30, 2008				\$ 26,638,494

Exhibit J-2

Lauderdale County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Lauderdale County School Department  
June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,994,810	\$ 392,142	\$ 2,386,952
Accounts Receivable	6,020	0	6,020
Due from Other Governments	585,373	237,136	822,509
Property Taxes Receivable	3,074,557	0	3,074,557
Allowance for Uncollectible Property Taxes	(165,252)	0	(165,252)
Accrued Interest Receivable	36,385	0	36,385
Total Assets	<u>\$ 5,531,893</u>	<u>\$ 629,278</u>	<u>\$ 6,161,171</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 353,211	\$ 47,771	\$ 400,982
Deferred Revenue - Current Property Taxes	2,768,612	0	2,768,612
Deferred Revenue - Delinquent Property Taxes	131,159	0	131,159
Other Deferred Revenues	276,717	2,290	279,007
Total Liabilities	<u>\$ 3,529,699</u>	<u>\$ 50,061</u>	<u>\$ 3,579,760</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 212,464	\$ 8,045	\$ 220,509
Reserved for Career Ladder - Extended Contract	11,965	0	11,965
Reserved for Career Ladder Program	8,631	0	8,631
Reserved for Technology	77,228	0	77,228
Reserved for Title I Grants to Local Education Agencies	0	34,268	34,268
Reserved for Innovative Education Program Strategies	0	2,087	2,087
Reserved for Special Education - Grants to States	0	13,884	13,884
Other Federal Reserves	0	12,800	12,800
Unreserved, Reported In:			
General Fund	1,691,906	0	1,691,906
Special Revenue Funds	0	508,133	508,133
Total Fund Balances	<u>\$ 2,002,194</u>	<u>\$ 579,217</u>	<u>\$ 2,581,411</u>
Total Liabilities and Fund Balances	<u>\$ 5,531,893</u>	<u>\$ 629,278</u>	<u>\$ 6,161,171</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, 2008

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)		\$ 2,581,411
<p>(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Add: land	\$ 1,378,648	
Add: buildings and improvements net of accumulated depreciation	19,785,569	
Add: infrastructure net of accumulated depreciation	78,166	
Add: other capital assets net of accumulated depreciation	<u>2,683,660</u>	23,926,043
<p>(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Less: notes payable	\$ (33,448)	
Less: other postemployment benefits payable	<u>(245,678)</u>	(279,126)
<p>(3) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.</p>		
		<u>410,166</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 26,638,494</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, 2008

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 4,822,612	\$ 0	\$ 4,822,612
Licenses and Permits	4,125	0	4,125
Fines, Forfeitures, and Penalties	475	0	475
Charges for Current Services	59,372	641,466	700,838
Other Local Revenues	442,724	5,077	447,801
State of Tennessee	23,601,542	27,716	23,629,258
Federal Government	79,985	4,795,344	4,875,329
Other Governments and Citizens Groups	1,094,979	0	1,094,979
Total Revenues	<u>\$ 30,105,814</u>	<u>\$ 5,469,603</u>	<u>\$ 35,575,417</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 17,898,564	\$ 2,333,525	\$ 20,232,089
Support Services	9,014,237	303,684	9,317,921
Operation of Non-Instructional Services	924,204	2,802,030	3,726,234
Capital Outlay	923,278	0	923,278
Debt Service:			
Principal on Debt	9,556	0	9,556
Other Debt Service	1,200,000	0	1,200,000
Total Expenditures	<u>\$ 29,969,839</u>	<u>\$ 5,439,239</u>	<u>\$ 35,409,078</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 135,975</u>	<u>\$ 30,364</u>	<u>\$ 166,339</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 2,990	\$ 0	\$ 2,990
Transfers In	175,892	0	175,892
Transfers Out	0	(175,892)	(175,892)
Total Other Financing Sources (Uses)	<u>\$ 178,882</u>	<u>\$ (175,892)</u>	<u>\$ 2,990</u>
Net Change in Fund Balances	\$ 314,857	\$ (145,528)	\$ 169,329
Fund Balance, July 1, 2007	1,687,337	724,745	2,412,082
Fund Balance, June 30, 2008	<u>\$ 2,002,194</u>	<u>\$ 579,217</u>	<u>\$ 2,581,411</u>

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, 2008

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)		\$	169,329
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,182,580	
Less: current year depreciation expense		<u>(1,252,984)</u>	(70,404)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets			(23,906)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$	410,166	
Less: deferred delinquent property taxes and other deferred June 30, 2007		<u>(295,891)</u>	114,275
(4) 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
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits payable			<u>(245,678)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>(46,828)</u>

Exhibit J-6

Lauderdale County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Lauderdale County School Department  
June 30, 2008

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 24,237	\$ 367,905	\$ 392,142
Due from Other Governments	96,908	140,228	237,136
Total Assets	<u>\$ 121,145</u>	<u>\$ 508,133</u>	<u>\$ 629,278</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 47,771	\$ 0	\$ 47,771
Other Deferred Revenues	2,290	0	2,290
Total Liabilities	<u>\$ 50,061</u>	<u>\$ 0</u>	<u>\$ 50,061</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 8,045	\$ 0	\$ 8,045
Reserved for Title I Grants to Local Education Agencies	34,268	0	34,268
Reserved for Innovative Education Program Strategies	2,087	0	2,087
Reserved for Special Education - Grants to States	13,884	0	13,884
Other Federal Reserves	12,800	0	12,800
Unreserved	0	508,133	508,133
Total Fund Balances	<u>\$ 71,084</u>	<u>\$ 508,133</u>	<u>\$ 579,217</u>
Total Liabilities and Fund Balances	<u>\$ 121,145</u>	<u>\$ 508,133</u>	<u>\$ 629,278</u>

Exhibit J-7

Lauderdale County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 641,466	\$ 641,466
Other Local Revenues	0	5,077	5,077
State of Tennessee	0	27,716	27,716
Federal Government	2,974,871	1,820,473	4,795,344
Total Revenues	<u>\$ 2,974,871</u>	<u>\$ 2,494,732</u>	<u>\$ 5,469,603</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,333,525	\$ 0	\$ 2,333,525
Support Services	303,633	51	303,684
Operation of Non-Instructional Services	233,722	2,568,308	2,802,030
Total Expenditures	<u>\$ 2,870,880</u>	<u>\$ 2,568,359</u>	<u>\$ 5,439,239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 103,991</u>	<u>\$ (73,627)</u>	<u>\$ 30,364</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (175,892)	\$ 0	\$ (175,892)
Total Other Financing Sources (Uses)	<u>\$ (175,892)</u>	<u>\$ 0</u>	<u>\$ (175,892)</u>
Net Change in Fund Balances	\$ (71,901)	\$ (73,627)	\$ (145,528)
Fund Balance, July 1, 2007	142,985	581,760	724,745
Fund Balance, June 30, 2008	<u>\$ 71,084</u>	<u>\$ 508,133</u>	<u>\$ 579,217</u>

Exhibit J-8

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,822,612	\$ 0	\$ 0	\$ 4,822,612	\$ 5,439,964	\$ 4,891,332	\$ (68,720)
Licenses and Permits	4,125	0	0	4,125	5,300	5,300	(1,175)
Fines, Forfeitures, and Penalties	475	0	0	475	0	0	475
Charges for Current Services	59,372	0	0	59,372	0	66,169	(6,797)
Other Local Revenues	442,724	0	0	442,724	351,514	378,394	64,330
State of Tennessee	23,601,542	0	0	23,601,542	22,424,308	23,805,431	(203,889)
Federal Government	79,985	0	0	79,985	53,279	80,946	(961)
Other Governments and Citizens Groups	1,094,979	0	0	1,094,979	0	1,094,979	0
Total Revenues	\$ 30,105,814	\$ 0	\$ 0	\$ 30,105,814	\$ 28,274,365	\$ 30,322,551	\$ (216,737)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,848,706	(1,776)	1,776	\$ 14,848,706	\$ 15,082,102	\$ 15,036,989	\$ 188,283
Special Education Program	2,176,922	(190)	0	2,176,732	2,183,007	2,190,007	13,275
Vocational Education Program	872,936	0	0	872,936	854,673	876,047	3,111
<u>Support Services</u>							
Attendance	11,730	0	0	11,730	12,500	12,500	770
Health Services	211,587	(1,875)	9,002	218,714	115,405	221,457	2,743
Other Student Support	857,820	0	7,479	865,299	692,918	878,977	13,678
Regular Instruction Program	714,264	0	3,565	717,829	779,117	770,076	52,247
Special Education Program	345,902	0	2,645	348,547	299,466	350,199	1,652
Vocational Education Program	109,954	0	0	109,954	101,149	112,749	2,795
Other Programs	58,591	0	0	58,591	0	58,591	0
Board of Education	289,365	0	0	289,365	290,904	293,404	4,039
Director of Schools	265,427	(190)	6,896	272,133	272,881	273,481	1,348
Office of the Principal	1,943,171	0	0	1,943,171	1,867,987	1,982,232	39,061

(Continued)

Exhibit J-8

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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 161,657	\$ 0	\$ 0	\$ 161,657	\$ 161,668	\$ 164,668	\$ 3,011
Operation of Plant	1,742,529	0	0	1,742,529	1,859,258	1,757,258	14,729
Maintenance of Plant	682,528	(2,333)	6,327	686,522	706,182	750,532	64,010
Transportation	1,586,246	0	0	1,586,246	1,527,158	1,675,059	88,813
Central and Other	33,466	0	0	33,466	33,498	33,498	32
<u>Operation of Non-Instructional Services</u>							
Community Services	249,097	(132)	1,466	250,431	91,575	254,130	3,699
Early Childhood Education	675,107	(14,187)	84,343	745,263	0	773,768	28,505
<u>Capital Outlay</u>							
Regular Capital Outlay	923,278	(134,892)	88,965	877,351	150,000	1,104,579	227,228
<u>Principal on Debt</u>							
Education	9,556	0	0	9,556	1,209,557	9,557	1
<u>Other Debt Service</u>							
Education	1,200,000	0	0	1,200,000	0	1,200,000	0
Total Expenditures	\$ 29,969,839	\$ (155,575)	\$ 212,464	\$ 30,026,728	\$ 28,291,005	\$ 30,779,758	\$ 753,030
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 135,975	\$ 155,575	\$ (212,464)	\$ 79,086	\$ (16,640)	\$ (457,207)	\$ 536,293
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,990	\$ 0	\$ 0	\$ 2,990	\$ 0	\$ 0	\$ 2,990
Transfers In	175,892	0	0	175,892	16,640	175,675	217
Transfers Out	0	0	0	0	0	(1,588)	1,588
Total Other Financing Sources (Uses)	\$ 178,882	\$ 0	\$ 0	\$ 178,882	\$ 16,640	\$ 174,087	\$ 4,795
Net Change in Fund Balance	\$ 314,857	\$ 155,575	\$ (212,464)	\$ 257,968	\$ 0	\$ (283,120)	\$ 541,088
Fund Balance, July 1, 2007	1,687,337	(155,575)	0	1,531,762	481,344	481,344	1,050,418
Fund Balance, June 30, 2008	\$ 2,002,194	\$ 0	\$ (212,464)	\$ 1,789,730	\$ 481,344	\$ 198,224	\$ 1,591,506

Exhibit J-9

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,974,871	\$ 0	\$ 0	\$ 2,974,871	\$ 3,023,863	\$ 2,991,751	\$ (16,880)
Total Revenues	\$ 2,974,871	\$ 0	\$ 0	\$ 2,974,871	\$ 3,023,863	\$ 2,991,751	\$ (16,880)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,367,099	\$ 0	\$ 1,112	\$ 1,368,211	\$ 1,431,650	\$ 1,415,240	\$ 47,029
Special Education Program	891,474	0	0	891,474	921,436	913,062	21,588
Vocational Education Program	74,952	(2,110)	2,559	75,401	67,223	75,142	(259)
<u>Support Services</u>							
Other Student Support	32,687	(19)	0	32,668	34,821	32,973	305
Regular Instruction Program	163,222	0	0	163,222	154,312	181,250	18,028
Special Education Program	103,626	0	0	103,626	281,967	131,306	27,680
Vocational Education Program	4,098	0	0	4,098	4,500	4,100	2
<u>Operation of Non-Instructional Services</u>							
Community Services	233,722	0	4,374	238,096	238,096	238,096	0
Total Expenditures	\$ 2,870,880	\$ (2,129)	\$ 8,045	\$ 2,876,796	\$ 3,134,005	\$ 2,991,169	\$ 114,373
Excess (Deficiency) of Revenues Over Expenditures	\$ 103,991	\$ 2,129	\$ (8,045)	\$ 98,075	\$ (110,142)	\$ 582	\$ 97,493
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (175,892)	\$ 0	\$ 0	\$ (175,892)	\$ (17,273)	\$ (176,654)	\$ 762
Total Other Financing Sources (Uses)	\$ (175,892)	\$ 0	\$ 0	\$ (175,892)	\$ (17,273)	\$ (176,654)	\$ 762
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (71,901)	\$ 2,129	\$ (8,045)	\$ (77,817)	\$ (127,415)	\$ (176,072)	\$ 98,255
	142,985	(2,129)	0	140,856	127,415	176,072	(35,216)
Fund Balance, June 30, 2008	\$ 71,084	\$ 0	\$ (8,045)	\$ 63,039	\$ 0	\$ 0	\$ 63,039

Exhibit J-10

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 641,466	\$ 652,807	\$ 652,807	\$ (11,341)
Other Local Revenues	5,077	5,500	5,500	(423)
State of Tennessee	27,716	26,700	26,700	1,016
Federal Government	1,820,473	1,801,330	1,801,330	19,143
Total Revenues	<u>\$ 2,494,732</u>	<u>\$ 2,486,337</u>	<u>\$ 2,486,337</u>	<u>\$ 8,395</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 51	\$ 225	\$ 225	\$ 174
<u>Operation of Non-Instructional Services</u>				
Food Service	2,568,308	2,548,763	2,593,463	25,155
Total Expenditures	<u>\$ 2,568,359</u>	<u>\$ 2,548,988</u>	<u>\$ 2,593,688</u>	<u>\$ 25,329</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (73,627)</u>	<u>\$ (62,651)</u>	<u>\$ (107,351)</u>	<u>\$ 33,724</u>
Net Change in Fund Balance	\$ (73,627)	\$ (62,651)	\$ (107,351)	\$ 33,724
Fund Balance, July 1, 2007	<u>581,760</u>	<u>577,399</u>	<u>577,399</u>	<u>4,361</u>
Fund Balance, June 30, 2008	<u>\$ 508,133</u>	<u>\$ 514,748</u>	<u>\$ 470,048</u>	<u>\$ 38,085</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Lauderdale County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
Primary Government and Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
<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	\$ 26,463	\$ 0	\$ 26,463	0
Health Department Construction	300,000	0	11-7-04	9-1-13	208,333	0	33,333	175,000
School Rehabilitation and Road Bank Stabilization	280,000	3.5	12-10-02	12-10-09	128,274	0	41,308	86,966
Sheriff Vehicles and State Aid Bridges	239,296	5	10-23-07	11-22-07	0	239,296	239,296	0
School Energy Efficiency Loan	500,000	0	8-21-07	08-15-14	0	500,000	0	500,000
Total Notes Payable					\$ 363,070	\$ 739,296	\$ 340,400	\$ 761,966
<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	\$ 7,065,000	\$ 0	\$ 750,000	\$ 6,315,000
G.O. School, Series 2003	9,835,000	2 to 3.75	5-1-03	4-1-22	8,635,000	0	300,000	8,335,000
G.O. Refunding, Series 2006	4,605,000	3.75 to 4	5-10-06	4-1-16	4,220,000	0	370,000	3,850,000
Total Bonds Payable					\$ 19,920,000	\$ 0	\$ 1,420,000	\$ 18,500,000
<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	\$ 43,004	\$ 0	\$ 9,556	\$ 33,448
Total Notes Payable					\$ 43,004	\$ 0	\$ 9,556	\$ 33,448

Exhibit K-2

Lauderdale County, Tennessee  
Schedule of Long-term Debt Requirements by Year  
Primary Government and Discretely Presented Lauderdale County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 147,516	\$ 3,044	\$ 150,560
2010	148,974	1,547	150,521
2011	104,762	0	104,762
2012	104,762	0	104,762
2013	104,762	0	104,762
2014	79,762	0	79,762
2015	71,428	0	71,428
Total	\$ 761,966	\$ 4,591	\$ 766,557

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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	\$ 18,500,000	\$ 4,508,246	\$ 23,008,246

DISCRETELY PRESENTED LAUDERDALE  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 9,556	\$ 0	\$ 9,556
2010	9,557	0	9,557
2011	9,557	0	9,557
2012	4,778	0	4,778
Total	\$ 33,448	\$ 0	\$ 33,448

Exhibit K-3

Lauderdale County, Tennessee  
Schedule of Investments  
June 30, 2008

Fund and Type	Amount
<u>Public Library Fund</u>	
Money Market Funds	\$ 229,440
U.S. government or agency bond or note	232,241
Corporate bonds	55,931
Certificates of deposit	<u>166,261</u>
 Total Investments	 <u>\$ 683,873</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, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	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	\$ 16,857
School Federal Projects	General Purpose School	Early intervening services	<u>159,035</u>
Total Transfers Discretely Presented Lauderdale County School Department			<u>\$ 175,892</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, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 77,304	\$ 50,000	RLI Insurance Company
Highway Commissioner	Chapter 304, Private Acts of 1929, as amended, and County Commission	64,760	100,000	"
Director of Schools	State Board of Education and Lauderdale County Board of Education	98,878 (1)	150,000	Indiana Insurance Company
Trustee	Section 8-24-102, TCA	58,872	983,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	58,872	10,000	"
County Clerk	Section 8-24-102, TCA	58,872	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	58,872	50,000	"
Clerk and Master	Section 8-24-102, TCA	58,872	300,000	"
Register	Section 8-24-102, TCA	58,872	50,000	"
Sheriff	Section 8-24-102, TCA	64,760 (2)	25,000	"
Employees Blanket Bonds:				
Office:				
County Mayor's Staff			10,000	RLI Insurance Company
Highway Department's Staff			10,000	"
Director of Schools - All Employees			150,000	Indiana Insurance Company
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 a chief executive officer training supplement of \$1,000.

(2) Does not include a 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, 2008

	Special Revenue Funds										Total
	General	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Highway/ Public Works	Debt		Total	
								Service	Fund		
<b>Local Taxes</b>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 3,582,901	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 754,967	\$ 933,296	\$ 5,271,164		
Trustee's Collections - Prior Year	113,825	0	0	0	0	0	24,509	34,855	173,189		
Circuit/Clerk & Master Collections - Prior Years	65,375	0	0	0	0	0	14,070	20,021	99,466		
Interest and Penalty	26,054	0	0	0	0	0	5,572	7,619	39,245		
Pick-up Taxes	6,624	0	0	0	0	0	1,417	1,938	9,979		
Payments in-Lieu-of Taxes - T.V.A.	478	0	0	0	0	0	101	124	703		
Payments in-Lieu-of Taxes - Local Utilities	37,324	0	0	0	0	0	7,866	9,724	54,914		
Payments in-Lieu-of Taxes - Other	86,521	0	0	0	0	0	18,234	22,542	127,297		
<u>County Local Option Taxes</u>											
Hotel/Motel Tax	30,925	0	0	0	0	0	0	0	30,925		
Wheel Tax	836,610	0	0	0	0	0	87,865	0	924,475		
Litigation Tax - General	68,976	0	0	0	0	0	0	0	68,976		
Litigation Tax - Special Purpose	15,293	1,434	0	0	0	0	0	0	16,727		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	0	28,354		
Business Tax	43,709	0	0	0	0	0	0	0	43,709		
<u>Statutory Local Taxes</u>											
Bank Excise Tax	20,629	0	0	0	0	0	4,347	5,374	30,350		
Wholesale Beer Tax	53,684	0	0	0	0	0	0	0	53,684		
Interstate Telecommunications Tax	1,910	0	0	0	0	0	0	0	1,910		
<b>Total Local Taxes</b>	<b>\$ 4,990,838</b>	<b>\$ 1,434</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 918,948</b>	<b>\$ 1,063,847</b>	<b>\$ 6,975,067</b>		
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Animal Registration	\$ 4,264	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,264		
Cable TV Franchise	3,416	0	0	0	0	0	720	890	5,026		
<u>Permits</u>											
Beer Permits	1,662	0	0	0	0	0	0	0	1,662		
Building Permits	23,958	0	0	0	0	0	0	0	23,958		
<b>Total Licenses and Permits</b>	<b>\$ 33,300</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 720</b>	<b>\$ 890</b>	<b>\$ 34,910</b>		

(Continued)

Exhibit K-6

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

	Special Revenue Funds											Total	
	General	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Highway/ Public Works	Debt Service Fund					
								General	Debt	Service			
<u>Circuit Court</u>													
Fines	\$ 11,953	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,953
Officers Costs	3,808	0	0	0	0	0	0	0	0	0	0	0	3,808
Drug Control Fines	9,667	0	0	0	2,310	0	0	0	0	0	0	0	11,977
Jail Fees	1,527	0	0	0	0	0	0	0	0	0	0	0	1,527
District Attorney General Fees	0	0	0	0	0	905	0	0	0	0	0	0	905
DUI Treatment Fines	497	0	0	0	0	0	0	0	0	0	0	0	497
Data Entry Fee - Circuit Court	197	0	0	0	0	0	0	0	0	0	0	0	197
Victims Assistance Assessments	80	0	0	0	0	0	0	0	0	0	0	0	80
<u>General Sessions Court</u>													
Fines	37,375	0	0	0	0	0	0	0	0	0	0	0	37,375
Officers Costs	19,962	0	0	0	0	0	0	0	0	0	0	0	19,962
Game and Fish Fines	56	0	0	0	0	0	0	0	0	0	0	0	56
Drug Control Fines	3,812	0	0	0	7,074	0	0	0	0	0	0	0	10,886
Jail Fees	14,813	0	0	0	0	0	0	0	0	0	0	0	14,813
District Attorney General Fees	0	0	0	0	0	2,441	0	0	0	0	0	0	2,441
DUI Treatment Fines	4,348	0	0	0	0	0	0	0	0	0	0	0	4,348
Data Entry Fee - General Sessions Court	5,240	0	0	0	0	0	0	0	0	0	0	0	5,240
Victims Assistance Assessments	7,723	0	0	0	0	0	0	0	0	0	0	0	7,723
<u>Juvenile Court</u>													
Fines	5,137	0	0	0	0	0	0	0	0	0	0	0	5,137
<u>Chancery Court</u>													
Officers Costs	1,346	0	0	0	0	0	0	0	0	0	0	0	1,346
<u>Courts in Other District Counties</u>													
District Attorney General Fees	0	0	0	0	0	12,474	0	0	0	0	0	0	12,474
<u>Judicial District Drug Program</u>													
Drug Task Force Forfeitures and Seizures	38	0	0	0	14,424	0	0	0	0	0	0	0	14,462
<u>Other Fines, Forfeitures, and Penalties</u>													
Proceeds from Confiscated Property	3,240	0	0	0	0	0	0	0	0	0	0	0	3,240
Other Fines, Forfeitures, and Penalties	250	0	0	0	0	0	0	0	0	0	0	0	250
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 131,069</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 23,808</b>	<b>\$ 15,820</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 170,697</b>

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Total
	General	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Highway / Public Works	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 1,107,758	\$ 0	\$ 0	\$ 0	\$ 1,107,758
<u>Fees</u>								
Subdivision Lot Fees	300	0	0	0	0	0	0	300
Telephone Commissions	21,593	0	0	0	0	0	0	21,593
Vending Machine Collections	56	0	0	0	0	0	0	56
Data Processing Fee - Register	8,570	0	0	0	0	0	0	8,570
Data Processing Fee - Sheriff	5,100	0	0	0	0	0	0	5,100
Sexual Offender Registration Fees - Sheriff	1,465	0	0	0	0	0	0	1,465
<u>Education Charges</u>								
Tuition - Other	21,831	0	0	0	0	0	0	21,831
Total Charges for Current Services	\$ 58,915	\$ 0	\$ 0	\$ 1,107,758	\$ 0	\$ 0	\$ 0	\$ 1,166,673
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0	0	37,452	11,199	0	0	0	48,651
Sale of Materials and Supplies	0	0	0	0	0	0	3,816	3,816
Commissary Sales	7,423	0	0	0	0	0	0	7,423
Miscellaneous Refunds	4,747	38	3,483	0	79	0	90	8,437
<u>Nonrecurring Items</u>								
Sale of Equipment	6,300	0	0	0	5,000	0	20,335	31,635
Sale of Property	20,000	0	0	0	0	0	0	20,000
Damages Recovered from Individuals	2,213	0	0	0	0	0	533	2,746
Contributions and Gifts	150	0	0	0	0	0	0	150
Total Other Local Revenues	\$ 40,833	\$ 38	\$ 40,935	\$ 11,199	\$ 5,079	\$ 0	\$ 24,774	\$ 122,858
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	272,176	0	0	0	0	0	0	272,176
Circuit Court Clerk	74,360	0	0	0	0	0	0	74,360
General Sessions Court Clerk	174,640	0	0	0	0	0	0	174,640
Clerk and Master	91,119	0	0	0	0	0	0	91,119
Register	97,898	0	0	0	0	0	0	97,898

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total	
	General	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Highway Public Works	General Debt Service	Debt Service Fund	General Debt Service		
<u>Fees Received from County Officials (Cont.)</u>												
<u>Fees in-Lieu-of Salary (Cont.)</u>												
Sheriff	\$ 14,666	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,666
Trustee	308,414	0	0	0	0	0	0	0	0	0	0	308,414
Total Fees Received from County Officials	\$ 1,033,273	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,033,273
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 11,925	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,925
State Reappraisal Grant	8,250	0	0	0	0	0	0	0	0	0	0	8,250
Other General Government Grants	30,847	0	0	0	0	0	0	0	0	0	0	30,847
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	12,600	0	0	0	0	0	0	0	0	0	0	12,600
Other Public Safety Grants	5,000	0	0	0	0	0	0	0	0	0	0	5,000
<u>Health and Welfare Grants</u>												
Health Department Programs	296,532	0	0	0	0	0	0	0	0	0	0	296,532
Other Health and Welfare Grants	15,789	0	0	0	0	0	0	0	0	0	0	15,789
<u>Public Works Grants</u>												
State Aid Program	0	0	0	0	0	0	210,803	0	0	0	0	210,803
Litter Program	29,259	0	0	0	0	0	0	0	0	0	0	29,259
<u>Other State Revenues</u>												
Income Tax	23,334	0	0	0	0	0	2,037	0	0	0	0	25,371
Beer Tax	19,312	0	0	0	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	45,635	0	0	0	0	0	0	0	0	0	0	45,635
Mixed Drink Tax	375	0	0	0	0	0	0	0	0	0	0	375
State Revenue Sharing - T.V.A.	106,468	0	0	0	0	0	55,769	0	0	0	0	162,237
Contracted Prisoner Boarding	652,365	0	0	0	0	0	0	0	0	0	0	652,365
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,772,272	0	0	0	0	1,772,272
Petroleum Special Tax	0	0	0	0	0	0	21,765	0	0	0	0	21,765
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	105,808	0	0	0	0	0	0	0	0	0	0	105,808
Other State Revenues	925	0	0	0	0	0	0	0	0	0	0	925
Total State of Tennessee	\$ 1,380,804	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,062,646	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,443,450

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Debt Service Fund	Total
	General	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Highway/ Public Works	General Debt Service				
<u>Federal Government</u>												
<u>Federal Through State</u>												
USDA - Other	\$ 8,273	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,273
Homeland Security Grants	239,446	0	0	0	0	0	0	0	0	0	0	239,446
<u>Direct Federal Revenue</u>	2,400	0	0	0	0	0	0	0	0	0	0	2,400
Other Direct Federal Revenue	250,119	0	0	0	0	0	0	0	0	0	0	250,119
Total Federal Government	\$ 250,119	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,119
<u>Other Governments and Citizens Groups</u>												
<u>Other Governments</u>												
Prisoner Board	\$ 5,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,705
Contributions	108,000	0	35,430	0	0	0	0	0	1,765,547	0	0	1,908,977
Contracted Services	62,086	0	0	0	0	0	0	0	0	0	0	62,086
<u>Citizens Groups</u>	300	0	0	0	0	0	0	0	0	0	0	300
Donations	176,091	0	35,430	0	0	0	0	0	1,765,547	0	0	1,977,068
Total Other Governments and Citizens Groups	\$ 176,091	\$ 0	\$ 35,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,765,547	\$ 0	\$ 0	\$ 1,977,068
Total	\$ 8,095,242	\$ 1,472	\$ 76,365	\$ 1,118,957	\$ 28,887	\$ 15,820	\$ 3,007,088	\$ 2,830,284	\$ 15,174,115	\$ 0	\$ 0	\$ 15,174,115

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, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,553,359	\$ 0	\$ 0	\$ 2,553,359
Trustee's Collections - Prior Year	104,565	0	0	104,565
Circuit/Clerk & Master Collections - Prior Years	60,062	0	0	60,062
Interest and Penalty	22,378	0	0	22,378
Pick-up Taxes	5,680	0	0	5,680
Payments in-Lieu-of Taxes - T.V.A.	340	0	0	340
Payments in-Lieu-of Taxes - Local Utilities	26,597	0	0	26,597
Payments in-Lieu-of Taxes - Other	61,655	0	0	61,655
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,792,164	0	0	1,792,164
Wheel Tax	175,579	0	0	175,579
<u>Statutory Local Taxes</u>				
Bank Excise Tax	14,700	0	0	14,700
Interstate Telecommunications Tax	3,492	0	0	3,492
Other Statutory Local Taxes	2,041	0	0	2,041
Total Local Taxes	\$ 4,822,612	\$ 0	\$ 0	\$ 4,822,612
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,691	\$ 0	\$ 0	\$ 1,691
Cable TV Franchise	2,434	0	0	2,434
Total Licenses and Permits	\$ 4,125	\$ 0	\$ 0	\$ 4,125
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 475	\$ 0	\$ 0	\$ 475
Total Fines, Forfeitures, and Penalties	\$ 475	\$ 0	\$ 0	\$ 475
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 300	\$ 0	\$ 0	\$ 300
Lunch Payments - Children	0	0	279,892	279,892
Lunch Payments - Adults	0	0	69,364	69,364
Income from Breakfast	0	0	58,715	58,715
Special Milk Sales	0	0	5,976	5,976
A la carte Sales	0	0	201,907	201,907
Contract for Instructional Services with Other LEAs	31,923	0	0	31,923
<u>Other Charges for Services</u>				
Other Charges for Services	27,149	0	25,612	52,761
Total Charges for Current Services	\$ 59,372	\$ 0	\$ 641,466	\$ 700,838
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 399,424	\$ 0	\$ 5,077	\$ 404,501
Lease/Rentals	2,200	0	0	2,200
Refund of Telecommunication and Internet Fees (E-Rate)	28,955	0	0	28,955
Miscellaneous Refunds	7,677	0	0	7,677

(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>Nonrecurring Items</u>				
Damages Recovered from Individuals	\$ 1,186	\$ 0	\$ 0	\$ 1,186
Contributions and Gifts	2,692	0	0	2,692
<u>Other Local Revenues</u>				
Other Local Revenues	590	0	0	590
<b>Total Other Local Revenues</b>	<b>\$ 442,724</b>	<b>\$ 0</b>	<b>\$ 5,077</b>	<b>\$ 447,801</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 58,591	\$ 0	\$ 0	\$ 58,591
<u>State Education Funds</u>				
Basic Education Program	21,614,000	0	0	21,614,000
School Food Service	0	0	27,716	27,716
Driver Education	13,715	0	0	13,715
Other State Education Funds	280,911	0	0	280,911
Career Ladder Program	259,982	0	0	259,982
Career Ladder - Extended Contract	193,296	0	0	193,296
<u>Other State Revenues</u>				
Mixed Drink Tax	375	0	0	375
State Revenue Sharing - T.V.A.	344,753	0	0	344,753
Other State Grants	797,805	0	0	797,805
Other State Revenues	38,114	0	0	38,114
<b>Total State of Tennessee</b>	<b>\$ 23,601,542</b>	<b>\$ 0</b>	<b>\$ 27,716</b>	<b>\$ 23,629,258</b>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,238,122	\$ 1,238,122
Breakfast	0	0	572,148	572,148
USDA - Other	0	0	10,203	10,203
Vocational Education - Basic Grants to States	0	107,273	0	107,273
Title I Grants to Local Education Agencies	0	1,043,259	0	1,043,259
Innovative Education Program Strategies	0	7,601	0	7,601
Special Education - Grants to States	27,667	1,064,631	0	1,092,298
Special Education Preschool Grants	0	42,462	0	42,462
Safe and Drug-Free Schools - State Grants	0	46,299	0	46,299
Rural Education	0	135,958	0	135,958
Eisenhower Professional Development State Grants	0	287,108	0	287,108
Other Federal through State	0	240,280	0	240,280
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	52,318	0	0	52,318
<b>Total Federal Government</b>	<b>\$ 79,985</b>	<b>\$ 2,974,871</b>	<b>\$ 1,820,473</b>	<b>\$ 4,875,329</b>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,094,979	\$ 0	\$ 0	\$ 1,094,979
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 1,094,979</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,094,979</b>
<b>Total</b>	<b>\$ 30,105,814</b>	<b>\$ 2,974,871</b>	<b>\$ 2,494,732</b>	<b>\$ 35,575,417</b>

Exhibit K-8

Lauderdale County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	42,660	
Social Security		2,645	
State Retirement		2,222	
Employer Medicare		619	
Audit Services		6,170	
Dues and Memberships		1,550	
Total County Commission			\$ 55,866

County Mayor/Executive

County Official/Administrative Officer	\$	77,304	
Accountants/Bookkeepers		56,435	
Salary Supplements		1,173	
Social Security		7,656	
State Retirement		11,036	
Employee and Dependent Insurance		22,437	
Employer Medicare		1,790	
Communication		1,987	
Dues and Memberships		1,400	
Postal Charges		15,999	
Travel		1,638	
Office Supplies		2,781	
Other Supplies and Materials		847	
Land		28,478	
Total County Mayor/Executive			230,961

County Attorney

Legal Services	\$	33,392	
Total County Attorney			33,392

Election Commission

County Official/Administrative Officer	\$	52,982	
Deputy(ies)		45,650	
Clerical Personnel		8,180	
Election Commission		6,174	
Election Workers		17,320	
Social Security		6,220	
State Retirement		7,271	
Employee and Dependent Insurance		18,620	
Employer Medicare		1,509	
Audit Services		1,500	

(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.)

Communication	\$	3,366	
Data Processing Services		4,645	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		1,858	
Printing, Stationery, and Forms		1,476	
Travel		3,266	
Data Processing Supplies		617	
Office Supplies		3,921	
Other Supplies and Materials		656	
Office Equipment		6,004	
Total Election Commission			\$ 191,435

Register of Deeds

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		26,475	
Social Security		5,146	
State Retirement		6,981	
Employee and Dependent Insurance		3,679	
Employer Medicare		1,204	
Communication		1,644	
Contracts with Other Public Agencies		17,421	
Dues and Memberships		536	
Travel		335	
Office Supplies		4,771	
Total Register of Deeds			127,064

Development

Contracts with Government Agencies	\$	93,666	
Other Charges		2,980	
Total Development			96,646

Planning

Materials Supervisor	\$	13,179	
Board and Committee Members Fees		3,635	
Social Security		894	
Employer Medicare		209	
Advertising		662	
Communication		713	
Office Supplies		317	
Other Supplies and Materials		100	
Total Planning			19,709

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$	19,611	
Maintenance Personnel		33,917	
Part-time Personnel		8,697	
Social Security		3,610	
State Retirement		4,379	
Employee and Dependent Insurance		9,402	
Employer Medicare		844	
Maintenance and Repair Services - Buildings		133,129	
Custodial Supplies		3,684	
Utilities		199,386	
Other Supplies and Materials		88	
Building and Contents Insurance		33,802	
Total County Buildings			\$ 450,549

Other General Administration

Other Salaries and Wages	\$	3,539	
Social Security		219	
Employer Medicare		51	
Total Other General Administration			3,809

Finance

Accounting and Budgeting

Social Security	\$	42	
Employer Medicare		12	
Accounting Services		825	
Total Accounting and Budgeting			879

Property Assessor's Office

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		50,901	
Secretary(ies)		24,973	
Board and Committee Members Fees		265	
Social Security		7,886	
State Retirement		11,022	
Employee and Dependent Insurance		16,456	
Employer Medicare		1,844	
Communication		1,369	
Contracts with Private Agencies		8,825	
Dues and Memberships		1,259	
Travel		2,996	

(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.)

Data Processing Supplies	\$	4,691	
Office Supplies		2,299	
Total Property Assessor's Office			\$ 193,658

Reappraisal Program

Part-time Personnel	\$	5,944	
Social Security		369	
Employer Medicare		86	
Data Processing Services		2,567	
Postal Charges		1,200	
Travel		2,170	
Office Supplies		84	
Total Reappraisal Program			12,420

County Trustee's Office

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		54,728	
Part-time Personnel		628	
Social Security		6,745	
State Retirement		9,292	
Employee and Dependent Insurance		12,869	
Employer Medicare		1,577	
Communication		1,356	
Dues and Memberships		636	
Legal Notices, Recording, and Court Costs		131	
Travel		940	
Office Supplies		10,932	
Total County Trustee's Office			158,706

County Clerk's Office

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		137,294	
Social Security		11,727	
State Retirement		15,760	
Employee and Dependent Insurance		15,577	
Employer Medicare		2,743	
Communication		2,045	
Contracts with Other Public Agencies		12,853	
Dues and Memberships		561	
Office Supplies		4,563	

(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 (Cont.)

Office Equipment	\$ 2,700	
Total County Clerk's Office		\$ 264,695

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 58,872	
Deputy(ies)	48,820	
Attendants	5,346	
Jury and Witness Fees	10,279	
Social Security	6,171	
State Retirement	8,809	
Employee and Dependent Insurance	22,077	
Employer Medicare	1,488	
Communication	848	
Dues and Memberships	506	
Maintenance and Repair Services - Equipment	6,595	
Postal Charges	3,000	
Travel	2,415	
Data Processing Supplies	7,516	
Office Supplies	10,076	
Other Charges	697	
Office Equipment	3,340	
Total Circuit Court		196,855

General Sessions Judge

Judge(s)	\$ 71,179	
Other Per Diem and Fees	1,800	
Social Security	4,278	
State Retirement	5,822	
Employee and Dependent Insurance	3,656	
Employer Medicare	1,001	
Dues and Memberships	310	
Travel	1,021	
Total General Sessions Judge		89,067

General Sessions Court Clerk

Clerical Personnel	\$ 128,971
Social Security	7,176
State Retirement	9,411
Employee and Dependent Insurance	30,747

(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 Court Clerk (Cont.)

Employer Medicare	\$	1,678	
Communication		906	
Total General Sessions Court Clerk			\$ 178,889

Chancery Court

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		22,921	
Attendants		12,324	
Part-time Personnel		15,053	
Social Security		6,472	
State Retirement		6,691	
Employee and Dependent Insurance		3,533	
Employer Medicare		1,556	
Communication		1,748	
Legal Notices, Recording, and Court Costs		4,742	
Office Supplies		5,518	
Total Chancery Court			139,430

Juvenile Court

County Official/Administrative Officer	\$	35,078	
Judge(s)		71,179	
Deputy(ies)		151,432	
Probation Officer(s)		28,114	
Youth Service Officer(s)		32,102	
Secretary(ies)		22,467	
Attendants		18,538	
In-Service Training		1,895	
Other Per Diem and Fees		335	
Social Security		20,755	
State Retirement		24,030	
Employee and Dependent Insurance		49,304	
Employer Medicare		4,896	
Communication		8,437	
Contracts with Private Agencies		12,315	
Dues and Memberships		839	
Maintenance and Repair Services - Equipment		13,347	
Maintenance and Repair Services - Vehicles		5,376	
Travel		5,125	
Gasoline		11,347	
Office Supplies		746	

(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.)

Other Supplies and Materials	\$	6,820	
Vehicle and Equipment Insurance		4,436	
Motor Vehicles		22,572	
		<hr/>	
Total Juvenile Court	\$		551,485

Other Administration of Justice

Social Workers	\$	47,000	
Secretary(ies)		2,652	
Social Security		3,226	
Handling Charges and Administrative Costs		8,137	
State Retirement		4,727	
Employee and Dependent Insurance		10,033	
Employer Medicare		754	
Communication		1,072	
Maintenance and Repair Services - Equipment		1,537	
Maintenance and Repair Services - Vehicles		4,242	
Postal Charges		610	
Travel		1,343	
Data Processing Supplies		853	
Office Supplies		502	
Testing		500	
Other Supplies and Materials		2,010	
Workers' Compensation Insurance		1,900	
In Service/Staff Development		280	
Other Charges		50	
		<hr/>	
Total Other Administration of Justice			91,428

Victims Assitance Programs

Remittance of Revenue Collected	\$	4,110	
Total Victims Assitance Programs			4,110

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,760	
Assistant(s)		41,306	
Deputy(ies)		387,485	
Investigator(s)		160,939	
Accountants/Bookkeepers		27,710	
Salary Supplements		12,600	
Dispatchers/Radio Operators		161,168	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Guards	\$	23,502	
Clerical Personnel		47,316	
Attendants		60,414	
Part-time Personnel		34,459	
Overtime Pay		20,117	
In-Service Training		5,841	
Social Security		61,531	
State Retirement		69,319	
Employee and Dependent Insurance		137,185	
Employer Medicare		14,553	
Other Fringe Benefits		26,115	
Communication		16,581	
Dues and Memberships		1,400	
Maintenance and Repair Services - Equipment		4,999	
Maintenance and Repair Services - Vehicles		29,780	
Postal Charges		184	
Travel		6,677	
Diesel Fuel		6,748	
Gasoline		107,134	
Law Enforcement Supplies		25,253	
Office Supplies		10,871	
Uniforms		10,324	
Other Supplies and Materials		7,181	
Vehicle and Equipment Insurance		22,386	
Workers' Compensation Insurance		25,000	
Other Charges		5,047	
Motor Vehicles		77,805	
Office Equipment		1,343	
Total Sheriff's Department			\$ 1,715,033

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	895	
Total Administration of the Sexual Offender Registry			895

Jail

Captain(s)	\$	41,200
Lieutenant(s)		54,317
Sergeant(s)		169,772
Accountants/Bookkeepers		24,128
Medical Personnel		33,010

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Salary Supplements	\$	8,100	
Guards		403,438	
Cafeteria Personnel		31,882	
Custodial Personnel		13,871	
Part-time Personnel		9,086	
Overtime Pay		14,322	
Social Security		47,352	
State Retirement		50,017	
Employee and Dependent Insurance		88,154	
Employer Medicare		11,074	
Communication		1,090	
Contracts with Private Agencies		19,173	
Medical and Dental Services		75,082	
Travel		3,482	
Other Contracted Services		28,190	
Custodial Supplies		13,305	
Drugs and Medical Supplies		49,189	
Food Preparation Supplies		20,114	
Food Supplies		172,358	
Office Supplies		7,862	
Prisoners Clothing		4,359	
Uniforms		5,316	
Other Supplies and Materials		19,941	
Workers' Compensation Insurance		22,000	
In Service/Staff Development		1,375	
Office Equipment		1,216	
Total Jail			\$ 1,443,775

Fire Prevention and Control

Other Salaries and Wages	\$	5,304	
Social Security		326	
State Retirement		434	
Employee and Dependent Insurance		10	
Employer Medicare		76	
Contracts with Government Agencies		11,409	
Other Supplies and Materials		76,397	
Total Fire Prevention and Control			93,956

Civil Defense

Other Equipment	\$	213,739	
Total Civil Defense			213,739

(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	\$ 14,946	
Total Rescue Squad		\$ 14,946

Other Emergency Management

Supervisor/Director	\$ 37,132	
Social Security	2,282	
State Retirement	3,037	
Employee and Dependent Insurance	73	
Employer Medicare	534	
Communication	2,348	
Dues and Memberships	15	
Travel	4,414	
Data Processing Supplies	160	
Office Supplies	186	
Other Supplies and Materials	2,871	
Vehicle and Equipment Insurance	3,577	
Total Other Emergency Management		56,629

Public Health and Welfare

Local Health Center

Communication	\$ 2,413	
Maintenance and Repair Services - Buildings	18,483	
Postal Charges	2,953	
Other Contracted Services	17,862	
Drugs and Medical Supplies	1,873	
Office Supplies	1,279	
Utilities	12,399	
Total Local Health Center		57,262

Rabies and Animal Control

Part-time Personnel	\$ 30,488	
Social Security	1,890	
Employer Medicare	442	
Communication	1,739	
Veterinary Services	3,175	
Gasoline	4,844	
Utilities	5,545	
Other Supplies and Materials	8,481	
Total Rabies and Animal Control		56,604

(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	\$	20,650	
Clerical Personnel		20,611	
Educational Assistants		99,212	
Social Security		7,925	
State Retirement		5,692	
Employee and Dependent Insurance		29,293	
Employer Medicare		1,853	
Medical and Dental Services		90,990	
Travel		7,403	
Drugs and Medical Supplies		12,899	
Total Dental Health Program			\$ 296,528

Other Local Health Services

Contracts with Government Agencies	\$	4,065	
Contracts with Other Public Agencies		41,950	
Other Contracted Services		1,215	
Other Charges		15,125	
Total Other Local Health Services			62,355

Sanitation Education/Information

Guards	\$	30,040	
Clerical Personnel		2,657	
Social Security		1,943	
State Retirement		2,457	
Employer Medicare		454	
Contracts with Other Public Agencies		6,101	
Total Sanitation Education/Information			43,652

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	22,950	
Total Libraries			22,950

Parks and Fair Boards

Contributions	\$	31,100	
Total Parks and Fair Boards			31,100

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	53,690	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Social Security	\$	3,670	
State Retirement		6,839	
Employer Medicare		24	
Communication		3,185	
Maintenance and Repair Services - Equipment		6,905	
Other Contracted Services		13,263	
Total Agriculture Extension Service			\$ 87,576

Soil Conservation

Salary Supplements	\$	30,766	
Secretary(ies)		20,377	
Part-time Personnel		18,860	
Social Security		4,283	
State Retirement		4,183	
Employee and Dependent Insurance		2,232	
Employer Medicare		1,002	
Total Soil Conservation			81,703

Other Operations

Veterans' Services

Supervisor/Director	\$	12,823	
Social Security		795	
Employer Medicare		186	
Communication		816	
Travel		545	
Office Supplies		1,748	
Total Veterans' Services			16,913

Other Charges

Trustee's Commission	\$	103,478	
Workers' Compensation Insurance		18,627	
Other Charges		16,223	
Total Other Charges			138,328

Contributions to Other Agencies

Contributions	\$	168,607	
Total Contributions to Other Agencies			168,607

Employee Benefits

Unemployment Compensation	\$	7,661	
Total Employee Benefits			7,661

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Advertising	\$	1,499	
Data Processing Services		4,556	
Dues and Memberships		10,206	
Other Contracted Services		3,038	
Other Supplies and Materials		278	
Other Charges		3,374	
Total Miscellaneous			\$ 22,951

Total General Fund \$ 7,724,216

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	1,098	
Trustee's Commission		15	
Total Libraries			\$ 1,113

Total Law Library Fund 1,113

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries and Wages	\$	62,396	
Social Security		5,281	
Medical Insurance		12,406	
Accounting Services		2,180	
Architects		20,191	
Communication		2,652	
Maintenance and Repair Services - Buildings		10,998	
Library Books/Media		3,580	
Office Supplies		3,299	
Utilities		8,199	
Building and Contents Insurance		5,294	
Office Equipment		5,260	
Total Libraries			\$ 141,736

Total Public Library Fund 141,736

(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	\$	718,181	
In-Service Training		6,102	
Social Security		52,023	
State Retirement		39,204	
Bank Charges		321	
Communication		6,336	
Debt Collection Services		2,708	
Dues and Memberships		165	
Licenses		650	
Maintenance and Repair Services - Equipment		30,863	
Travel		2,000	
Other Contracted Services		6,960	
Data Processing Supplies		3,996	
Diesel Fuel		45,762	
Drugs and Medical Supplies		38,912	
Office Supplies		9,571	
Uniforms		5,969	
Utilities		6,008	
Liability Insurance		137,688	
Other Capital Outlay		29,913	
Total Ambulance/Emergency Medical Services			\$ 1,143,332

Total Ambulance Service Fund \$ 1,143,332

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,840	
Confidential Drug Enforcement Payments		5,000	
Maintenance and Repair Services - Equipment		869	
Maintenance and Repair Services - Vehicles		3,823	
Travel		1,866	
Other Supplies and Materials		2,354	
Other Charges		938	
Law Enforcement Equipment		1,402	
Motor Vehicles		19,088	
Total Drug Enforcement			\$ 37,180

Total Drug Control Fund 37,180

(Continued)

Exhibit K-8

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

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	4,322	
Dues and Memberships		345	
Maintenance and Repair Services - Buildings		825	
Travel		8,935	
Other Contracted Services		700	
Law Enforcement Supplies		232	
Office Supplies		281	
Other Supplies and Materials		4,109	
In Service/Staff Development		2,965	
Office Equipment		298	
Total District Attorney General			\$ 23,012

Total District Attorney General Fund \$ 23,012

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	64,760	
Accountants/Bookkeepers		54,304	
Communication		5,022	
Data Processing Services		6,449	
Dues and Memberships		4,000	
Legal Notices, Recording, and Court Costs		388	
Maintenance and Repair Services - Equipment		250	
Medical and Dental Services		585	
Postal Charges		650	
Printing, Stationery, and Forms		500	
Travel		1,659	
Other Contracted Services		7,095	
Data Processing Supplies		2,442	
Electricity		12,665	
Natural Gas		15,532	
Office Supplies		1,500	
Other Charges		2,064	
Total Administration			\$ 179,865

Highway and Bridge Maintenance

Foremen	\$	178,719
Equipment Operators		393,604
Truck Drivers		177,191

(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 (Cont.)

Laborers	\$	122,144	
Asphalt - Cold Mix		4,000	
Asphalt - Liquid		100,000	
Crushed Stone		82,041	
General Construction Materials		116	
Other Road Supplies		5,000	
Pipe - Metal		29,684	
Road Signs		7,188	
Sand		30	
Small Tools		350	
Wood Products		46,784	
Chemicals		46,909	
Other Supplies and Materials		1,998	
Total Highway and Bridge Maintenance			\$ 1,195,758

Operation and Maintenance of Equipment

Mechanic(s)	\$	68,691	
Laundry Service		16,391	
Maintenance and Repair Services - Equipment		15,141	
Other Contracted Services		42	
Diesel Fuel		171,778	
Equipment and Machinery Parts		107,331	
Garage Supplies		1,049	
Gasoline		20,731	
Lubricants		14,012	
Small Tools		1,812	
Tires and Tubes		31,718	
Other Supplies and Materials		1,500	
Other Charges		857	
Total Operation and Maintenance of Equipment			451,053

Other Charges

Liability Insurance	\$	36,354	
Premiums on Corporate Surety Bonds		415	
Trustee's Commission		35,015	
Workers' Compensation Insurance		142,417	
Total Other Charges			214,201

Employee Benefits

Social Security	\$	73,652	
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(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 (Cont.)

State Retirement	\$	86,661	
Employee and Dependent Insurance		201,956	
Other Fringe Benefits		<u>1,110</u>	
Total Employee Benefits	\$		363,379

Capital Outlay

Engineering Services	\$	5,750	
Bridge Construction		148,765	
Communication Equipment		3,885	
Highway Equipment		27,593	
State Aid Projects		<u>286,029</u>	
Total Capital Outlay			<u>472,022</u>

Total Highway/Public Works Fund \$ 2,876,278

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	350,000	
Principal on Notes		<u>314,583</u>	
Total General Government	\$		664,583

Education

Principal on Bonds	\$	1,070,000	
Principal on Notes		<u>25,817</u>	
Total Education			1,095,817

Interest on Debt

General Government

Interest on Bonds	\$	105,100	
Interest on Notes		<u>4,109</u>	
Total General Government			109,209

Education

Interest on Bonds	\$	594,683	
Interest on Notes		<u>2,806</u>	
Total Education			597,489

(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	20,441	
Other Debt Service		<u>300,000</u>	
Total General Government	\$		320,441
<u>Education</u>			
Other Debt Service	\$	<u>650</u>	
Total Education			<u>650</u>
Total General Debt Service Fund			\$ 2,788,189
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>500,000</u>	
Total Education Capital Projects			<u>\$ 500,000</u>
Total General Capital Projects Fund			<u>500,000</u>
Total Governmental Funds - Primary Government			<u>\$ 15,235,056</u>

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, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,573,974	
Career Ladder Program	149,000	
Career Ladder Extended Contracts	104,000	
Educational Assistants	441,271	
Certified Substitute Teachers	163,956	
Social Security	620,634	
State Retirement	643,520	
Medical Insurance	1,959,471	
Unemployment Compensation	9,258	
Employer Medicare	145,219	
Other Contracted Services	189,521	
Instructional Supplies and Materials	128,657	
Textbooks	189,703	
Other Supplies and Materials	2,011	
Other Charges	478,733	
Regular Instruction Equipment	49,778	
Total Regular Instruction Program		\$ 14,848,706

Special Education Program

Teachers	\$ 1,621,375	
Career Ladder Program	26,000	
Career Ladder Extended Contracts	19,000	
Homebound Teachers	12,000	
Non-certified Substitute Teachers	2,000	
Social Security	100,294	
State Retirement	104,755	
Medical Insurance	258,072	
Employer Medicare	23,455	
Instructional Supplies and Materials	8,741	
Other Supplies and Materials	1,230	
Total Special Education Program		2,176,922

Vocational Education Program

Teachers	\$ 665,752
Career Ladder Program	7,000
Career Ladder Extended Contracts	4,000
Social Security	40,667
State Retirement	42,229
Medical Insurance	90,807

(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	\$	9,511	
Instructional Supplies and Materials		971	
Textbooks		11,999	
Total Vocational Education Program			\$ 872,936

Support Services

Attendance

Other Contracted Services	\$	11,230	
Other Supplies and Materials		500	
Total Attendance			11,730

Health Services

Medical Personnel	\$	127,693	
Other Salaries and Wages		20,394	
Social Security		8,657	
State Retirement		11,301	
Medical Insurance		24,752	
Employer Medicare		2,025	
Travel		2,460	
Other Supplies and Materials		13,474	
Other Charges		831	
Total Health Services			211,587

Other Student Support

Career Ladder Program	\$	11,000	
Guidance Personnel		441,491	
Psychological Personnel		85,123	
Career Ladder Extended Contracts		4,000	
Social Security		32,261	
State Retirement		33,797	
Medical Insurance		96,390	
Employer Medicare		7,545	
Evaluation and Testing		7,028	
Other Contracted Services		127,000	
Other Supplies and Materials		5,015	
In Service/Staff Development		7,059	
Other Charges		111	
Total Other Student Support			857,820

(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.)

Regular Instruction Program

Supervisor/Director	\$	69,453	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		10,000	
Librarians		311,215	
Materials Supervisor		66,006	
Instructional Computer Personnel		57,813	
Social Security		31,350	
State Retirement		32,853	
Medical Insurance		89,565	
Employer Medicare		7,332	
Travel		6,661	
In Service/Staff Development		20,016	
Total Regular Instruction Program			\$ 714,264

Special Education Program

Supervisor/Director	\$	66,006	
Career Ladder Program		5,000	
Psychological Personnel		72,041	
Career Ladder Extended Contracts		8,000	
Secretary(ies)		54,468	
Social Security		12,225	
State Retirement		13,881	
Medical Insurance		32,844	
Employer Medicare		2,859	
Consultants		43,389	
Travel		15,204	
Other Contracted Services		6,893	
Other Supplies and Materials		13,092	
Total Special Education Program			345,902

Vocational Education Program

Supervisor/Director	\$	66,006
Career Ladder Program		2,000
Career Ladder Extended Contracts		2,000
Clerical Personnel		14,268
Social Security		5,135
State Retirement		5,535
Medical Insurance		4,861
Employer Medicare		1,201

(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.)

Vocational Education Program (Cont.)

Travel	\$	198	
In Service/Staff Development		8,750	
Total Vocational Education Program			\$ 109,954

Other Programs

On-Behalf Payments to OPEB	\$	58,591	
Total Other Programs			58,591

Board of Education

Board and Committee Members Fees	\$	14,206	
Social Security		881	
State Retirement		804	
Employer Medicare		206	
Audit Services		4,000	
Dues and Memberships		15,614	
Legal Services		7,052	
Travel		12,254	
Liability Insurance		31,941	
Premiums on Corporate Surety Bonds		4,289	
Trustee's Commission		126,522	
Workers' Compensation Insurance		69,049	
Other Charges		2,547	
Total Board of Education			289,365

Director of Schools

County Official/Administrative Officer	\$	97,878	
Assistant(s)		70,454	
Career Ladder Program		1,000	
Social Security		10,209	
State Retirement		10,567	
Medical Insurance		12,841	
Employer Medicare		2,388	
Communication		35,539	
Postal Charges		5,251	
Travel		10,048	
Remittance of Revenue Collected		434	
Office Supplies		7,669	
Other Charges		1,149	
Total Director of Schools			265,427

(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

Principals	\$	541,842	
Career Ladder Program		15,500	
Career Ladder Extended Contracts		10,000	
Assistant Principals		438,430	
Secretary(ies)		375,747	
Clerical Personnel		44,496	
Social Security		84,727	
State Retirement		97,105	
Medical Insurance		210,594	
Employer Medicare		19,815	
Travel		4,319	
Other Charges		15,523	
Administration Equipment		85,073	
Total Office of the Principal			\$ 1,943,171

Fiscal Services

Supervisor/Director	\$	61,903	
Accountants/Bookkeepers		29,364	
Secretary(ies)		28,536	
Social Security		7,088	
State Retirement		9,800	
Medical Insurance		11,043	
Employer Medicare		1,658	
Travel		1,992	
Other Contracted Services		10,273	
Total Fiscal Services			161,657

Operation of Plant

Supervisor/Director	\$	42,000	
Custodial Personnel		245,925	
Social Security		16,806	
State Retirement		19,810	
Medical Insurance		36,420	
Employer Medicare		3,930	
Other Contracted Services		544,579	
Electricity		494,152	
Natural Gas		272,101	
Building and Contents Insurance		66,806	
Total Operation of Plant			1,742,529

(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

Maintenance Personnel	\$	97,634	
Other Salaries and Wages		94,968	
Social Security		12,206	
State Retirement		12,048	
Medical Insurance		32,326	
Employer Medicare		1,621	
Maintenance and Repair Services - Buildings		59,430	
Maintenance and Repair Services - Equipment		68,272	
Travel		2,513	
Other Contracted Services		168,942	
Other Supplies and Materials		100,568	
Maintenance Equipment		32,000	
Total Maintenance of Plant			\$ 682,528

Transportation

Supervisor/Director	\$	39,999	
Mechanic(s)		89,272	
Bus Drivers		531,793	
Other Salaries and Wages		22,705	
Social Security		41,867	
State Retirement		14,497	
Medical Insurance		21,045	
Employer Medicare		9,791	
Other Fringe Benefits		4,713	
Gasoline		310,090	
Tires and Tubes		20,097	
Vehicle Parts		126,551	
Vehicle and Equipment Insurance		32,117	
Other Charges		2,558	
Transportation Equipment		319,151	
Total Transportation			1,586,246

Central and Other

Clerical Personnel	\$	28,920	
Social Security		1,767	
State Retirement		2,366	
Employer Medicare		413	
Total Central and Other			33,466

(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

Community Services

Supervisor/Director	\$	5,788	
Teachers		87,396	
Other Salaries and Wages		39,796	
Social Security		8,112	
State Retirement		8,457	
Medical Insurance		3,475	
Employer Medicare		1,897	
Travel		5,322	
Other Supplies and Materials		42,436	
Refunds		10,000	
Other Charges		36,418	
Total Community Services			\$ 249,097

Early Childhood Education

Teachers	\$	281,655	
Educational Assistants		159,298	
Non-certified Substitute Teachers		9,000	
Social Security		26,965	
State Retirement		27,264	
Medical Insurance		66,711	
Employer Medicare		6,306	
Instructional Supplies and Materials		86,655	
In Service/Staff Development		6,801	
Other Charges		4,452	
Total Early Childhood Education			675,107

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	112,041	
Building Improvements		811,237	
Total Regular Capital Outlay			923,278

Principal on Debt

Education

Principal on Notes	\$	9,556	
Total Education			9,556

(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.)

Other Debt Service

Education

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

Total General Purpose School Fund \$ 29,969,839

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 602,173	
Clerical Personnel	18,283	
Educational Assistants	159,972	
Other Salaries and Wages	36,865	
Certified Substitute Teachers	9,780	
Non-certified Substitute Teachers	9,261	
Social Security	49,073	
State Retirement	52,932	
Medical Insurance	170,298	
Employer Medicare	11,477	
Travel	930	
Other Contracted Services	124,394	
Instructional Supplies and Materials	39,239	
Other Supplies and Materials	6,377	
Other Charges	1,557	
Regular Instruction Equipment	74,488	
Total Regular Instruction Program		\$ 1,367,099

Special Education Program

Educational Assistants	\$ 583,120	
Speech Pathologist	46,880	
Other Salaries and Wages	20,000	
Non-certified Substitute Teachers	8,000	
Social Security	37,591	
State Retirement	47,790	
Medical Insurance	109,715	
Employer Medicare	8,791	
Instructional Supplies and Materials	8,032	
Other Supplies and Materials	21,555	
Total Special Education Program		891,474

(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.)

Vocational Education Program

Educational Assistants	\$	18,282	
Social Security		1,075	
State Retirement		1,495	
Medical Insurance		1,870	
Employer Medicare		251	
Travel		12,324	
Instructional Supplies and Materials		13,857	
T&I Construction Materials		483	
Other Supplies and Materials		2,338	
Vocational Instruction Equipment		22,977	
Total Vocational Education Program			\$ 74,952

Support Services

Other Student Support

Travel	\$	9,348	
Other Supplies and Materials		11,040	
In Service/Staff Development		12,299	
Total Other Student Support			32,687

Regular Instruction Program

Supervisor/Director	\$	64,884	
Secretary(ies)		14,268	
Social Security		4,874	
State Retirement		5,216	
Employer Medicare		1,140	
Travel		6,815	
Other Contracted Services		18,400	
Library Books/Media		7,601	
Other Supplies and Materials		1,552	
In Service/Staff Development		38,291	
Other Charges		181	
Total Regular Instruction Program			163,222

Special Education Program

Psychological Personnel	\$	16,719	
Other Salaries and Wages		37,010	
Social Security		3,229	
State Retirement		3,352	
Medical Insurance		8,818	

(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.)

Special Education Program (Cont.)

Employer Medicare	\$	755	
Consultants		23,725	
Travel		4,980	
In Service/Staff Development		5,038	
Total Special Education Program			\$ 103,626

Vocational Education Program

Travel	\$	3,498	
In Service/Staff Development		600	
Total Vocational Education Program			4,098

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	63,665	
Teachers		92,018	
Educational Assistants		3,219	
Other Salaries and Wages		6,952	
Social Security		10,228	
State Retirement		9,959	
Medical Insurance		4,456	
Employer Medicare		2,392	
Travel		6,496	
Other Contracted Services		1,403	
Other Supplies and Materials		32,841	
Other Charges		93	
Total Community Services			233,722

Total School Federal Projects Fund \$ 2,870,880

Central Cafeteria Fund

Support Services

Board of Education

Trustee's Commission	\$	51	
Total Board of Education			\$ 51

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,731	
Accountants/Bookkeepers		29,364	

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Cafeteria Personnel	\$	853,442	
Other Salaries and Wages		4,930	
Social Security		55,996	
State Retirement		59,512	
Medical Insurance		107,981	
Employer Medicare		13,096	
Other Fringe Benefits		33,039	
Communication		3,893	
Maintenance and Repair Services - Equipment		26,112	
Payments to Schools - Other		900	
Transportation - Other than Students		15,712	
Travel		3,807	
Other Contracted Services		27,723	
Food Supplies		1,085,033	
Uniforms		10,204	
Utilities		94,498	
Other Supplies and Materials		23,632	
In Service/Staff Development		3,818	
Food Service Equipment		60,885	
Total Food Service			\$ 2,568,308

Total Central Cafeteria Fund \$ 2,568,359

Total Governmental Funds - Lauderdale County School Department \$ 35,409,078

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, 2008

	<u>Local Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,146,879
Total Cash Receipts	<u>\$ 2,146,879</u>
<u>Cash Disbursements</u>	
Contributions:	
General Debt Service Fund	\$ 471,515
General Purpose School Fund	594,979
Remittance of Revenues Collected	972,960
Trustee's Commission	21,469
Total Cash Disbursements	<u>\$ 2,060,923</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 85,956
Cash Balance, July 1, 2007	<u>2,686,714</u>
Cash Balance, June 30, 2008	<u>\$ 2,772,670</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 37243-1402

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

February 11, 2009

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

To the County Mayor and Board of 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, 2008, which collectively comprise Lauderdale County's basic financial statements and have issued our report thereon dated February 11, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Lauderdale County Public Library (nonmajor special revenue fund), the Lauderdale County Ambulance Authority (nonmajor special revenue fund), the discretely presented Lauderdale County Water System, and the discretely presented Lauderdale County Emergency Communications District 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: 08.01, 08.02, 08.03, 08.04, 08.05, 08.06, 08.07, 08.08, 08.10, 08.11, and 08.13.

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 material weaknesses. However, of the significant deficiencies described above, we consider items 08.01, 08.02, and 08.06 to be material weaknesses.

## Compliance and Other Matters

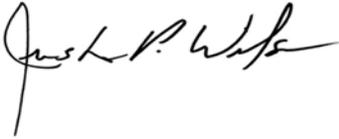
As part of obtaining reasonable assurance about whether Lauderdale County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 one instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 08.09.

We consider item 08.12 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.

Lauderdale County's response to one of the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Lauderdale County's response and, accordingly, we express no opinion on it.

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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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 37243-1402  
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

February 11, 2009

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, 2008. 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, 2008.

#### 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

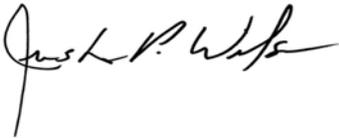
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Tennessee, as of and for the year ended June 30, 2008, and have issued our report thereon dated February 11, 2009. 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.

Lauderdale County's response to one of the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Lauderdale County's response and, accordingly, we express no opinion on it.

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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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Lauderdale County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Natural Resources Conservation Service Grant	10.XXX	68-4741-8-718	\$ 8,273
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	135,641 (5)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	572,148
National School Lunch Program	10.555	N/A	1,248,325 (5)
Total U.S. Department of Agriculture			<u>\$ 1,964,387</u>
U.S. Department of Interior:			
Direct Payments:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 95,318
Total U.S. Department of Interior			<u>\$ 95,318</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	\$ 11,925
Total U.S. Department of Justice			<u>\$ 11,925</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Visibility Law Enforcement Campaigns	20.601	Z-08-023811-00	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,034,887
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,141,195
Special Education - Preschool Grants	84.173	N/A	45,251
Vocational Education - Basic Grants to States	84.048	N/A	112,436
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	45,261
Twenty-First Century Community Learning Centers Programs	84.287	(2)	235,625
State Grants for Innovative Programs	84.298	N/A	7,601
Education Technology State Grants	84.318	(2)	8,844
Rural Education	84.358	N/A	139,835
Improving Teacher Quality State Grants	84.367	N/A	303,504
Total U.S. Department of Education			<u>\$ 3,074,439</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-05-025178-01	\$ 218,807
Emergency Management Performance Grants	97.042	Z-07-020604-00	20,639
Total U.S. Department of Homeland Security			<u>\$ 239,446</u>
Total Expenditures of Federal Awards			<u>\$ 5,390,515</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>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 8,250
Election Computer Equipment - Tennessee Secretary of State	N/A	Z-08-201089-00	1,773
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	19,000
Courtroom Security Enhancement - Administrative Office of the Courts	N/A	(2)	6,021
Local Health Services - State Department of Health	N/A	Z-08-020362-00	296,532
Litter Grant - State Department of Transportation	N/A	(4)	29,259
Tobacco Use Prevention Grant - State Department of Health	N/A	GG-08-23338-00	15,789
Electronic Fingerprint Imaging System - State Office of Criminal Justice Programs	N/A	Z-06-027073-00	14,380
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG-0821625-00	91,428
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	32,300
Lottery for Education - State Department of Education	N/A	(2)	448,352
Consolidated School Health - State Department of Education	N/A	(2)	104,489
High Schools That Work - State Department of Education	N/A	(2)	6,801
Family Preservation and Support Services (Family Resource Center) - State Department of Education	N/A	(2)	33,300
Early Childhood Education - State Department of Education	N/A	(2)	385,404
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-03-011317-03	12,500
Total State Grants			<u>\$ 1,505,578</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-08-022778-00: \$9,000; Z-08-023242-00: \$2,925.
- (4) Z-07-033817-00: \$840; Z-08-021014-00: \$28,419.
- (5) Total for CFDA No. 10.555 is \$1,383,966.

Lauderdale County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2008

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, 2007, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

Finding Number	Page Number	Subject
07.01	182	The office had deficiencies in purchasing procedures

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
07.02	182	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
07.03	183	The trustee's depository used an unauthorized method to pay for warrants

**OFFICE OF REGISTER**

Finding Number	Page Number	Subject
07.04	183	The register allowed individuals unsupervised access to the office after business hours

## **OTHER FINDINGS**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
07.05	184	A central system of accounting, budgeting, and purchasing had not been adopted
07.06	184	Duties were not segregated adequately in the Offices of Circuit and General Sessions Courts Clerk and Sheriff

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**LAUDERDALE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2008**

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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. Three of these deficiencies were considered to be material weaknesses.
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) and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) 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. The written response of the director of schools is paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **LAUDERDALE COUNTY AND LAUDERDALE COUNTY SCHOOL DEPARTMENT**

#### **FINDING 08.01      **LAUDERDALE COUNTY AND THE LAUDERDALE COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS****

(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Lauderdale County's and the Lauderdale County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

#### **RECOMMENDATION**

Lauderdale County and the Lauderdale County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

**FINDING 08.02      THE GENERAL, HIGHWAY/PUBLIC WORKS, GENERAL DEBT SERVICE, SOLID WASTE DISPOSAL, AND GENERAL PURPOSE SCHOOL FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the General, Highway/Public Works, General Debt Service, Solid Waste Disposal and General Purpose School funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Lauderdale County and the Lauderdale County School Department to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and the School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

**RECOMMENDATION**

Lauderdale County and the Lauderdale County School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

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**OFFICE OF COUNTY MAYOR**

**FINDING 08.03      THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our audit of the County Mayor's Office revealed the following purchasing deficiencies. These deficiencies can be attributed to the failure of management to correct audit findings noted in prior reports.

- 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. The failure to issue purchase orders increases the risks of unauthorized expenditures.
- B. 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 and should include the dollar amounts of items to be purchased.

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**FINDING 08.04      THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Computer system backups were not stored off-site until several months into the fiscal year. Sound business practices dictate that system backups be stored off-site. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures are now in place.

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## OFFICE OF HIGHWAY COMMISSIONER

**FINDING 08.05      THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF PAYROLL**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the office's payroll procedures revealed the following administrative deficiencies. Sound business practices dictate that employees and supervisors adequately document the payroll approval process.

- A. Supervisors were not required to sign the employees' time sheets as evidence of review and approval. If supervisors do not review and approve time sheets, improper payments could result.
- B. Employees were not required to sign their time sheets to attest that the recorded information is accurate. An employee's signature attesting to the accuracy of the time report is a means of strengthening internal control.

## RECOMMENDATION

Supervisors should sign their employees' time sheets as evidence of review and approval. Employees should sign their time sheets to attest to the accuracy.

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## OFFICE OF DIRECTOR OF SCHOOLS

FINDING 08.06      **THE ACTUAL FUND BALANCE OF THE GENERAL PURPOSE SCHOOL FUND EXCEEDED THE ESTIMATED FUND BALANCE BY A MATERIAL AMOUNT**  
(Internal Control – Material Weakness Under Government Auditing Standards)

The General Purpose School Fund's actual fund balance at July 1, 2007, was \$1,531,762; however, the estimated fund balance reflected in the county's budget was \$481,344. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$1,050,418. This deficiency existed because management failed to amend the estimated beginning fund balance after actual revenues and expenditures were determined.

### RECOMMENDATION

Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that original estimate varies from actual by a material amount.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The above finding pertains to the estimated undesignated fund balance used in the budget for the school year 2007-2008 versus the actual fund balance that resulted when the accounting records were closed in mid July 2007. The estimate was \$1,050,418 less than actual.

The actual undesignated fund balance is not determined until after the projected budget is presented and approved in June and July. We view the finding as a result of the timing of those events.

The budget process begins in May. Actual revenues and expenditures through April are used, and those for May and June are projected to obtain the annual revenue and expenditure amounts for the entire school year that are used in the budget process. It is necessary to complete the budget process no later than June for the Board of Education approval prior to presenting the budget to the County Commission in July.

The actual change in the fund balance is the result of the difference between revenues and expenditures when accounting records are closed in the third week of July.

An effort will be made to use more accurate estimates. The fund balance used for budget purposes will be amended if there is a material difference.

**FINDING 08.07      THE OFFICE HAD DEFICIENCIES IN THE CONTROLS OVER THE SIGNING OF WARRANTS**  
(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. On August 1, 2008, a new software program utilizing an electronic check signing feature was placed into operation for the General Purpose School and the School Federal Projects funds. However, the warrants for the Central Cafeteria Fund continued to be signed by using the mechanical warrant-signing machine until September 15, 2008. Since that date, signature stamps have been used to affix the signatures of the director of schools and the chairman of the Board of Education to the Central Cafeteria Fund warrants. Tennessee Code Annotated does not provide authority for the use of a signature stamp.

**RECOMMENDATION**

Management should discontinue the use of any signature stamps.

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**FINDING 08.08      THE FOOD SERVICE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Food Service Office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. After this deficiency was brought to the attention of the official, it was resolved.

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## OFFICE OF TRUSTEE

FINDING 08.09      **THE TRUSTEE'S DEPOSITORY USED AN UNAUTHORIZED METHOD TO PAY 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. This deficiency results from the failure of management to correct the finding noted in prior audit reports.

### 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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FINDING 08.10      **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. One of the vulnerabilities noted was corrected after it was brought to the official's attention.

### RECOMMENDATION

The office should implement adequate controls to protect its information resources.

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## **OFFICE OF REGISTER**

**FINDING 08.11      **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 the office. Individuals who were not office employees had unsupervised access to the office after business hours. Sound business practice dictates that unsupervised access to the office after business hours weakens internal controls over assets. This deficiency is the result of management's decision to allow lawyers and title researchers to have keys to the office to research documents.

### **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 08.12      **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 08.13

**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 Courts Clerk and Sheriff. The employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

**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, 2008**

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