

**ANNUAL FINANCIAL REPORT  
LAUDERDALE COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2009**



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**ANNUAL FINANCIAL REPORT**  
**LAUDERDALE COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*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*

*JAN PAGE, CPA, CFE*  
*HORACE B. WISEMAN, CGFM*  
*Auditor 4s*

*KATHLEEN P. BURRISS, CGFM, CFE*  
*ELISHA CROWELL, CFE*  
*State Auditors*

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

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# LAUDERDALE COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Lauderdale County, Tennessee  
For the Year Ended June 30, 2009

***Scope***

We have audited the basic financial statements of Lauderdale County as of and for the year ended June 30, 2009.

***Results***

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

Our audit resulted in 17 findings and recommendations, which we have reviewed with Lauderdale County management. Detailed findings and recommendations are included in the Single Audit section of this report.

***Findings***

The following are summaries of the audit findings:

**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.

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**OFFICE OF COUNTY MAYOR**

- ◆ The Solid Waste Disposal Fund required material audit adjustments for proper financial statement presentation.
  - ◆ Purchase orders were not issued for all applicable purchases, and dollar amounts of purchases were not reflected on some purchase orders.
  - ◆ The landfill software did not have adequate application controls.
  - ◆ The landfill had deficiencies in computer system backup procedures.
-

## **OFFICE OF HIGHWAY COMMISSIONER**

- ◆ Material audit adjustments were required for proper financial statement presentation in the Highway/Public Works Fund.
  - ◆ Purchase orders were not issued for all applicable purchases, and dollar amounts of purchases were not reflected on some purchase orders.
  - ◆ Supervisors and employees were not required to sign time sheets as evidence of review and accuracy.
- 

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Department failed to comply with state statutes when entering into lease-purchase agreements.
  - ◆ The office had deficiencies in the controls over the signing of warrants.
- 

## **OFFICE OF TRUSTEE**

- ◆ The trustee's depository used an unauthorized method to pay warrants.
  - ◆ The office did not implement adequate controls to protect its information resources.
  - ◆ The trustee's software did not have adequate application controls.
- 

## **OFFICE OF REGISTER**

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

## **OFFICE OF SHERIFF**

- ◆ Funds received from the seizure of cash from gambling activities were not remitted to the county as required by state statute.
  - ◆ Duties were not segregated adequately in the Office of Sheriff.
- 

## **OTHER FINDING**

- ◆ A central system of accounting, budgeting, and purchasing had not been adopted.

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## INTRODUCTORY SECTION

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# Lauderdale County Officials

## June 30, 2009

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### **Officials**

Rod Schuh, County Mayor  
Roland Henderson, Highway Commissioner  
Joel Hassell, 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, County Mayor, Chairman	Danny Hartsfield
Kathy Alston	Dennis King
John Bates	Monty McWilliams
Billy Brandon	Angie Phillips
David Caldwell	Eugene Pugh
Judy Conrad	Rob Reviere
Talmage Carihfield	Louis Ruff
Tommy Dunavant	Tommy R. Sanders
Gene Edwards	Dwight Shoemake
Jesse Edwards	Lynnwood Shoemake
Ronnie Elder	Coy Summar
Don Fisher	Carol Walker
John Gaines	

### **Board of Education**

Cynthia Glenn, Chairman	William Hendren
Eva Drain	Melinda Hutcherson
Sheila Ferrell	Terry Sellers
Robert Harris	Austin Thompson, Jr.

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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**

March 3, 2010

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, 2009, 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 13.6 percent and 3.5 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 7.9 percent and 89.5 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 19 percent and 4.4 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 2.6 percent and 1.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose 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 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, 2009, 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 March 3, 2010, 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.

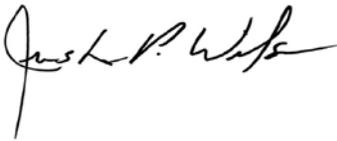
As described in Note V.B., Lauderdale County has implemented the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

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 97 through 103 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 at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Lauderdale County, Tennessee  
Statement of Net Assets  
June 30, 2009

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
<b>ASSETS</b>						
Cash	\$ 92,344	\$ 0	\$ 92,344	\$ 0	\$ 24,088	\$ 121,540
Equity in Pooled Cash and Investments	4,846,702	1,056,888	5,903,590	2,638,625	2,382,963	0
Inventory	0	0	0	0	24,957	0
Investments	694,760	0	694,760	0	0	200,000
Accounts Receivable	779,654	39,564	819,218	36,851	104,190	66,496
Allowance for Uncollectibles	(495,569)	0	(495,569)	0	0	0
Due from Other Governments	3,752,643	3,481	3,756,124	951,579	3,572	0
Property Taxes Receivable	6,288,118	0	6,288,118	3,119,302	0	0
Allowance for Uncollectible Property Taxes	(348,525)	0	(348,525)	(172,891)	0	0
Prepaid Items	0	0	0	0	19,690	0
Accrued Interest Receivable	1,814	0	1,814	55,459	0	830
Deferred Charges - Debt Issuance Costs	48,645	0	48,645	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	5,901,262	237,205	6,138,467	19,216,308	4,533,787	129,564
Infrastructure	1,859,782	0	1,859,782	219,393	0	0
Other Capital Assets	1,055,171	238,800	1,293,971	2,457,299	134,344	478,254
Total Assets	\$ 25,387,564	\$ 1,735,938	\$ 27,123,502	\$ 29,900,573	\$ 7,237,591	\$ 996,684
	\$ 8,749	\$ 867	\$ 9,616	\$ 0	\$ 6,396	\$ 798
Accounts Payable	14,175	0	14,175	0	23,487	5,900
Accrued Payroll	738	0	738	599,722	0	0
Payroll Deductions Payable	236,996	0	236,996	0	0	0
Contracts Payable	151,190	0	151,190	21,806	3,253	0
Accrued Interest Payable	5,891	0	5,891	0	0	0
Due to State of Tennessee						

**LIABILITIES**

(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	County Water System	Emergency Communications District		
	\$	0	\$	0	\$	181,530	\$	0
Customer Deposits Payable		0		0		0		0
Deferred Revenue - Current Property Taxes		5,642,609		2,799,089		0		0
Other Deferred Revenues		0		0		3,572		0
Noncurrent Liabilities:								
Due Within One Year		2,033,322		46,737		2,080,059		0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)		18,909,409		212,700		19,122,109		0
Total Liabilities	\$	27,003,079	\$	260,304	\$	27,263,383	\$	6,698
				1,215,073		733,128		
				5,059,948		976,564		
	\$	6,960,616	\$	554,357	\$	7,514,973	\$	22,159,863
Invested in Capital Assets, Net of Related Debt		0		0		0		0
Invested in Capital Assets		0		0		0		607,818
Restricted for:								
Public Library		723,986		0		723,986		0
Ambulance Service		415,390		0		415,390		0
Highway/Public Works		1,301,994		0		1,301,994		0
School Federal Projects		0		0		0		0
Central Cafeteria		0		0		187,813		0
Debt Service		3,998,835		0		3,998,835		0
Technology		0		0		0		0
Other Purposes		133,387		0		133,387		0
Unrestricted		(15,149,723)		921,277		(14,228,446)		382,168
Total Net Assets	\$	(1,615,515)	\$	1,475,634	\$	(139,881)	\$	989,986
				24,840,625		6,261,027		

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, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues					Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District	
Primary Government:											
Governmental Activities:											
General Government	\$ 1,538,463	\$ 107,939	\$ 19,912	\$ 237,554	\$ (1,173,058)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	513,277	583,591	8,378	230,568	309,260	0	0	0	0	0	0
Administration of Justice	1,299,857	598,292	57,579	230,568	(413,418)	0	0	0	0	0	0
Public Safety	3,696,206	990,217	157,441	0	(2,548,548)	0	0	0	0	0	0
Public Health and Welfare	1,901,782	967,737	286,410	0	(647,635)	0	0	0	0	0	0
Social, Cultural, and Recreational Services	367,731	0	34,005	0	(333,726)	0	0	0	0	0	0
Agriculture and Natural Resources	234,868	0	43,268	0	(191,600)	0	0	0	0	0	0
Other Operations	275,340	871	8,925	0	(265,544)	0	0	0	0	0	0
Highways/Public Works	2,145,965	0	1,689,333	202,296	(254,336)	0	0	0	0	0	0
Education	242,053	0	0	0	(242,053)	0	0	0	0	0	0
Interest on Long-term Debt	653,597	0	1,845,537	0	1,191,940	0	0	0	0	0	0
Other Debt Service	41,995	0	0	0	(41,995)	0	0	0	0	0	0
Total Governmental Activities	\$ 12,911,134	\$ 3,248,647	\$ 4,150,788	\$ 900,986	\$ (4,610,713)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Business-type Activities:											
Solid Waste Disposal	\$ 510,673	\$ 401,935	\$ 0	\$ 0	\$ 0	\$ (108,738)	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Primary Government	\$ 13,421,807	\$ 3,650,582	\$ 4,150,788	\$ 900,986	\$ (4,610,713)	\$ (108,738)	\$ 0	\$ 0	\$ 0	\$ 0	0
Component Units:											
Lauderdale County School Department	\$ 37,211,499	\$ 661,379	\$ 5,778,720	\$ 308,069	\$ 0	\$ 0	\$ (30,465,331)	\$ 0	\$ 0	\$ 0	0
Lauderdale County Water System	1,200,536	1,143,212	0	493,798	0	0	0	436,474	0	0	0
Emergency Communications District	338,404	332,582	106,766	0	0	0	0	0	0	0	100,944
Total Component Units	\$ 38,750,439	\$ 2,137,173	\$ 5,885,486	\$ 801,867	\$ 0	\$ 0	\$ (30,465,331)	\$ 436,474	\$ 0	\$ 0	100,944

(Continued)

Lauderdale County, Tennessee  
Statement of Activities (Cont.)

Exhibit B

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues			Primary Government			Component Units			Emergency Communications District		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Lauderdale County			Water System	
								School Department	County System			
General Revenues:												
Taxes:												
Property Taxes Levied for General Purposes		\$ 4,806,930	\$ 4,806,930	\$ 0	\$ 0	\$ 4,806,930	\$ 2,856,214	\$ 0	\$ 0	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service		954,485	0	954,485	0	0	0	0	0	0	0	0
Local Option Sales Taxes		0	0	0	0	0	1,819,249	0	0	0	0	0
Wheel Tax		924,475	0	924,475	0	0	0	0	0	0	0	0
Other Local Taxes		262,370	0	262,370	0	0	177,733	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs		449,341	9,737	459,078	0	0	24,297,998	0	0	0	0	0
Unrestricted Investment Income		0	37,285	37,285	0	0	353,196	41,925	0	0	7,306	75
Miscellaneous		25,061	0	25,061	0	0	27,006	0	0	0	0	0
Gain (Loss) on Disposal of Capital Assets		25,880	0	25,880	0	0	0	5,065	0	0	0	0
Total General Revenues		\$ 7,448,542	\$ 47,022	\$ 7,495,564	\$ 29,531,396	\$ 46,990	\$ 7,381	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Change in Net Assets		\$ 2,837,829	\$ (61,716)	\$ 2,776,113	\$ (931,935)	\$ 483,464	\$ 108,325	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Prior-period Adjustment		109,062	145,783	254,845	(865,934)	0	0	0	0	0	0	0
Net Assets, July 1, 2008		(4,562,406)	1,391,567	(3,170,839)	26,638,494	5,777,563	881,661	0	0	0	0	0
Net Assets, June 30, 2009		\$ (1,615,515)	\$ 1,475,634	\$ (139,881)	\$ 24,840,625	\$ 6,261,027	\$ 989,986	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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, 2009

	Major Funds			Nonmajor Funds	Total Governmen- tal Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 92,344	\$ 92,344
Equity in Pooled Cash and Investments	2,644,159	977,114	999,815	225,614	4,846,702
Investments	0	0	0	694,760	694,760
Accounts Receivable	36,076	5,859	7,259	730,460	779,654
Allowance for Uncollectibles	0	0	0	(495,569)	(495,569)
Due from Other Governments	165,792	513,925	3,069,837	3,089	3,752,643
Due from Other Funds	7,159	0	0	0	7,159
Property Taxes Receivable	4,357,121	891,229	1,039,768	0	6,288,118
Allowance for Uncollectible Property Taxes	(241,498)	(49,397)	(57,630)	0	(348,525)
Accrued Interest Receivable	0	0	0	1,814	1,814
<b>Total Assets</b>	<b>\$ 6,968,809</b>	<b>\$ 2,338,730</b>	<b>\$ 5,059,049</b>	<b>\$ 1,252,512</b>	<b>\$ 15,619,100</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 7,300	\$ 0	\$ 0	\$ 1,449	\$ 8,749
Accrued Payroll	0	0	0	14,175	14,175
Payroll Deductions Payable	738	0	0	0	738
Contracts Payable	0	236,996	0	0	236,996
Due to Other Funds	0	0	0	7,159	7,159
Due to State of Tennessee	5,891	0	0	0	5,891
Deferred Revenue - Current Property Taxes	3,909,839	799,740	933,030	0	5,642,609
Deferred Revenue - Delinquent Property Taxes	185,926	38,030	44,370	0	268,326
Other Deferred Revenues	33,701	151,285	0	0	184,986
<b>Total Liabilities</b>	<b>\$ 4,143,395</b>	<b>\$ 1,226,051</b>	<b>\$ 977,400</b>	<b>\$ 22,783</b>	<b>\$ 6,369,629</b>
<u>Fund Balances</u>					
Reserved for Alcohol and Drug Treatment	\$ 10,026	\$ 0	\$ 0	\$ 0	\$ 10,026
Reserved for Sexual Offender Registration	3,853	0	0	0	3,853
Reserved for Victims Assistance Programs	15,402	0	0	0	15,402
Reserved for Automation Purposes - General Sessions Court	12,253	0	0	0	12,253
Reserved for Automation Purposes - Sheriff	1,500	0	0	0	1,500
Reserved for Endowments	0	0	0	588,323	588,323
Reserved for Other General Purposes	0	0	3,064,548	0	3,064,548
Unreserved, Reported In:					
General Fund	2,782,380	0	0	0	2,782,380
Special Revenue Funds	0	1,112,679	0	641,406	1,754,085
Debt Service Funds	0	0	1,017,101	0	1,017,101
<b>Total Fund Balances</b>	<b>\$ 2,825,414</b>	<b>\$ 1,112,679</b>	<b>\$ 4,081,649</b>	<b>\$ 1,229,729</b>	<b>\$ 9,249,471</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,968,809</b>	<b>\$ 2,338,730</b>	<b>\$ 5,059,049</b>	<b>\$ 1,252,512</b>	<b>\$ 15,619,100</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, 2009

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)		\$	9,249,471
(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		5,901,262	
Add: infrastructure net of accumulated depreciation		1,859,782	
Add: other capital assets net of accumulated depreciation		<u>1,055,171</u>	9,726,978
(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	\$	(706,250)	
Less: bonds payable		(17,045,000)	
Less: other loans payable		(559,563)	
Less: accrued interest on bonds and notes		(151,190)	
Less: judgments payable		(2,650,000)	
Less: unamortized premium on debt		(5,924)	
Add: deferred charges - debt issuance costs		48,645	
Add: deferred amount on refunding		<u>24,006</u>	(21,045,276)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>453,312</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>(1,615,515)</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, 2009

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 5,192,111	\$ 936,744	\$ 1,016,723	\$ 1,303	\$ 7,146,881
Licenses and Permits	23,457	712	832	0	25,001
Fines, Forfeitures, and Penalties	150,188	0	0	61,435	211,623
Charges for Current Services	71,021	0	0	973,600	1,044,621
Other Local Revenues	42,696	1,507	0	25,106	69,309
Fees Received from County Officials	1,026,152	0	0	0	1,026,152
State of Tennessee	1,372,137	1,950,641	0	2,000	3,324,778
Federal Government	166,565	0	0	0	166,565
Other Governments and Citizens Groups	194,905	0	1,845,537	21,034	2,061,476
<b>Total Revenues</b>	<b>\$ 8,239,232</b>	<b>\$ 2,889,604</b>	<b>\$ 2,863,092</b>	<b>\$ 1,084,478</b>	<b>\$ 15,076,406</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,134,633	\$ 0	\$ 0	\$ 32	\$ 1,134,665
Finance	679,990	0	0	770	680,760
Administration of Justice	1,427,994	0	0	51,503	1,479,497
Public Safety	3,629,593	0	0	20,265	3,649,858
Public Health and Welfare	483,388	0	0	1,356,283	1,839,671
Social, Cultural, and Recreational Services	63,708	0	0	139,053	202,761
Agriculture and Natural Resources	197,258	0	0	0	197,258
Other Operations	477,859	0	0	0	477,859
Highways	0	2,672,078	0	0	2,672,078
Debt Service:					
Principal on Debt	0	0	1,630,716	0	1,630,716
Interest on Debt	0	0	666,234	0	666,234
Other Debt Service	0	0	321,783	7,000	328,783
Capital Projects	0	0	0	552,563	552,563
<b>Total Expenditures</b>	<b>\$ 8,094,423</b>	<b>\$ 2,672,078</b>	<b>\$ 2,618,733</b>	<b>\$ 2,127,469</b>	<b>\$ 15,512,703</b>
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 144,809	\$ 217,526	\$ 244,359	\$ (1,042,991)	\$ (436,297)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 120,000	\$ 0	\$ 0	\$ 0	\$ 120,000
Other Loans Issued	0	0	0	559,563	559,563
Proceeds from Sale of Capital Assets	0	0	0	50,000	50,000
Insurance Recovery	16,175	0	0	0	16,175
Transfers In	0	0	0	98,855	98,855
Transfers Out	(98,855)	0	0	0	(98,855)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 37,320</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 708,418</b>	<b>\$ 745,738</b>
Net Change in Fund Balances					
	\$ 182,129	\$ 217,526	\$ 244,359	\$ (334,573)	\$ 309,441
Fund Balance, July 1, 2008	2,643,285	895,153	3,837,290	1,564,302	8,940,030
<b>Fund Balance, June 30, 2009</b>	<b>\$ 2,825,414</b>	<b>\$ 1,112,679</b>	<b>\$ 4,081,649</b>	<b>\$ 1,229,729</b>	<b>\$ 9,249,471</b>

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, 2009

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)		\$	309,441
(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	\$	1,415,034	
Less: current year depreciation expense		<u>(759,781)</u>	655,253
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Add: assets donated and capitalized	\$	698,690	
Add: gain on disposal of capital assets		64,351	
Less: proceeds from the disposal of capital assets		<u>(101,804)</u>	661,237
(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, 2009	\$	453,312	
Less: deferred delinquent property taxes and other deferred June 30, 2008		<u>(492,863)</u>	(39,551)
(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. 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	\$	(120,000)	
Less: other loan proceeds		(559,563)	
Add: change in premium on debt issuances		871	
Less: change in deferred debt issuance costs		(7,154)	
Add: principal payments on notes		175,716	
Add: principal payments on bonds		1,455,000	
Less: change in deferred amount on refunding debt		(6,058)	
Add: payments on judgments		<u>300,000</u>	1,238,812
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable			<u>12,637</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 2,837,829</u>

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

Exhibit D-1

Lauderdale County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2009

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,056,888
Accounts Receivable	39,564
Due from Other Governments	3,481
Total Current Assets	<u>\$ 1,099,933</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 160,000
Assets Net of Accumulated Depreciation:	
Other Capital Assets	476,005
Total Noncurrent Assets	<u>\$ 636,005</u>
Total Assets	<u>\$ 1,735,938</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 867
Total Current Liabilities	<u>\$ 867</u>
Noncurrent Liabilities:	
Due Within One Year	\$ 46,737
Due in More Than One Year	212,700
Total Noncurrent Liabilities	<u>\$ 259,437</u>
Total Liabilities	<u>\$ 260,304</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 554,357
Unrestricted	921,277
Total Net Assets	<u>\$ 1,475,634</u>

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

Exhibit D-2

Lauderdale County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2009

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>Operating Revenues</u>	
Tipping Fees	\$ 391,968
Sale of Recycled Materials	9,342
Other General Service Charges	625
Total Operating Revenues	<u>\$ 401,935</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 26,068
Salary Supplements	5,000
Equipment Operators	46,311
Social Security	4,221
State Retirement	6,160
Employee and Dependent Insurance	20,307
Employer Medicare	987
Communication	601
Contracts with Private Agencies	285,984
Maintenance Agreements	3,000
Maintenance and Repair Services - Buildings	1,243
Maintenance and Repair Services - Equipment	26,667
Travel	6,213
Diesel Fuel	7,869
Office Supplies	355
Utilities	3,153
Other Supplies and Materials	701
Building and Contents Insurance	7
Trustee's Commission	373
Vehicle and Equipment Insurance	7,591
Workers' Compensation Insurance	5,828
Depreciation	41,528
Landfill Postclosure Care Costs	4,168
Office Equipment	1,370
Total Operating Expenses	<u>\$ 505,705</u>
Operating Income (Loss)	<u>\$ (103,770)</u>

(Continued)

Exhibit D-2

Lauderdale County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund (Cont.)

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
	<u>                    </u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 37,285
Solid Waste Grants	9,737
Interest on Capital Leases	(4,968)
Total Nonoperating Revenues (Expenses)	<u>\$ 42,054</u>
Change in Net Assets	\$ (61,716)
Net Assets, July 1, 2008	1,391,567
Prior-period Adjustment	<u>145,783</u>
Net Assets, June 30, 2009	<u><u>\$ 1,475,634</u></u>

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

Exhibit D-3

Lauderdale County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2009

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 383,227
Receipts from Others	9,967
Payments for Waste Collections and Disposal Activity	<u>(470,899)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (77,705)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from Grants	<u>\$ 9,737</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 9,737</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Payments - Capital Lease	\$ (38,182)
Interest Payments - Capital Lease	<u>(4,969)</u>
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	<u>\$ 37,285</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 37,285</u>
Increase (Decrease) in Cash	\$ (73,834)
Cash, July 1, 2008	<u>1,130,722</u>
Cash, June 30, 2009	<u><u>\$ 1,056,888</u></u>

(Continued)

Exhibit D-3

Lauderdale County, Tennessee  
Statement of Cash Flows  
Proprietary Fund (Cont.)

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (103,770)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	41,528
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(26,389)
(Increase) Decrease in Due from Other Governments	17,648
Increase (Decrease) in Accounts Payable	(771)
Increase (Decrease) in Payroll Deductions Payable	(3,302)
Increase (Decrease) in Accrued Liability for Landfill Closure/Postclosure Costs	<u>(2,649)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (77,705)</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash Per Net Assets	<u>\$ 1,056,888</u>
Cash, June 30, 2009	<u>\$ 1,056,888</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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 775,118
Equity in Pooled Cash and Investments	2,959,582
Accounts Receivable	3,214
Due from Other Governments	<u>376,212</u>
Total Assets	<u>\$ 4,114,126</u>
<u>LIABILITIES</u>	
Due to Cities	\$ 162,580
Due to Other Taxing Units	3,064,548
Due to Litigants, Heirs, and Others	776,218
Due to Joint Ventures	<u>110,780</u>
Total Liabilities	<u>\$ 4,114,126</u>

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

**LAUDERDALE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

**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.

**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  
551 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 measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Lauderdale County Public Library), the discretely presented Lauderdale County School Department, and the discretely presented Lauderdale County Water System. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the 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 receivables 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 3.01 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 Highway Department's policy allows employees to accumulate up to 72 days sick leave; however, 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, 2009, Lauderdale County had \$15,516,204 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.

#### **7. Prior-period Adjustments**

Capital assets of the primary government were restated \$109,062 from the prior-year because capital assets at the ambulance service had been omitted.

The postclosure care cost liability in the Solid Waste Disposal Fund was restated \$145,783 due to a change in the procedure of obtaining cost estimates.

The discretely presented School Department's long-term debt was restated \$865,934 for a capitalized lease, which had been omitted.

## **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 and the Constitutional Officers - Fees funds (special revenue funds), 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 County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the County Attorney major appropriation category (the legal level of control) of the General Fund by \$4,635. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

**C. A Lease-Purchase Agreement Was Not Approved by the County Commission**

During the year, the School Department entered into a four-year lease-purchase agreement for computers totaling \$505,086 without County Commission approval, which is a violation of state statute.

**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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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, 2009.

### **B. Capital Assets**

Capital assets activity for the year ended June 30, 2009, was as follows:

## Primary Government

### Governmental Activities:

	Balance 7-1-08	Prior Period Adjustment	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:					
Land	\$ 890,572	\$ 0	\$ 0	\$ 0	\$ 890,572
Construction in Progress	20,191	0	0	0	20,191
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 910,763</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 910,763</b>
Capital Assets Depreciated:					
Buildings and Improvements	\$ 8,639,194	\$ 0	\$ 1,251,252	\$ 0	\$ 9,890,446
Infrastructure	1,876,202	0	286,028	0	2,162,230
Other Capital Assets	4,064,108	180,653	576,444	285,477	4,535,728
<b>Total Capital Assets Depreciated</b>	<b>\$ 14,579,504</b>	<b>\$ 180,653</b>	<b>\$ 2,113,724</b>	<b>\$ 285,477</b>	<b>\$ 16,588,404</b>
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 3,651,631	\$ 0	\$ 337,553	\$ 0	\$ 3,989,184
Infrastructure	225,606	0	76,842	0	302,448
Other Capital Assets	3,311,604	71,591	345,386	248,024	3,480,557
<b>Total Accumulated Depreciation</b>	<b>\$ 7,188,841</b>	<b>\$ 71,591</b>	<b>\$ 759,781</b>	<b>\$ 248,024</b>	<b>\$ 7,772,189</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 7,390,663</b>	<b>\$ 109,062</b>	<b>\$ 1,353,943</b>	<b>\$ 37,453</b>	<b>\$ 8,816,215</b>
Governmental Activities Capital Assets, Net	\$ 8,301,426	\$ 109,062	\$ 1,353,943	\$ 37,453	\$ 9,726,978

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

**Governmental Activities:**

General Government	\$	1,418
Finance		1,376
Administration of Justice		79,006
Public Safety		273,440
Public Health and Welfare		132,520
Social, Cultural, and Recreational Services		29,968
Highway/Public Works		<u>242,053</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>759,781</u></u>

**Business-type Activities:**

	Balance 7-1-08	Increases	Balance 6-30-09
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	\$ 55,703	\$ 7,510	\$ 63,213
Other Capital Assets	352,783	34,019	386,802
Total Accumulated Depreciation	<u>\$ 408,486</u>	<u>\$ 41,529</u>	<u>\$ 450,015</u>
Total Capital Assets Depreciated, Net	<u>\$ 517,534</u>	<u>\$ (41,529)</u>	<u>\$ 476,005</u>
Business-type Activities Capital Assets, Net	<u>\$ 677,534</u>	<u>\$ (41,529)</u>	<u>\$ 636,005</u>

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

**Discretely Presented Lauderdale County School Department**

**Governmental Activities:**

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 1,378,648	\$ 0	\$ 1,378,648
Total Capital Assets Not Depreciated	<u>\$ 1,378,648</u>	<u>\$ 0</u>	<u>\$ 1,378,648</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 35,315,777	\$ 349,360	\$ 35,665,137
Infrastructure	81,212	151,788	233,000
Other Capital Assets	6,203,045	131,600	6,334,645
Total Capital Assets Depreciated	<u>\$ 41,600,034</u>	<u>\$ 632,748</u>	<u>\$ 42,232,782</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 15,530,208	\$ 918,621	\$ 16,448,829
Infrastructure	3,046	10,561	13,607
Other Capital Assets	3,519,385	357,961	3,877,346
Total Accumulated Depreciation	<u>\$ 19,052,639</u>	<u>\$ 1,287,143</u>	<u>\$ 20,339,782</u>
Total Capital Assets Depreciated, Net	<u>\$ 22,547,395</u>	<u>\$ (654,395)</u>	<u>\$ 21,893,000</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,926,043</u>	<u>\$ (654,395)</u>	<u>\$ 23,271,648</u>

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

**Governmental Activities:**

Instruction	\$ 970,942
Support Services	264,661
Operation of Non-Instructional Services	<u>51,540</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,287,143</u>

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

The composition of interfund balances as of June 30, 2009, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 7,159

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, 2009, consisted of the following amounts:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
General Fund	\$ 98,855

**Discretely Presented Lauderdale County School Department**

	Transfer In
Transfer Out	General Purpose School Fund
Nonmajor governmental fund	\$ 18,464

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**

**Primary Government**

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, 2009, are as follows:

Year Ending June 30	Solid Waste Disposal Fund
2010	\$ 43,150
2011	43,150
Total Minimum Lease Payments	\$ 86,300
Less: Amount Representing Interest	(4,652)
Present Value of Minimum Lease Payments	\$ 81,648

**Discretely Presented Lauderdale County School Department**

On January 3, 2008, the Lauderdale County School Department entered into a four-year lease-purchase agreement for computers. Terms of the agreement require total lease payments of \$1,156,550 plus interest of 1.92 percent.

On December 18, 2008, the School Department entered into a four-year lease-purchase agreement for computers. Terms of the agreement require total lease payments of \$505,086 plus interest of 6.09 percent.

The General Purpose School Fund is making the lease payments on these agreements.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	General Purpose School Fund
2010	\$ 454,895
2011	454,894
2012	155,000
2013	114,997
Total Minimum Lease Payments	\$ 1,179,786
Less: Amount Representing Interest	<u>(91,893)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,087,893</u>

**E. Long-term Debt**

**Primary Government**

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

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 19 years for bonds, up to nine years for

notes, and up to ten years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	2 to 3.75 %	\$ 9,835,000	\$ 8,035,000
General Obligation Bonds - Refunding	3 to 4	14,445,000	9,010,000
Capital Outlay Notes	0 to 6	1,200,000	706,250
Other Loans	Variable	559,563	559,563

During the year, Lauderdale County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provides for the authority to make \$1,000,000 available for loan to Lauderdale County on an as-needed basis for various renovation and improvement projects for the county. Lauderdale County has borrowed \$559,563 at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2009, the variable interest rate was .32 percent, other fees amounted to approximately .2 percent (letter of credit), .15 percent (administrative fee), .08 percent (remarketing) of the outstanding loan principal, and \$1,020 annual payment (trustee).

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2015-2019	6,200,000	1,140,561	7,340,561
2020-2022	2,810,000	201,625	3,011,625
Total	<u>\$ 17,045,000</u>	<u>\$ 3,850,838</u>	<u>\$ 20,895,838</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 188,322	\$ 6,182	\$ 194,504
2011	146,523	2,220	148,743
2012	115,453	304	115,757
2013	104,762	0	104,762
2014	79,762	0	79,762
2015	71,428	0	71,428
Total	<u>\$ 706,250</u>	<u>\$ 8,706</u>	<u>\$ 714,956</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2010	\$ 50,000	\$ 1,790	\$ 3,426	\$ 55,216
2011	52,000	1,631	3,211	56,842
2012	53,000	1,464	2,988	57,452
2013	55,000	1,295	2,760	59,055
2014	56,000	1,119	2,523	59,642
2015-2019	293,563	2,796	8,857	305,216
Total	<u>\$ 559,563</u>	<u>\$ 10,095</u>	<u>\$ 23,765</u>	<u>\$ 593,423</u>

There is \$4,081,649 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$629, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$676, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 18,500,000	\$ 761,966	\$ 0
Additions	0	120,000	559,563
Deductions	(1,455,000)	(175,716)	0
	<hr/>		
Balance, June 30, 2009	\$ 17,045,000	\$ 706,250	\$ 559,563
	<hr/>		
Balance Due Within One Year	\$ 1,495,000	\$ 188,322	\$ 50,000
	<hr/>		

	Claims and Judgments
Balance, July 1, 2008	\$ 2,950,000
Deductions	(300,000)
	<hr/>
Balance, June 30, 2009	\$ 2,650,000
	<hr/>
Balance Due Within One Year	\$ 300,000
	<hr/>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 20,960,813
Less: Balance Due Within One Year	(2,033,322)
Add: Unamortized Premium on Debt	5,924
Less: Deferred Amount on Refunding	(24,006)
	<hr/>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 18,909,409
	<hr/>

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, \$2,650,000 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, 2009:

Business-type Activities:

	Postclosure Care Costs	Capital Lease
Balance, July 1, 2008	\$ 326,223	\$ 119,830
Additions	4,167	0
Deductions	(6,818)	(38,182)
Prior-period Adjustment	(145,783)	0
Balance, June 30, 2009	<u>\$ 177,789</u>	<u>\$ 81,648</u>
Balance Due Within One Year	<u>\$ 6,817</u>	<u>\$ 39,920</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 259,437
Less: Balance Due Within One Year	<u>(46,737)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 212,700</u>

**Discretely Presented Lauderdale County School Department**

Lauderdale County issues capital outlay notes for the School Department 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, 2009, will be retired from the General Purpose School Fund.

The capital outlay note and capital leases outstanding as of June 30, 2009, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
Capital Outlay Note	0 %	\$ 172,013	\$ 23,892
Capital Leases	1.92 to 6.09	1,661,636	1,087,893

The annual requirements to amortize all notes outstanding as of June 30, 2009, are presented in the following table:

Year Ending June 30	<u>Note Principal</u>
2010	\$ 9,556
2011	9,556
2012	<u>4,780</u>
Total	<u>\$ 23,892</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Lauderdale County School Department for the year ended June 30, 2009, was as follows:

	Note	Capital Leases	Other Postemployment Benefis
Balance, July 1, 2008	\$ 33,448	\$ 865,934	\$ 245,678
Additions	0	505,086	530,056
Deductions	<u>(9,556)</u>	<u>(283,127)</u>	<u>(248,188)</u>
Balance, June 30, 2009	<u>\$ 23,892</u>	<u>\$ 1,087,893</u>	<u>\$ 527,546</u>
Balance Due Within One Year	<u>\$ 9,556</u>	<u>\$ 414,702</u>	<u>\$ 0</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 1,639,331
Less: Balance Due Within One Year	<u>(424,258)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,215,073</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 December 1, 1995, and March 1, 1996, respectively, to finance school construction/renovations 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 in sales tax collections for ten years, and the incorporated municipalities have pledged 100 percent for the first applicable year with a decrease of ten percent annually. This 1995 pledge continues for 40 percent of the refunding school bonds issued May 1, 2003, and the entire school refunding bonds issued June 1, 2003, which were used to repay the December 1, 1995, and March 1, 1996, 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 \$9,026,571, 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 \$919,577 and \$1,097,884, 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 from 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, school construction, and renovations 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 \$740,855 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, 2009, were \$37,502 and \$23,827, 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

Lauderdale County purchases commercial insurance for the risks associated with employee health coverage. Pre-65 age retirees are not allowed to remain in the program.

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

#### 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, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk of losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

The School Department 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.

### B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation

Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to GASB Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Lauderdale County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Lauderdale County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Lauderdale County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Lauderdale County could have endowment investments in subsequent years.

**C. Subsequent Event**

On February 10, 2010, Lauderdale County borrowed \$58,948 from the Montgomery County Public Building Authority for public works projects.

**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 Water System. As of June 30, 2009, future principal requirements were \$758,327, and future interest requirements were \$609,598.

Lauderdale County is contingently liable for 46.38 percent (\$2,240,000) of the \$4,830,000 general obligation lease rental revenue bonds issued by the Town of Ripley Industrial Development Board for the redevelopment of the county's property located within the Courthouse Square Revitalization Zone. As of June 30, 2009, future principal requirements were \$4,830,000 and future interest requirements were \$1,709,971.

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. Change in Administration**

On December 31, 2008, Phillip Jackson left the Office of Director of Schools and was succeeded by Joel Hassell.

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

Lauderdale County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill and a demolition landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Lauderdale County closed its sanitary landfill in 2001. The \$177,789 reported as postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. 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, 2009.

HTL Advantage is a joint venture between Haywood County, Tipton County, Lauderdale County, City of Brownsville, City of Covington, City of Ripley, Brownsville Electric, Covington Electric, Ripley Light and Power, and Southwest Tennessee Electric Cooperative. The board comprises the county and city mayors, and one member to represent the Brownsville Electric

System, Covington Electric System, Ripley Power and Light, and Southwest Tennessee Electric Cooperative. The purpose of the organization is to establish and operate an office that markets the entire defined region for economic development and to bring the region to the attention of prospective industrial and commercial interests. The county and cities provide the majority of funding for the organization based on an agreed upon contribution. Lauderdale County contributed \$50,000 to HTL Advantage for the year ended June 30, 2009.

Lauderdale County does not have an equity interest in either of the above-noted joint ventures. Complete financial statements for the DTF and HTL Advantage can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

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

HTL Advantage  
1469 South Main Street  
Covington, TN 38019

**H. 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 [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

**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, 2009, was 7.96 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, 2009, Lauderdale County’s annual pension cost of \$717,493 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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, 2007, was eight 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
6-30-09	\$717,493	100%	\$0
6-30-08	694,682	100	0
6-30-07	648,845	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.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

### **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, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the Lauderdale County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$1,040,453, \$996,418, and \$936,705, respectively, equal to the required contributions for each year.

## **I. 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 local education employees. 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://tn.gov/finance/act/cafr.html>.

#### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The 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 a

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 pays \$100 per month toward the cost of health insurance premiums for retired certified staff who meet the following criteria:

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

During the year ended June 30, 2009, the School Department contributed \$237,428 for postemployment health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 519,000
Interest on the NPO	11,056
Adjustment to the ARC	(10,760)
Annual OPEB cost	<u>\$ 519,296</u>
Amount of contribution	<u>(237,428)</u>
Increase/decrease in NPO	\$ 281,868
Net OPEB obligation, 7-1-08	<u>245,678</u>
 Net OPEB obligation, 6-30-09	 <u><u>\$ 527,546</u></u>

			Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation at Year End
Fiscal Year Ended*	Plan	Annual OPEB Cost			
6-30-08	Location Education Group	\$ 513,000	52.11	%	\$ 245,678
6-30-09	"	519,296	45.72		527,546

\* Data only available for two years.

## Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-07
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)	\$ 15,352,812
UAAL as a % of covered payroll	31%

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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Actuarial Methods and Assumptions

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

In the July 1, 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.

**J. 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 results of operations in accordance with generally accepted accounting principles applicable to governmental units.

**1. Reporting Entity**

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

**2. 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.

**3. 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

**4. Compensated Absences**

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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>Balance 6-30-09</u>
Cash on hand	\$ 1,319
Cash in bank	<u>35,665</u>
Total Cash	<u><u>\$ 36,984</u></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 bonds, repurchase agreements, and the State Treasurer's Investment Pool.

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

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

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

Investment	Fair Value	Yearly Average Maturity
Cash	\$ 441,957	N/A
U.S. government or agency bond or note	160,869	15
Certificates of deposit	91,934	3
Total	\$ 694,760	

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

Investment	Value	Rating
Cash	\$ 441,957	Not rated
U.S. government, agency bond, or note	160,869	Not rated
Certificate of deposits	91,934	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, 2009:

**Governmental Activities:**

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated			
Land	\$ 7,800	\$ 0	\$ 7,800
Construction in Progress	20,191	0	20,191
Total Capital Assets Not Depreciated	\$ 27,991	\$ 0	\$ 27,991

**Governmental Activities (Cont.):**

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Depreciated:			
Buildings	\$ 452,978	\$ 0	\$ 452,978
Books	62,447	4,545	66,992
Furniture and Fixtures	86,934	2,236	89,170
Total Capital Assets Depreciated	<u>\$ 602,359</u>	<u>\$ 6,781</u>	<u>\$ 609,140</u>
Less Accumulated Depreciation For:			
Buildings	\$ 101,919	\$ 11,324	\$ 113,243
Books	45,699	6,393	52,092
Furniture and Fixtures	74,008	5,456	79,464
Total Accumulated Depreciation	<u>\$ 221,626</u>	<u>\$ 23,173</u>	<u>\$ 244,799</u>
Total Capital Assets Depreciated, Net	<u>\$ 380,733</u>	<u>\$ (16,392)</u>	<u>\$ 364,341</u>
Governmental Activities Capital Assets, Net	<u>\$ 408,724</u>	<u>\$ (16,392)</u>	<u>\$ 392,332</u>

Depreciation expense of \$23,173 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 \$13,901.
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 \$316,687.
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, 2009, was \$116,644.

5. Fitzhugh Fund. In 2007, Mr. and Mrs. Jim Fitzhugh gave \$100,000 for the purpose of library expansion. The balance at June 30, 2009, was \$116,091.

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, 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 Investments**

Cash and cash equivalents consist of the following:

	Balance 6-30-09
Cash in bank	\$ 48,067
Cash on hand	<u>134</u>
Total	<u>\$ 48,201</u>

Cash in banks is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2009, all deposits were covered by the FDIC. Under the laws of Tennessee, the ambulance authority is authorized to invest with obligation of the United States or its agencies, direct obligations of the State of Tennessee or its agencies, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, certificates of deposit insured by the FDIC or the Tennessee Collateral Pool. During the year ended June 30, 2009, the ambulance authority did not own any types of securities other than those permitted by statute.

Investments for the ambulance authority are held in the name of the authority by the county Trustee's Office in the form of certificates of deposit and are reported at fair value.

**C. Capital Assets**

Capital assets are comprised of equipment purchased by the authority for the past five 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 \$53,973 for the year ended June 30, 2009.

Capital assets are summarized as follows:

	Balance 7-1-08	Additions	Retirements	Balance 6-30-09
Capital Assets Being Depreciated:				
Vehicles	\$ 123,178	\$ 216,500	\$ 50,383	\$ 289,295
Equipment	57,475	10,600	0	68,075
Total Capital Assets Being Depreciated	<u>\$ 180,653</u>	<u>\$ 227,100</u>	<u>\$ 50,383</u>	<u>\$ 357,370</u>
Less Accumulated Depreciation for:				
Vehicles	\$ 55,499	\$ 41,814	\$ 15,114	\$ 82,199
Equipment	16,092	12,159	0	28,251
Total Depreciation	<u>\$ 71,591</u>	<u>\$ 53,973</u>	<u>\$ 15,114</u>	<u>\$ 110,450</u>
Total Capital Assets, Net of Depreciation	<u>\$ 109,062</u>	<u>\$ 173,127</u>	<u>\$ 35,269</u>	<u>\$ 246,920</u>

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, 2009, was \$495,569.

**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 – 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 7.96 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.

**J. Concentration of Credit Risk**

The authority receives its operating funds from governmental agencies, private insurance companies, and citizens served. While the authority has a broad consumer base, the ability of payment is dependent on the economic conditions of the area.

a. **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 water system. The water system provides water service to unincorporated areas of Lauderdale County.

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**

**Basis of Presentation and Accounting**

The financial statements of Lauderdale County Water System have been prepared in conformity with accounting principles applicable to governmental units, which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

The Lauderdale County Water System is a proprietary fund; its operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives essentially equal values. Nonoperating revenues, such as interest income, result from non-exchange transactions or ancillary activities.

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. Revenues are reported when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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, which do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date will be followed.

Deposits and Investments

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

Under the laws of Tennessee, the water system is authorized to invest with obligations of the United States, of its agencies, direct obligations of the State of Tennessee or its agencies, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, certificates of deposit if insured by the Federal Deposit Insurance Corporation or the Tennessee Collateral Pool. During the year ended June 30, 2009, the water system did not own any types of securities other than those permitted by statute.

Investments for the water system are in the form of certificates of deposit and are reported at fair value.

Capital Assets

Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their fair value at the date of the 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.

Capital assets are being depreciated using the straight-line method over the following useful lives:

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

Receivable

Accounts receivable arise from water services rendered to the customers of the water system. The board of directors authorizes write-downs of customer billings due to leaks and write-offs of accounts considered uncollectible. Amounts subsequently collected from a bad-debt write-off are recorded as income.

### 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.

### 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.

## **C. Deposits and Investments**

The Lauderdale County Water System's deposits and investments at June 30, 2009, consist of the following:

Deposits:	
Cash on hand	\$ 225
Cash in bank	23,863
Cash on deposit with county trustee	<u>532,963</u>
 Total cash and cash equivalents	 <u><u>\$ 557,051</u></u>
 Investments:	
Certificates of deposit managed by county trustee	<u><u>\$ 1,850,000</u></u>

The Lauderdale County Water System's deposits and investments at June 30, 2009, 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, 2009, is also reflected as deferred revenue.

**E. Capital Assets**

Capital assets are summarized as follows:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
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	\$ 7,353,309	\$ 795,665	\$ 0	\$ 8,148,974
Plant Equipment	105,175	499	(792)	104,882
Office Equipment	67,848	7,409	0	75,257
Equipment	226,745	63,006	(41,431)	248,320
Total Capital Assets Depreciated	<u>\$ 7,753,077</u>	<u>\$ 866,579</u>	<u>\$ (42,223)</u>	<u>\$ 8,577,433</u>

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Less Accumulated Depreciation:				
Water Plant	\$ 3,419,252	\$ 195,935	\$ 0	\$ 3,615,187
Plant Equipment	55,888	5,619	(788)	60,719
Office Equipment	58,390	6,149	(370)	64,169
Equipment	188,485	22,173	(41,431)	169,227
Total Accumulated Depreciation	\$ 3,722,015	\$ 229,876	\$ (42,589)	\$ 3,909,302
Total Capital Assets Depreciated, Net	\$ 4,031,062	\$ 636,703	\$ 366	\$ 4,668,131
Governmental Activities Capital Assets, Net	\$ 4,041,062	\$ 636,703	\$ 366	\$ 4,678,131

**F. Bonds Payable**

Bonds payable at June 30, 2009, consist of the following:

	Current	Long- term	Total
FHA, 5%; payable in annual installments of \$6,345 including interest	\$ 4,966	\$ 22,507	\$ 27,473
FHA, 6%; payable in monthly installments of \$815 including interest	9,111	6,176	15,287
Rural Economic and Community Development 4.5%; payable in monthly installments of \$3,592	11,121	704,446	715,567
Total	\$ 25,198	\$ 733,129	\$ 758,327

The annual maturities of long-term bonds as of June 30, 2009, are:

Year Ending June 30	Bonds
2010	\$ 25,198
2011	23,014
2012	17,641
2013	18,473
2014	19,346
2015-2019	76,448
2020-2024	95,515
2025-2029	119,566
2030-2034	149,672

Year Ending June 30	Bonds (Cont.)
2035-2039	\$ 187,357
2040	<u>26,097</u>
Total	<u>\$ 758,327</u>

Net changes for the year ended June 30, 2009, in bond balances are:

	<u>Bonds</u>
Balance, July 1, 2008	\$ 782,595
Deductions	<u>(24,268)</u>
Balance, June 30, 2009	<u>\$ 758,327</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. Concentration of Credit Risk**

The Lauderdale County Water System receives its operating funds from fees charged to water customers in Lauderdale County, Tennessee. While the Lauderdale County Water System has a broad consumer base, the ability of customers to pay their accounts is dependent on the economic conditions of the area.

**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.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

### **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, 2009, was 7.96 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, 2009, the Lauderdale County Water System's annual pension cost of zero to TCRS was equal to the system's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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, 2007, was zero years. An actuarial valuation was performed as of July 1, 2007, 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
6-30-09	\$ 0	100%	\$ 0
6-30-08	0	100	0
6-30-07	0	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 Lauderdale County Commission governs the district. Because the district cannot issue debt without the approval of the Lauderdale County Commission, Lauderdale County Emergency Communications District has been determined to be a discrete component unit of Lauderdale County, Tennessee. The financial statements presented include only the Lauderdale County Emergency Communications District and the monies and funds managed by the board of directors of the district.

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

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

The district distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the district are tariffs charged to telephone users. Operating expenses for the district include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

a. **Deposits and Investments**

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

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

b. **Receivables and Service Fees**

Fees collected by the district are derived from tariffs assessed on telephone customers of Lauderdale County, Tennessee. The tariff is billed and collected by AT&T 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, 2009, accounts receivable represent service fees and wireless charges collected by the entities named above and not remitted to the district.

The Tennessee Emergency Communications Board (TECB) collects tariffs from the cell phone users in Lauderdale County. Twenty-five percent of the fees collected are remitted to the Lauderdale County Emergency Communications District. The TECB has also remitted operational funding monies and reimbursed the district for upgraded equipment. The amount due is reflected as Due from Tennessee Emergency Communications Board.

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 \$54,254 for the year ended June 30, 2009. 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**

**1. Budgetary Information**

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

**2. Excess of Expenditures Over Appropriations**

Expenditures were less than appropriations.

**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	\$ 121,540
Certificates of Deposit	<u>200,000</u>
Total	<u><u>\$ 321,540</u></u>

Cash in banks and certificates of deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2009, all monies were covered by the FDIC. 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 7-1-08	Increases	Balance 6-30-09
Capital Assets Depreciated:			
Buildings and Improvements	\$ 158,842	\$ 0	\$ 158,842
Communications Equipment	227,926	312,283	540,209
Office Equipment	79,190	329	79,519
Furniture and Fixtures	16,125	0	16,125
Total Capital Assets Depreciated	<u>\$ 482,083</u>	<u>\$ 312,612</u>	<u>\$ 794,695</u>
Less Accumulated Depreciation:			
Buildings and Improvements	\$ 22,528	\$ 6,750	\$ 29,278
Communications Equipment	62,600	33,453	96,053
Office Equipment	40,029	12,523	52,552
Furniture and Fixtures	7,466	1,528	8,994
Total Accumulated Depreciation	<u>\$ 132,623</u>	<u>\$ 54,254</u>	<u>\$ 186,877</u>
Governmental Activities Capital Assets, Net	<u>\$ 349,460</u>	<u>\$ 258,358</u>	<u>\$ 607,818</u>

### 3. Leases

The district leases answering and monitoring equipment from AT&T 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 \$3,882 per month in the next year.

The following is a schedule by year of expected minimum future rentals on operating leases as of June 30, 2009:

Year Ending June 30	Amount
2010	\$ 46,584
2011	46,584
2012	46,584
2013	46,584
2014	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 was \$180 per month in 2009.

**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.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

### **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, 2009, was 5.44 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, 2009, the district's annual pension cost of \$5,728 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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, 2007, was 13 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
6-30-09	\$ 5,728	100%	\$ 0
6-30-08	5,348	100	0
6-30-07	4,422	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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,192,111	\$ 5,099,650	\$ 5,099,650	\$ 92,461
Licenses and Permits	23,457	29,500	29,500	(6,043)
Fines, Forfeitures, and Penalties	150,188	117,700	126,091	24,097
Charges for Current Services	71,021	53,800	61,225	9,796
Other Local Revenues	42,696	21,000	36,329	6,367
Fees Received from County Officials	1,026,152	1,003,000	1,003,000	23,152
State of Tennessee	1,372,137	1,255,578	1,323,148	48,989
Federal Government	166,565	117,000	323,840	(157,275)
Other Governments and Citizens Groups	194,905	192,500	195,171	(266)
<b>Total Revenues</b>	<b>\$ 8,239,232</b>	<b>\$ 7,889,728</b>	<b>\$ 8,197,954</b>	<b>\$ 41,278</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 54,942	\$ 65,150	\$ 65,698	\$ 10,756
County Mayor/Executive	207,399	221,995	221,114	13,715
County Attorney	90,635	45,000	86,000	(4,635)
Election Commission	230,870	246,605	246,605	15,735
Register of Deeds	126,315	139,080	139,080	12,765
Development	123,371	131,416	131,416	8,045
Planning	13,129	27,860	27,860	14,731
County Buildings	284,086	321,618	321,618	37,532
Other General Administration	3,886	4,182	4,182	296
<u>Finance</u>				
Property Assessor's Office	213,803	211,769	215,194	1,391
Reappraisal Program	6,417	17,654	17,654	11,237
County Trustee's Office	172,012	169,708	178,423	6,411
County Clerk's Office	287,758	289,668	292,339	4,581
<u>Administration of Justice</u>				
Circuit Court	211,343	225,398	226,362	15,019
General Sessions Judge	96,239	92,195	97,122	883
General Sessions Court Clerk	255,239	263,737	263,737	8,498
Chancery Court	132,800	151,184	151,184	18,384
Juvenile Court	664,036	606,923	679,779	15,743
Other Administration of Justice	58,337	0	68,571	10,234
Victims Assistance Programs	10,000	7,500	10,000	0
<u>Public Safety</u>				
Sheriff's Department	1,837,193	1,829,542	1,984,624	147,431
Administration of the Sexual Offender Registry	738	1,500	1,500	762
Jail	1,580,483	1,475,667	1,598,333	17,850
Fire Prevention and Control	54,809	33,386	63,386	8,577
Civil Defense	93,603	95,000	196,000	102,397
Rescue Squad	4,949	5,000	5,000	51
Other Emergency Management	57,818	63,929	63,929	6,111

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 53,093	\$ 57,962	\$ 57,962	\$ 4,869
Rabies and Animal Control	57,551	61,664	61,664	4,113
Dental Health Program	274,313	402,400	402,400	128,087
Other Local Health Services	53,459	50,015	54,015	556
Sanitation Education/Information	44,972	44,447	49,176	4,204
<u>Social, Cultural, and Recreational Services</u>				
Libraries	23,008	122,163	23,308	300
Parks and Fair Boards	40,700	40,700	40,700	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	109,086	120,528	120,528	11,442
Soil Conservation	88,172	98,060	98,060	9,888
<u>Other Operations</u>				
Housing and Urban Development	8,925	0	105,840	96,915
Veterans' Services	16,445	18,081	18,081	1,636
Other Charges	212,329	154,000	217,050	4,721
Contributions to Other Agencies	173,607	175,607	175,607	2,000
Employee Benefits	13,061	30,000	30,000	16,939
Miscellaneous	53,492	30,363	57,540	4,048
Total Expenditures	\$ 8,094,423	\$ 8,148,656	\$ 8,868,641	\$ 774,218
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 144,809	\$ (258,928)	\$ (670,687)	\$ 815,496
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 120,000	\$ 0	\$ 120,000	\$ 0
Insurance Recovery	16,175	0	2,994	13,181
Transfers Out	(98,855)	0	(98,855)	0
Total Other Financing Sources (Uses)	\$ 37,320	\$ 0	\$ 24,139	\$ 13,181
Net Change in Fund Balance	\$ 182,129	\$ (258,928)	\$ (646,548)	\$ 828,677
Fund Balance, July 1, 2008	2,643,285	2,463,288	2,463,288	179,997
Fund Balance, June 30, 2009	\$ 2,825,414	\$ 2,204,360	\$ 1,816,740	\$ 1,008,674

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 936,744	\$ 909,505	\$ 909,505	\$ 27,239
Licenses and Permits	712	650	650	62
Other Local Revenues	1,507	11,000	11,000	(9,493)
State of Tennessee	1,950,641	2,344,170	2,344,170	(393,529)
Total Revenues	<u>\$ 2,889,604</u>	<u>\$ 3,265,325</u>	<u>\$ 3,265,325</u>	<u>\$ (375,721)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 188,940	\$ 196,910	\$ 196,910	\$ 7,970
Highway and Bridge Maintenance	1,058,510	1,346,335	1,341,215	282,705
Operation and Maintenance of Equipment	430,227	569,619	559,619	129,392
Other Charges	193,657	220,683	220,683	27,026
Employee Benefits	323,626	458,585	468,585	144,959
Capital Outlay	477,118	826,200	1,031,320	554,202
Total Expenditures	<u>\$ 2,672,078</u>	<u>\$ 3,618,332</u>	<u>\$ 3,818,332</u>	<u>\$ 1,146,254</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 217,526</u>	<u>\$ (353,007)</u>	<u>\$ (553,007)</u>	<u>\$ 770,533</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 5,000	\$ (5,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ (5,000)</u>
Net Change in Fund Balance	\$ 217,526	\$ (353,007)	\$ (548,007)	\$ 765,533
Fund Balance, July 1, 2008	895,153	894,420	894,420	733
Fund Balance, June 30, 2009	<u>\$ 1,112,679</u>	<u>\$ 541,413</u>	<u>\$ 346,413</u>	<u>\$ 766,266</u>

Exhibit F-3

Lauderdale County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Lauderdale County School Department  
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	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)
6-30-09	7-1-07	\$ 19,926	\$ 22,322	\$ 2,396	89.27 %	\$ 7,667	31.25 %
6-30-08	7-1-07	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 2007-08 year; therefore, only two years of data are presented.

Exhibit F-4

Lauderdale County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Lauderdale County Emergency Communications District  
June 30, 2009

(Dollar amounts in thousands)

Actuarial Valuation Date	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)
6-30-09	7-1-07	\$ 60	\$ 52	\$ (8)	115.38 %	\$ 76	(10.53) %
6-30-08	7-1-07	60	52	(8)	115.38	76	(10.53)

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 2007-08 year; therefore, only two years of data are presented.

Exhibit F-5

Lauderdale County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Lauderdale County School Department  
June 30, 2009

(Dollar amounts in thousands)

Plan	Fiscal Year Ended*	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	6-30-08	7-1-07	\$ 0	\$ 4,820	\$ 4,820	0%	\$ 15,674	30.75 %
"	6-30-09	7-1-07	0	4,820	4,820	0	15,674	30.75

\*Data only available for two years.

**LAUDERDALE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2009**

**A. BUDGETARY INFORMATION**

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, County Mayor/Executive, 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.

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the County Attorney major appropriation category (the legal level of control) of the General Fund by \$4,635. Such expenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

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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, 2009

Special Revenue Funds							Constituti	Total
Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Officers - Fees			
\$ 0	\$ 36,984	\$ 48,201	\$ 0	\$ 0	\$ 7,159	\$ 92,344		
5,161	0	137,485	45,777	37,191	0	225,614		
0	694,760	0	0	0	0	694,760		
0	0	730,460	0	0	0	730,460		
0	0	(495,569)	0	0	0	(495,569)		
0	0	0	0	3,089	0	3,089		
0	0	1,814	0	0	0	1,814		
\$ 5,161	\$ 731,744	\$ 422,391	\$ 45,777	\$ 40,280	\$ 7,159	\$ 1,252,512		

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

<u>Liabilities</u>							
Accounts Payable	0	0	584	0	0	0	1,449
Accrued Payroll	0	7,758	6,417	0	0	0	14,175
Due to Other Funds	0	0	0	0	0	7,159	7,159
Total Liabilities	0	7,758	7,001	865	0	7,159	22,783
<u>Fund Balances</u>							
Reserved for Endowments	0	0	0	0	0	0	588,323
Unreserved	5,161	135,663	415,390	44,912	40,280	0	641,406
Total Fund Balances	5,161	723,986	415,390	44,912	40,280	0	1,229,729
Total Liabilities and Fund Balances	5,161	731,744	422,391	45,777	40,280	7,159	1,252,512

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, 2009

	Special Revenue Funds							Capital Projects		Total Nonmajor Governmental Funds
	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Fund			
							General	Projects		
<b>Revenues</b>										
Local Taxes	\$ 1,303	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,303	\$ 0	\$ 0	\$ 1,303
Fines, Forfeitures, and Penalties	0	0	0	29,444	31,991	0	61,435	0	0	61,435
Charges for Current Services	0	0	963,143	0	0	10,457	973,600	0	0	973,600
Other Local Revenues	0	22,645	7,497	2,998	0	0	33,140	0	0	33,140
Other Governments and Citizens Groups	0	15,000	0	0	0	0	15,000	0	0	15,000
<b>Total Revenues</b>	<b>\$ 1,303</b>	<b>\$ 37,645</b>	<b>\$ 970,640</b>	<b>\$ 32,442</b>	<b>\$ 31,991</b>	<b>\$ 10,457</b>	<b>\$ 1,084,478</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,084,478</b>
<b>Expenditures</b>										
Current:										
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32	\$ 32	\$ 0	\$ 0	\$ 32
Finance	0	0	0	0	0	770	770	0	0	770
Administration of Justice	0	0	0	0	41,848	9,655	51,503	0	0	51,503
Public Safety	0	0	0	20,265	0	0	20,265	0	0	20,265
Public Health and Welfare	0	0	1,356,283	0	0	0	1,306,283	0	0	1,306,283
Social, Cultural, and Recreational Services	1,109	137,944	0	0	0	0	139,053	0	0	139,053
Debt Service:										
Other Debt Service	0	0	0	0	0	0	0	7,000	0	7,000
Capital Projects	0	0	0	0	0	0	0	552,563	0	552,563
<b>Total Expenditures</b>	<b>\$ 1,109</b>	<b>\$ 137,944</b>	<b>\$ 1,356,283</b>	<b>\$ 20,265</b>	<b>\$ 41,848</b>	<b>\$ 10,457</b>	<b>\$ 1,517,906</b>	<b>\$ 559,563</b>	<b>\$ 0</b>	<b>\$ 2,077,469</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 194</b>	<b>\$ (100,299)</b>	<b>\$ (385,643)</b>	<b>\$ 12,177</b>	<b>\$ (9,857)</b>	<b>\$ 0</b>	<b>\$ (433,428)</b>	<b>\$ (559,563)</b>	<b>\$ 0</b>	<b>\$ (992,991)</b>
<b>Other Financing Sources (Uses)</b>										
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 559,563	\$ 0	\$ 559,563
Proceeds from Sale of Capital Assets	0	0	50,000	0	0	0	50,000	0	0	50,000
Transfers In	0	98,855	0	0	0	0	98,855	0	0	98,855
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 98,855</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 98,855</b>	<b>\$ 559,563</b>	<b>\$ 0</b>	<b>\$ 658,418</b>
<b>Net Change in Fund Balances</b>	<b>\$ 194</b>	<b>\$ (1,444)</b>	<b>\$ (335,643)</b>	<b>\$ 12,177</b>	<b>\$ (9,857)</b>	<b>\$ 0</b>	<b>\$ (334,573)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (334,573)</b>
<b>Fund Balance, July 1, 2008</b>	<b>4,967</b>	<b>725,430</b>	<b>751,033</b>	<b>32,735</b>	<b>50,137</b>	<b>0</b>	<b>1,564,302</b>	<b>0</b>	<b>0</b>	<b>1,564,302</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 5,161</b>	<b>\$ 723,986</b>	<b>\$ 415,390</b>	<b>\$ 44,912</b>	<b>\$ 40,280</b>	<b>\$ 0</b>	<b>\$ 1,229,729</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,229,729</b>

Exhibit G-3

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,303	\$ 1,500	\$ 1,500	\$ (197)
Total Revenues	\$ 1,303	\$ 1,500	\$ 1,500	\$ (197)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 1,109	\$ 2,050	\$ 2,050	\$ 941
Total Expenditures	\$ 1,109	\$ 2,050	\$ 2,050	\$ 941
Excess (Deficiency) of Revenues Over Expenditures	\$ 194	\$ (550)	\$ (550)	\$ 744
Net Change in Fund Balance	\$ 194	\$ (550)	\$ (550)	\$ 744
Fund Balance, July 1, 2008	4,967	5,116	5,116	(149)
Fund Balance, June 30, 2009	\$ 5,161	\$ 4,566	\$ 4,566	\$ 595

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 22,645	\$ 19,985	\$ 19,985	\$ 2,660
Other Governments and Citizens Groups	15,000	20,000	20,000	(5,000)
Total Revenues	<u>\$ 37,645</u>	<u>\$ 39,985</u>	<u>\$ 39,985</u>	<u>\$ (2,340)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 137,944	\$ 138,840	\$ 138,840	\$ 896
Total Expenditures	<u>\$ 137,944</u>	<u>\$ 138,840</u>	<u>\$ 138,840</u>	<u>\$ 896</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (100,299)</u>	<u>\$ (98,855)</u>	<u>\$ (98,855)</u>	<u>\$ (1,444)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 98,855	\$ 98,855	\$ 98,855	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 98,855</u>	<u>\$ 98,855</u>	<u>\$ 98,855</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,444)	\$ 0	\$ 0	\$ (1,444)
Fund Balance, July 1, 2008	<u>725,430</u>	<u>725,430</u>	<u>725,430</u>	<u>0</u>
Fund Balance, June 30, 2009	<u>\$ 723,986</u>	<u>\$ 725,430</u>	<u>\$ 725,430</u>	<u>\$ (1,444)</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 963,143	\$ 1,278,676	\$ 1,278,676	\$ (315,533)
Other Local Revenues	7,497	10,427	10,427	(2,930)
Total Revenues	<u>\$ 970,640</u>	<u>\$ 1,289,103</u>	<u>\$ 1,289,103</u>	<u>\$ (318,463)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,356,283	\$ 1,362,960	\$ 1,362,960	\$ 6,677
Total Expenditures	<u>\$ 1,356,283</u>	<u>\$ 1,362,960</u>	<u>\$ 1,362,960</u>	<u>\$ 6,677</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (385,643)</u>	<u>\$ (73,857)</u>	<u>\$ (73,857)</u>	<u>\$ (311,786)</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Total Other Financing Sources (Uses)	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,000</u>
Net Change in Fund Balance	\$ (335,643)	\$ (73,857)	\$ (73,857)	\$ (261,786)
Fund Balance, July 1, 2008	<u>751,033</u>	<u>751,033</u>	<u>751,033</u>	<u>0</u>
Fund Balance, June 30, 2009	<u>\$ 415,390</u>	<u>\$ 677,176</u>	<u>\$ 677,176</u>	<u>\$ (261,786)</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 29,444	\$ 13,400	\$ 13,400	\$ 16,044
Other Local Revenues	2,998	0	0	2,998
Total Revenues	<u>\$ 32,442</u>	<u>\$ 13,400</u>	<u>\$ 13,400</u>	<u>\$ 19,042</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 20,265	\$ 31,000	\$ 31,000	\$ 10,735
Total Expenditures	<u>\$ 20,265</u>	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 10,735</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 12,177</u>	<u>\$ (17,600)</u>	<u>\$ (17,600)</u>	<u>\$ 29,777</u>
Net Change in Fund Balance	\$ 12,177	\$ (17,600)	\$ (17,600)	\$ 29,777
Fund Balance, July 1, 2008	<u>32,735</u>	<u>32,437</u>	<u>32,437</u>	<u>298</u>
Fund Balance, June 30, 2009	<u><u>\$ 44,912</u></u>	<u><u>\$ 14,837</u></u>	<u><u>\$ 14,837</u></u>	<u><u>\$ 30,075</u></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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,016,723	\$ 972,980	\$ 972,980	\$ 43,743
Licenses and Permits	832	850	850	(18)
Other Governments and Citizens Groups	1,845,537	0	1,845,538	(1)
Total Revenues	<u>\$ 2,863,092</u>	<u>\$ 973,830</u>	<u>\$ 2,819,368</u>	<u>\$ 43,724</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 437,566	\$ 509,366	\$ 503,949	\$ 66,383
Education	1,193,150	1,193,221	1,193,221	71
<u>Interest on Debt</u>				
General Government	98,900	105,617	109,265	10,365
Education	567,334	567,336	567,336	2
<u>Other Debt Service</u>				
General Government	321,133	407,000	408,769	87,636
Education	650	1,000	1,000	350
Total Expenditures	<u>\$ 2,618,733</u>	<u>\$ 2,783,540</u>	<u>\$ 2,783,540</u>	<u>\$ 164,807</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 244,359</u>	<u>\$ (1,809,710)</u>	<u>\$ 35,828</u>	<u>\$ 208,531</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 1,760,484	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 1,760,484</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 244,359	\$ (49,226)	\$ 35,828	\$ 208,531
Fund Balance, July 1, 2008	3,837,290	3,728,621	3,728,621	108,669
Fund Balance, June 30, 2009	<u>\$ 4,081,649</u>	<u>\$ 3,679,395</u>	<u>\$ 3,764,449</u>	<u>\$ 317,200</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, 2009

	<u>Agency Funds</u>			Total
	Local Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>				
Cash	\$ 0	\$ 775,118	\$ 0	\$ 775,118
Equity in Pooled Cash and Investments	2,859,327	0	100,255	2,959,582
Accounts Receivable	0	1,100	2,114	3,214
Due from Other Governments	367,801	0	8,411	376,212
Total Assets	<u>\$ 3,227,128</u>	<u>\$ 776,218</u>	<u>\$ 110,780</u>	<u>\$ 4,114,126</u>
<u>LIABILITIES</u>				
Due to Cities	\$ 162,580	\$ 0	\$ 0	\$ 162,580
Due to Other Taxing Units	3,064,548	0	0	3,064,548
Due to Litigants, Heirs, and Others	0	775,694	0	775,694
Due to Joint Ventures	0	0	110,780	110,780
Total Liabilities	<u>\$ 3,227,128</u>	<u>\$ 775,694</u>	<u>\$ 110,780</u>	<u>\$ 4,113,602</u>

Exhibit I-2

Lauderdale County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Local Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,772,670	\$ 2,195,687	\$ 2,109,030	\$ 2,859,327
Due from Other Governments	380,160	367,801	380,160	367,801
<b>Total Assets</b>	<b>\$ 3,152,830</b>	<b>\$ 2,563,488</b>	<b>\$ 2,489,190</b>	<b>\$ 3,227,128</b>
<u>Liabilities</u>				
Due to Cities	\$ 173,335	\$ 162,580	\$ 173,335	\$ 162,580
Due to Other Taxing Units	2,979,495	2,400,908	2,315,855	3,064,548
<b>Total Liabilities</b>	<b>\$ 3,152,830</b>	<b>\$ 2,563,488</b>	<b>\$ 2,489,190</b>	<b>\$ 3,227,128</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 642,790	\$ 4,625,422	\$ 4,493,094	\$ 775,118
Accounts Receivable	674	1,100	674	1,100
<b>Total Assets</b>	<b>\$ 643,464</b>	<b>\$ 4,626,522</b>	<b>\$ 4,493,768</b>	<b>\$ 776,218</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 643,464	\$ 4,626,522	\$ 4,493,768	\$ 776,218
<b>Total Liabilities</b>	<b>\$ 643,464</b>	<b>\$ 4,626,522</b>	<b>\$ 4,493,768</b>	<b>\$ 776,218</b>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 38,495	\$ 203,665	\$ 141,905	\$ 100,255
Accounts Receivable	0	2,114	0	2,114
Due From Other Governments	0	8,411	0	8,411
<b>Total Assets</b>	<b>\$ 38,495</b>	<b>\$ 214,190</b>	<b>\$ 141,905</b>	<b>\$ 110,780</b>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 38,495	\$ 214,190	\$ 141,905	\$ 110,780
<b>Total Liabilities</b>	<b>\$ 38,495</b>	<b>\$ 214,190</b>	<b>\$ 141,905</b>	<b>\$ 110,780</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 642,790	\$ 4,625,422	\$ 4,493,094	\$ 775,118
Equity in Pooled Cash and Investments	2,811,165	2,399,352	2,250,935	2,959,582
Accounts Receivable	674	3,214	674	3,214
Due from Other Governments	380,160	376,212	380,160	376,212
<b>Total Assets</b>	<b>\$ 3,834,789</b>	<b>\$ 7,404,200</b>	<b>\$ 7,124,863</b>	<b>\$ 4,114,126</b>
<u>Liabilities</u>				
Due to Cities	\$ 173,335	\$ 162,580	\$ 173,335	\$ 162,580
Due to Other Taxing Units	2,979,495	2,400,908	2,315,855	3,064,548
Due to Litigants, Heirs, and Others	643,464	4,626,522	4,493,768	776,218
Due to Joint Ventures	38,495	214,190	141,905	110,780
<b>Total Liabilities</b>	<b>\$ 3,834,789</b>	<b>\$ 7,404,200</b>	<b>\$ 7,124,863</b>	<b>\$ 4,114,126</b>

# 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, 2009

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total	Governmental Activities
Governmental Activities:						
Instruction	\$ 22,272,807	\$ 11,298	\$ 2,147,419	\$ 308,069	\$ (19,806,021)	
Support Services	9,614,880	46,593	475,505	0	(9,092,782)	
Operation of Non-Instructional Services	4,085,239	603,488	3,155,796	0	(325,955)	
Interest on Long-term Debt	38,573	0	0	0	(38,573)	
Other Debt Service	1,200,000	0	0	0	(1,200,000)	
Total Governmental Activities	\$ 37,211,499	\$ 661,379	\$ 5,778,720	\$ 308,069	\$ (30,463,331)	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,856,214	
Local Option Sales Taxes					1,819,249	
Other Local Taxes					177,733	
Grants and Contributions Not Restricted for Specific Programs					24,297,998	
Unrestricted Investment Income					353,196	
Miscellaneous					27,006	
Total General Revenues					\$ 29,531,396	
Change in Net Assets					\$ (931,935)	
Prior-period Adjustment					(865,934)	
Net Assets, July 1, 2008					26,638,494	
Net Assets, June 30, 2009					\$ 24,840,625	

Exhibit J-2

Lauderdale County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Lauderdale County School Department  
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General	Other	Govern-
	Purpose	Govern-	mental
	School	mental	Funds
	School	Funds	Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 2,225,569	\$ 413,056	\$ 2,638,625
Accounts Receivable	36,851	0	36,851
Due from Other Governments	624,565	327,014	951,579
Property Taxes Receivable	3,119,302	0	3,119,302
Allowance for Uncollectible Property Taxes	(172,891)	0	(172,891)
Accrued Interest Receivable	55,459	0	55,459
<b>Total Assets</b>	<b>\$ 5,888,855</b>	<b>\$ 740,070</b>	<b>\$ 6,628,925</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Payroll Deductions Payable	\$ 571,845	\$ 27,877	\$ 599,722
Deferred Revenue - Current Property Taxes	2,799,089	0	2,799,089
Deferred Revenue - Delinquent Property Taxes	133,106	0	133,106
Other Deferred Revenues	211,082	0	211,082
<b>Total Liabilities</b>	<b>\$ 3,715,122</b>	<b>\$ 27,877</b>	<b>\$ 3,742,999</b>
<b><u>Fund Balances</u></b>			
Reserved for Encumbrances	\$ 171,783	\$ 22,827	\$ 194,610
Reserved for Career Ladder - Extended Contract	7,919	0	7,919
Reserved for Career Ladder Program	6,279	0	6,279
Reserved for Technology	6,673	0	6,673
Reserved for Title I Grants to Local Education Agencies	0	107,969	107,969
Reserved for Innovative Education Program Strategies	0	6,798	6,798
Other Federal Reserves	0	50,219	50,219
Unreserved, Reported In:			
General Fund	1,981,079	0	1,981,079
Special Revenue Funds	0	524,380	524,380
<b>Total Fund Balances</b>	<b>\$ 2,173,733</b>	<b>\$ 712,193</b>	<b>\$ 2,885,926</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,888,855</b>	<b>\$ 740,070</b>	<b>\$ 6,628,925</b>

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, 2009

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)		\$ 2,885,926	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,378,648		
Add: buildings and improvements net of accumulated depreciation	19,216,308		
Add: infrastructure net of accumulated depreciation	219,393		
Add: other capital assets net of accumulated depreciation	<u>2,457,299</u>	23,271,648	
(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	\$ (23,892)		
Less: capital lease payable	(1,087,893)		
Less: accrued interest on capital lease	(21,806)		
Less: other postemployment benefits liability	<u>(527,546)</u>	(1,661,137)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>344,188</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 24,840,625</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, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 4,957,455	\$ 0	\$ 4,957,455
Licenses and Permits	4,260	0	4,260
Fines, Forfeitures, and Penalties	1,698	0	1,698
Charges for Current Services	53,700	603,488	657,188
Other Local Revenues	367,491	3,756	371,247
State of Tennessee	24,242,296	27,296	24,269,592
Federal Government	112,556	5,129,204	5,241,760
Other Governments and Citizens Groups	548,632	0	548,632
Total Revenues	<u>\$ 30,288,088</u>	<u>\$ 5,763,744</u>	<u>\$ 36,051,832</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 18,696,145	\$ 2,472,441	\$ 21,168,586
Support Services	8,813,304	369,208	9,182,512
Operation of Non-Instructional Services	1,112,006	2,770,655	3,882,661
Capital Outlay	509,194	0	509,194
Debt Service:			
Principal on Debt	292,683	0	292,683
Interest on Debt	16,767	0	16,767
Other Debt Service	1,200,000	0	1,200,000
Total Expenditures	<u>\$ 30,640,099</u>	<u>\$ 5,612,304</u>	<u>\$ 36,252,403</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (352,011)</u>	<u>\$ 151,440</u>	<u>\$ (200,571)</u>
<u>Other Financing Sources (Uses)</u>			
Capital Leases Issued	\$ 505,086	\$ 0	\$ 505,086
Transfers In	18,464	0	18,464
Transfers Out	0	(18,464)	(18,464)
Total Other Financing Sources (Uses)	<u>\$ 523,550</u>	<u>\$ (18,464)</u>	<u>\$ 505,086</u>
Net Change in Fund Balances	\$ 171,539	\$ 132,976	\$ 304,515
Fund Balance, July 1, 2008	<u>2,002,194</u>	<u>579,217</u>	<u>2,581,411</u>
Fund Balance, June 30, 2009	<u>\$ 2,173,733</u>	<u>\$ 712,193</u>	<u>\$ 2,885,926</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, 2009

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)		\$ 304,515
(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	\$ 474,679	
Less: current year depreciation expense	<u>(1,287,143)</u>	(812,464)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: capital assets donated in the current period		158,069
(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, 2009	\$ 344,188	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(410,166)</u>	(65,978)
(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.		
Less: lease proceeds	\$ (505,086)	
Add: principal payments on capital lease	283,127	
Add: principal payments on notes	<u>9,556</u>	(212,403)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (21,806)	
Change in other postemployment benefits liability	<u>(281,868)</u>	(303,674)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (931,935)</u>

Exhibit J-6

Lauderdale County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Lauderdale County School Department  
June 30, 2009

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 71,932	\$ 341,124	\$ 413,056
Due from Other Governments	143,758	183,256	327,014
Total Assets	<u>\$ 215,690</u>	<u>\$ 524,380</u>	<u>\$ 740,070</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 27,877	\$ 0	\$ 27,877
Total Liabilities	<u>\$ 27,877</u>	<u>\$ 0</u>	<u>\$ 27,877</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 22,827	\$ 0	\$ 22,827
Reserved for Title I Grants to Local Education Agencies	107,969	0	107,969
Reserved for Innovative Education Program Strategies	6,798	0	6,798
Other Federal Reserves	50,219	0	50,219
Unreserved	0	524,380	524,380
Total Fund Balances	<u>\$ 187,813</u>	<u>\$ 524,380</u>	<u>\$ 712,193</u>
Total Liabilities and Fund Balances	<u>\$ 215,690</u>	<u>\$ 524,380</u>	<u>\$ 740,070</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, 2009

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 603,488	\$ 603,488
Other Local Revenues	0	3,756	3,756
State of Tennessee	0	27,296	27,296
Federal Government	3,212,888	1,916,316	5,129,204
Total Revenues	<u>\$ 3,212,888</u>	<u>\$ 2,550,856</u>	<u>\$ 5,763,744</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,472,441	\$ 0	\$ 2,472,441
Support Services	369,208	0	369,208
Operation of Non-Instructional Services	236,046	2,534,609	2,770,655
Total Expenditures	<u>\$ 3,077,695</u>	<u>\$ 2,534,609</u>	<u>\$ 5,612,304</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 135,193</u>	<u>\$ 16,247</u>	<u>\$ 151,440</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (18,464)	\$ 0	\$ (18,464)
Total Other Financing Sources (Uses)	<u>\$ (18,464)</u>	<u>\$ 0</u>	<u>\$ (18,464)</u>
Net Change in Fund Balances	\$ 116,729	\$ 16,247	\$ 132,976
Fund Balance, July 1, 2008	71,084	508,133	579,217
Fund Balance, June 30, 2009	<u>\$ 187,813</u>	<u>\$ 524,380</u>	<u>\$ 712,193</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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,957,455	\$ 0	\$ 0	\$ 4,957,455	\$ 5,440,164	\$ 4,891,532	\$ 65,923
Licenses and Permits	4,260	0	0	4,260	5,300	5,300	(1,040)
Fines, Forfeitures, and Penalties	1,698	0	0	1,698	0	0	1,698
Charges for Current Services	53,700	0	0	53,700	0	101,106	(47,406)
Other Local Revenues	367,491	0	0	367,491	347,218	373,861	(6,370)
State of Tennessee	24,242,296	0	0	24,242,296	22,720,232	24,084,097	158,199
Federal Government	112,556	0	0	112,556	58,134	113,700	(1,144)
Other Governments and Citizens Groups	548,632	0	0	548,632	0	548,632	0
Total Revenues	\$ 30,288,088	\$ 0	\$ 0	\$ 30,288,088	\$ 28,571,048	\$ 30,118,228	\$ 169,860
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 15,473,541	(1,776)	2,172	\$ 15,473,937	\$ 15,057,884	\$ 15,532,506	\$ 58,569
Special Education Program	2,343,503	0	0	2,343,503	2,209,010	2,346,714	3,211
Vocational Education Program	879,101	0	272	879,373	871,432	892,932	13,559
<u>Support Services</u>							
Attendance	0	0	0	0	11,500	11,500	11,500
Health Services	234,974	(9,002)	1,102	227,074	112,629	230,629	3,555
Other Student Support	840,706	(7,479)	0	833,227	821,150	856,539	23,312
Regular Instruction Program	751,284	(3,565)	955	748,674	767,091	784,091	35,417
Special Education Program	282,358	(2,645)	4,154	283,867	291,134	303,496	19,629
Vocational Education Program	118,845	0	1,540	120,385	102,722	123,829	3,444
Other Programs	61,329	0	0	61,329	0	61,329	0
Board of Education	329,279	0	0	329,279	286,984	333,284	4,005

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 233,645	\$ (6,896)	\$ 262	\$ 227,011	\$ 277,830	\$ 235,830	\$ 8,819
Office of the Principal	1,929,194	0	351	1,929,545	1,915,020	1,936,764	7,219
Fiscal Services	162,688	0	0	162,688	165,405	165,405	2,717
Operation of Plant	1,782,549	0	0	1,782,549	1,791,623	1,800,623	18,074
Maintenance of Plant	688,374	(6,327)	11,524	693,571	713,787	725,787	32,216
Transportation	1,364,017	0	128,963	1,492,980	1,616,269	1,540,039	47,059
Central and Other	34,062	0	0	34,062	34,101	34,101	39
<u>Operation of Non-Instructional Services</u>							
Community Services	232,147	(1,466)	9,371	240,052	85,752	240,856	804
Early Childhood Education	879,859	(84,343)	11,117	806,633	0	806,787	154
<u>Capital Outlay</u>							
Regular Capital Outlay	509,194	(88,965)	0	420,229	200,000	427,228	6,999
<u>Principal on Debt</u>							
Education	292,683	0	0	292,683	9,556	292,683	0
Interest on Debt	16,767	0	0	16,767	0	16,767	0
<u>Other Debt Service</u>							
Education	1,200,000	0	0	1,200,000	1,200,000	1,200,000	0
Total Expenditures	\$ 30,640,099	\$ (212,464)	\$ 171,783	\$ 30,599,418	\$ 28,540,879	\$ 30,899,719	\$ 300,301
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (352,011)	\$ 212,464	\$ (171,783)	\$ (311,330)	\$ 30,169	\$ (781,491)	\$ 470,161
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 505,086	\$ 0	\$ 0	\$ 505,086	\$ 0	\$ 505,086	\$ 0
Transfers In	18,464	0	0	18,464	16,640	16,640	1,824
Transfers Out	0	0	0	0	0	(1,544)	1,544
Total Other Financing Sources (Uses)	\$ 523,550	\$ 0	\$ 0	\$ 523,550	\$ 16,640	\$ 520,182	\$ 3,368
Net Change in Fund Balance	\$ 171,539	\$ 212,464	\$ (171,783)	\$ 212,220	\$ 46,809	\$ (261,309)	\$ 473,529
Fund Balance, July 1, 2008	2,002,194	(212,464)	0	1,789,730	1,569,209	1,569,209	220,521
Fund Balance, June 30, 2009	\$ 2,173,733	\$ 0	\$ (171,783)	\$ 2,001,950	\$ 1,616,018	\$ 1,307,900	\$ 694,050

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,212,888	\$ 0	\$ 0	\$ 3,212,888	\$ 3,297,371	\$ 3,317,603	\$ (104,715)
Total Revenues	\$ 3,212,888	\$ 0	\$ 0	\$ 3,212,888	\$ 3,297,371	\$ 3,317,603	\$ (104,715)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,447,357	\$ (1,112)	\$ 12,061	\$ 1,458,306	\$ 1,682,861	\$ 1,638,795	\$ 180,489
Special Education Program	962,053	0	102	962,155	963,595	962,154	(1)
Vocational Education Program	63,031	(2,558)	0	60,473	60,330	60,428	(45)
<u>Support Services</u>							
Other Student Support	24,652	0	0	24,652	25,822	25,777	1,125
Regular Instruction Program	186,777	0	4,772	191,549	206,776	271,861	80,312
Special Education Program	152,073	0	0	152,073	151,862	153,605	1,532
Vocational Education Program	4,528	0	0	4,528	4,582	4,528	0
Transportation	1,178	0	0	1,178	10,000	1,178	0
<u>Operation of Non-Instructional Services</u>							
Community Services	236,046	(4,375)	5,892	237,563	238,096	238,095	532
Total Expenditures	\$ 3,077,695	\$ (8,045)	\$ 22,827	\$ 3,092,477	\$ 3,343,924	\$ 3,356,421	\$ 263,944
Excess (Deficiency) of Revenues Over Expenditures	\$ 135,193	\$ 8,045	\$ (22,827)	\$ 120,411	\$ (46,553)	\$ (38,818)	\$ 159,229
<u>Other Financing Sources (Uses)</u>							
Transfers In	0	0	0	0	0	5,045	(5,045)
Transfers Out	(18,464)	0	0	(18,464)	(20,775)	(26,020)	7,556
Total Other Financing Sources (Uses)	\$ (18,464)	\$ 0	\$ 0	\$ (18,464)	\$ (20,775)	\$ (20,975)	\$ 2,511
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 116,729	\$ 8,045	\$ (22,827)	\$ 101,947	\$ (67,328)	\$ (59,793)	\$ 161,740
Fund Balance, July 1, 2008	71,084	(8,045)	0	63,039	70,522	70,522	(7,483)
Fund Balance, June 30, 2009	\$ 187,813	\$ 0	\$ (22,827)	\$ 164,986	\$ 3,194	\$ 10,729	\$ 154,257

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 603,488	\$ 661,896	\$ 661,896	\$ (58,408)
Other Local Revenues	3,756	4,500	4,500	(744)
State of Tennessee	27,296	27,500	27,500	(204)
Federal Government	1,916,316	1,888,771	1,888,771	27,545
Total Revenues	<u>\$ 2,550,856</u>	<u>\$ 2,582,667</u>	<u>\$ 2,582,667</u>	<u>\$ (31,811)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 0	\$ 33,695	\$ 0	\$ 0
<u>Operation of Non-Instructional Services</u>				
Food Service	2,534,609	2,805,321	2,839,016	304,407
Total Expenditures	<u>\$ 2,534,609</u>	<u>\$ 2,839,016</u>	<u>\$ 2,839,016</u>	<u>\$ 304,407</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,247</u>	<u>\$ (256,349)</u>	<u>\$ (256,349)</u>	<u>\$ 272,596</u>
Net Change in Fund Balance	\$ 16,247	\$ (256,349)	\$ (256,349)	\$ 272,596
Fund Balance, July 1, 2008	508,133	511,914	511,914	(3,781)
Fund Balance, June 30, 2009	<u>\$ 524,380</u>	<u>\$ 255,565</u>	<u>\$ 255,565</u>	<u>\$ 268,815</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Lauderdale County, Tennessee  
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
 Primary Government and Discretely Presented Lauderdale County School Department  
 For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<b>PRIMARY GOVERNMENT</b>								
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Health Department Construction	\$ 300,000	0 %	11-7-04	9-1-13	\$ 175,000	\$ 0	\$ 33,333	\$ 141,667
School Rehabilitation and Road Bank Stabilization	280,000	3.5	12-10-02	12-10-09	86,966	0	42,753	44,213
School Energy Efficiency Loan	500,000	0	8-21-07	8-15-14	500,000	0	71,429	428,571
Law Enforcement Vehicles	120,000	6	10-9-08	9-30-11	0	120,000	28,201	91,799
Total Notes Payable					\$ 761,966	\$ 120,000	\$ 175,716	\$ 706,250
<b>OTHER LOANS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Public Works Projects	(1)	Variable	1-28-09	5-25-19	\$ 0	\$ 559,563	\$ 0	\$ 559,563
Total Other Loans Payable					\$ 0	\$ 559,563	\$ 0	\$ 559,563
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
G.O. School, Series 2003	9,835,000	2 to 3.75	5-1-03	4-1-22	\$ 8,335,000	\$ 0	\$ 300,000	\$ 8,035,000
G.O. School Refunding, Series 2003	9,840,000	3 to 4	6-1-03	4-1-18	6,315,000	0	775,000	5,540,000
G.O. Refunding, Series 2006	4,605,000	3.75 to 4	5-10-06	4-1-16	3,850,000	0	380,000	3,470,000
Total Bonds Payable					\$ 18,500,000	\$ 0	\$ 1,455,000	\$ 17,045,000

(Continued)

Exhibit K-1

Lauderdale County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
Primary Government and Discretely Presented Lauderdale County School Department ( Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<u>DISCRETELY PRESENTED LAUDERDALE</u>								
<u>COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>	\$ 172,013	0	% 4-17-1992	5-30-12	\$ 33,448	\$ 0	\$ 9,556	\$ 23,892
Asbestos Abatement					\$ 33,448	\$ 0	\$ 9,556	\$ 23,892
Total Notes Payable					<u>\$ 33,448</u>	<u>\$ 0</u>	<u>\$ 9,556</u>	<u>\$ 23,892</u>
<u>CAPITAL LEASES</u>								
<u>Payable through General Purpose School Fund</u>	1,156,550	1.92	1-3-08	1-3-11	\$ 865,934	\$ 0	\$ 283,127	\$ 582,807
Computers	505,086	6.09	12-18-08	11-18-12	0	505,086	0	505,086
Total Capital Leases					<u>\$ 865,934</u>	<u>\$ 505,086</u>	<u>\$ 283,127</u>	<u>\$ 1,087,893</u>

(1) Total amount authorized was \$1,000,000, of which \$440,437 remains available for draws as of June 30, 2009.

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	Notes		Total
	Principal	Interest	
2010	\$ 188,322	\$ 6,182	\$ 194,504
2011	146,523	2,220	148,743
2012	115,453	304	115,757
2013	104,762	0	104,762
2014	79,762	0	79,762
2015	71,428	0	71,428
Total	\$ 706,250	\$ 8,706	\$ 714,956

Year Ending June 30	Other Loans			Total
	Principal	Interest	Fees	
2010	\$ 50,000	\$ 1,790	\$ 3,426	\$ 55,216
2011	52,000	1,631	3,211	56,842
2012	53,000	1,464	2,988	57,452
2013	55,000	1,295	2,760	59,055
2014	56,000	1,119	2,523	59,642
2015	58,000	939	2,282	61,221
2016	59,000	754	2,033	61,787
2017	61,000	565	1,779	63,344
2018	63,000	370	1,517	64,887
2019	52,563	168	1,246	53,977
Total	\$ 559,563	\$ 10,095	\$ 23,765	\$ 593,423

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 17,045,000	\$ 3,850,838	\$ 20,895,838

(Continued)

Exhibit K-2

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

DISCRETELY PRESENTED LAUDERDALE  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 9,556	\$ 0	\$ 9,556
2011	9,556	0	9,556
2012	4,780	0	4,780
Total	<u>\$ 23,892</u>	<u>\$ 0</u>	<u>\$ 23,892</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2010	\$ 414,702	\$ 40,193	\$ 454,895
2011	425,474	29,420	454,894
2012	139,494	15,506	155,000
2013	108,223	6,774	114,997
Total	<u>\$ 1,087,893</u>	<u>\$ 91,893</u>	<u>\$ 1,179,786</u>

Exhibit K-3

Lauderdale County, Tennessee  
Schedule of Investments  
June 30, 2009

<u>Fund and Type</u>	<u>Amount</u>
<u>Public Library Fund</u>	
Money market funds	\$ 441,957
U.S. government or agency bond or note	160,869
Certificates of deposit	<u>91,934</u>
Total Investments	<u>\$ 694,760</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, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ <u>98,855</u>
Total Transfers Primary Government			\$ <u>98,855</u>
<u>DISCRETELY PRESENTED LAUDERDALE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ <u>18,464</u>
Total Transfers Discretely Presented Lauderdale County School Department			\$ <u>18,464</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, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission Chapter 304, Private Acts of 1929, as amended, and County Commission	\$ 77,304	\$ 50,000	RLI Insurance Company
Highway Commissioner		67,927	100,000	"
Director of Schools:				
Phillip Jackson (7-1-08 through 12-31-08)	State Board of Education and County Board of Education	49,369	150,000	Montgomery Insurance Company
Joel Hassell (1-1-09 through 6-30-09)	State Board of Education and County Board of Education	61,000 (1)(2)	150,000	"
Trustee	Board of Education			
Assessor of Property	Section 8-24-102, TCA	61,751	983,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	61,751	10,000	"
Circuit Court Clerk	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	61,751	50,000	"
Register	Section 8-24-102, TCA	61,751	300,000	"
Sheriff	Section 8-24-102, TCA	67,927 (3)	50,000	"
Sheriff	Section 8-24-102, TCA		25,000	"
Employees Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			150,000	Montgomery Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Does not include a travel allowance of \$3,600.
- (3) 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, 2009

	General	Special Revenue Funds			
		Law Library	Public Library	Ambulance Service	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,682,815	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	172,484	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	92,955	0	0	0	0
Interest and Penalty	34,830	0	0	0	0
Pick-up Taxes	5,191	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	483	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	37,500	0	0	0	0
Payments in-Lieu-of Taxes - Other	77,493	0	0	0	0
<u>County Local Option Taxes</u>					
Hotel/Motel Tax	26,455	0	0	0	0
Wheel Tax	868,424	0	0	0	0
Litigation Tax - General	61,899	0	0	0	0
Litigation Tax - Special Purpose	13,646	1,303	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	39,682	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	19,820	0	0	0	0
Wholesale Beer Tax	56,632	0	0	0	0
Interstate Telecommunications Tax	1,802	0	0	0	0
Total Local Taxes	\$ 5,192,111	\$ 1,303	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 4,594	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	3,482	0	0	0	0
<u>Permits</u>					
Beer Permits	1,425	0	0	0	0
Building Permits	13,446	0	0	0	0
Other Permits	510	0	0	0	0
Total Licenses and Permits	\$ 23,457	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	General	Special Revenue Funds			
		Law Library	Public Library	Ambulance Service	Drug Control
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 4,145	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	4,015	0	0	0	0
Drug Control Fines	10,151	0	0	0	2,768
Drug Court Fees	964	0	0	0	0
Jail Fees	1,867	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	508	0	0	0	0
Data Entry Fee - Circuit Court	272	0	0	0	0
Victims Assistance Assessments	687	0	0	0	0
<u>Criminal Court</u>					
Drug Control Fines	0	0	0	0	5,540
<u>General Sessions Court</u>					
Fines	43,414	0	0	0	0
Officers Costs	20,062	0	0	0	0
Game and Fish Fines	236	0	0	0	0
Drug Control Fines	3,079	0	0	0	1,928
Drug Court Fees	4,927	0	0	0	0
Jail Fees	17,383	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	5,091	0	0	0	0
Data Entry Fee - General Sessions Court	4,707	0	0	0	0
Victims Assistance Assessments	21,022	0	0	0	0
<u>Juvenile Court</u>					
Fines	5,837	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,821	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	0	0	19,208
Total Fines, Forfeitures, and Penalties	\$ 150,188	\$ 0	\$ 0	\$ 0	\$ 29,444

(Continued)

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

	General	Special Revenue Funds			
		Law Library	Public Library	Ambulance Service	Drug Control
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
<u>Patient Charges</u>	\$ 0	\$ 0	\$ 0	\$ 963,143	\$ 0
<u>Fees</u>					
Subdivision Lot Fees	300	0	0	0	0
Copy Fees	2,397	0	0	0	0
Telephone Commissions	36,002	0	0	0	0
Vending Machine Collections	123	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	7,340	0	0	0	0
Data Processing Fee - Sheriff	4,563	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,275	0	0	0	0
Data Processing Fee - County Clerk	856	0	0	0	0
<u>Education Charges</u>					
Tuition - Other	14,866	0	0	0	0
TBI Criminal Background Fees	2,299	0	0	0	0
Total Charges for Current Services	\$ 71,021	\$ 0	\$ 0	\$ 963,143	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	10,971	7,497	0
Commissary Sales	7,326	0	0	0	0
Sale of Maps	1,060	0	0	0	0
Sale of Recycled Materials	4,504	0	0	0	0
Miscellaneous Refunds	16,473	0	3,640	0	2,998
<u>Nonrecurring Items</u>					
Sale of Equipment	8,025	0	0	0	0
Sale of Property	5,308	0	0	0	0
Total Other Local Revenues	\$ 42,696	\$ 0	\$ 14,611	\$ 7,497	\$ 2,998

(Continued)

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

	General	Special Revenue Funds			
		Law Library	Public Library	Ambulance Service	Drug Control
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 268,779	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	99,745	0	0	0	0
General Sessions Court Clerk	164,394	0	0	0	0
Clerk and Master	95,710	0	0	0	0
Register	72,836	0	0	0	0
Sheriff	12,562	0	0	0	0
Trustee	312,126	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 1,026,152</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 14,175	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	8,378	0	0	0	0
Other General Government Grants	5,000	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	14,400	0	0	0	0
Other Public Safety Grants	3,616	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	257,932	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
Litter Program	28,478	0	0	0	0
<u>Other State Revenues</u>					
Beer Tax	18,701	0	0	0	0
Alcoholic Beverage Tax	47,293	0	0	0	0
Mixed Drink Tax	778	0	0	0	0
State Revenue Sharing - T.V.A.	111,676	0	0	0	0
Emergency Hospital - Prisoners	23,956	0	0	0	0
Contracted Prisoner Boarding	778,995	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0

(Continued)

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

	General	Special Revenue Funds			
		Law Library	Public Library	Ambulance Service	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	0 \$	0 \$	0 \$	0 \$	0
Registrar's Salary Supplement	14,912	0	0	0	0
Other State Grants	43,404	0	2,000	0	0
Other State Revenues	443	0	0	0	0
Total State of Tennessee	\$ 1,372,137 \$	0 \$	2,000 \$	0 \$	0
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	35,771 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	115,469	0	0	0	0
<u>Direct Federal Revenue</u>					
FHA Grant	8,925	0	0	0	0
Other Direct Federal Revenue	6,400	0	0	0	0
Total Federal Government	\$ 166,565 \$	0 \$	0 \$	0 \$	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	146,234 \$	0 \$	15,000 \$	0 \$	0
Contracted Services	46,000	0	0	0	0
<u>Citizens Groups</u>					
Donations	2,671	0	6,034	0	0
Total Other Governments and Citizens Groups	\$ 194,905 \$	0 \$	21,034 \$	0 \$	0
Total	\$ 8,239,232 \$	1,303 \$	37,645 \$	970,640 \$	32,442

(Continued)

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

	Special Revenue Funds				Debt Service Fund	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 753,303	\$ 878,852	\$ 5,314,970	
Trustee's Collections - Prior Year	0	0	36,347	44,988	253,769	
Circuit/Clerk & Master Collections - Prior Years	0	0	19,590	24,218	136,763	
Interest and Penalty	0	0	7,297	8,926	51,053	
Pick-up Taxes	0	0	1,085	1,321	7,597	
Payments in-Lieu-of Taxes - T.V.A.	0	0	99	115	697	
Payments in-Lieu-of Taxes - Local Utilities	0	0	7,667	8,946	54,113	
Payments in-Lieu-of Taxes - Other	0	0	15,971	18,933	112,397	
<u>County Local Option Taxes</u>						
Hotel/Motel Tax	0	0	0	0	26,455	
Wheel Tax	0	0	91,333	0	959,757	
Litigation Tax - General	0	0	0	0	61,899	
Litigation Tax - Special Purpose	0	0	0	0	14,949	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	25,746	25,746	
Business Tax	0	0	0	0	39,682	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	4,052	4,728	28,600	
Wholesale Beer Tax	0	0	0	0	56,632	
Interstate Telecommunications Tax	0	0	0	0	1,802	
<b>Total Local Taxes</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 936,744</b>	<b>\$ 1,016,723</b>	<b>\$ 7,146,881</b>	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,594	
Cable TV Franchise	0	0	712	832	5,026	
<u>Permits</u>						
Beer Permits	0	0	0	0	1,425	
Building Permits	0	0	0	0	13,446	
Other Permits	0	0	0	0	510	
<b>Total Licenses and Permits</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 712</b>	<b>\$ 832</b>	<b>\$ 25,001</b>	

(Continued)

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

	Special Revenue Funds				Total
	Special Revenue Funds			Debt Service Fund	
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works		
	\$	0 \$	0 \$	0 \$	0 \$
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines		0	0	0	4,145
Officers Costs		0	0	0	4,015
Drug Control Fines		0	0	0	12,919
Drug Court Fees		0	0	0	964
Jail Fees		0	0	0	1,867
District Attorney General Fees		853	0	0	853
DUI Treatment Fines		0	0	0	508
Data Entry Fee - Circuit Court		0	0	0	272
Victims Assistance Assessments		0	0	0	687
<u>Criminal Court</u>					
Drug Control Fines		0	0	0	5,540
<u>General Sessions Court</u>					
Fines		0	0	0	43,414
Officers Costs		0	0	0	20,062
Game and Fish Fines		0	0	0	236
Drug Control Fines		0	0	0	5,007
Drug Court Fees		0	0	0	4,927
Jail Fees		0	0	0	17,383
District Attorney General Fees		2,397	0	0	2,397
DUI Treatment Fines		0	0	0	5,091
Data Entry Fee - General Sessions Court		0	0	0	4,707
Victims Assistance Assessments		0	0	0	21,022
<u>Juvenile Court</u>					
Fines		0	0	0	5,837
<u>Chancery Court</u>					
Officers Costs		0	0	0	1,821
<u>Courts in Other District Counties</u>					
District Attorney General Fees		28,741	0	0	28,741
Judicial District Drug Program		0	0	0	0
Drug Task Force Forfeitures and Seizures		0	0	0	19,208
Total Fines, Forfeitures, and Penalties	\$	31,991 \$	0 \$	0 \$	211,623

(Continued)

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

	Special Revenue Funds				Total
	District Attorney General		Highway / Public Works	Debt Service Fund	
	General	Constitutional Officers - Fees			
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
<u>Patient Charges</u>					
<u>Fees</u>					
Subdivision Lot Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 963,143
Copy Fees	0	0	0	0	300
Telephone Commissions	0	0	0	0	2,397
Vending Machine Collections	0	0	0	0	36,002
Constitutional Officers' Fees and Commissions	0	0	0	0	123
Data Processing Fee - Register	0	10,457	0	0	10,457
Data Processing Fee - Sheriff	0	0	0	0	7,340
Sexual Offender Registration Fees - Sheriff	0	0	0	0	4,563
Data Processing Fee - County Clerk	0	0	0	0	2,275
<u>Education Charges</u>					
Tuition - Other	0	0	0	0	856
TBI Criminal Background Fees	0	0	0	0	14,866
<u>Total Charges for Current Services</u>	\$ 0	\$ 10,457	\$ 0	\$ 0	\$ 2,299
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	0	0	18,468
Commissary Sales	0	0	0	0	7,326
Sale of Maps	0	0	0	0	1,060
Sale of Recycled Materials	0	0	0	0	4,504
Miscellaneous Refunds	0	0	1,507	0	24,618
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	8,025
Sale of Property	0	0	0	0	5,308
<u>Total Other Local Revenues</u>	\$ 0	\$ 0	\$ 1,507	\$ 0	\$ 69,309

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

	Special Revenue Funds				Debt Service Fund		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	Fund			
				General Debt	Service		
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	268,779
Circuit Court Clerk	0	0	0	0	0	0	99,745
General Sessions Court Clerk	0	0	0	0	0	0	164,394
Clerk and Master	0	0	0	0	0	0	95,710
Register	0	0	0	0	0	0	72,836
Sheriff	0	0	0	0	0	0	12,562
Trustee	0	0	0	0	0	0	312,126
<b>Total Fees Received from County Officials</b>	<b>\$ 0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>1,026,152</b>
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	14,175
State Reappraisal Grant	0	0	0	0	0	0	8,378
Other General Government Grants	0	0	0	0	0	0	5,000
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	14,400
Other Public Safety Grants	0	0	0	0	0	0	3,616
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	257,932
<u>Public Works Grants</u>							
Bridge Program	0	0	202,296	0	0	0	202,296
Litter Program	0	0	0	0	0	0	28,478
<u>Other State Revenues</u>							
Beer Tax	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	0	0	0	0	0	0	47,293
Mixed Drink Tax	0	0	0	0	0	0	778
State Revenue Sharing - T.V.A.	0	0	58,497	0	0	0	170,173
Emergency Hospital - Prisoners	0	0	0	0	0	0	23,956
Contracted Prisoner Boarding	0	0	0	0	0	0	778,995
Gasoline and Motor Fuel Tax	0	0	1,668,083	0	0	0	1,668,083

(Continued)

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

	Special Revenue Funds				Total
	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works	Debt	
				Service Fund	
				General Debt Service	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	\$ 0 \$	0 \$	21,765 \$	0 \$	21,765
Registrar's Salary Supplement	0	0	0	0	14,912
Other State Grants	0	0	0	0	45,404
Other State Revenues	0	0	0	0	443
Total State of Tennessee	\$ 0 \$	0 \$	1,950,641 \$	0 \$	3,324,778
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	0 \$	0 \$	0 \$	0 \$	35,771
Homeland Security Grants	0	0	0	0	115,469
<u>Direct Federal Revenue</u>					
FHA Grant	0	0	0	0	8,925
Other Direct Federal Revenue	0	0	0	0	6,400
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	166,565
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	0 \$	0 \$	0 \$	1,845,537 \$	2,006,771
Contracted Services	0	0	0	0	46,000
<u>Citizens Groups</u>					
Donations	0	0	0	0	8,705
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	1,845,537 \$	2,061,476
Total	\$ 31,991 \$	10,457 \$	2,889,604 \$	2,863,092 \$	15,076,406

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, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,636,560	\$ 0	\$ 0	\$ 2,636,560
Trustee's Collections - Prior Year	122,920	0	0	122,920
Circuit/Clerk & Master Collections - Prior Years	66,240	0	0	66,240
Interest and Penalty	24,843	0	0	24,843
Pick-up Taxes	3,704	0	0	3,704
Payments in-Lieu-of Taxes - T.V.A.	346	0	0	346
Payments in-Lieu-of Taxes - Local Utilities	26,846	0	0	26,846
Payments in-Lieu-of Taxes - Other	55,410	0	0	55,410
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,826,173	0	0	1,826,173
Wheel Tax	174,440	0	0	174,440
<u>Statutory Local Taxes</u>				
Bank Excise Tax	14,189	0	0	14,189
Interstate Telecommunications Tax	3,293	0	0	3,293
Other Statutory Local Taxes	2,491	0	0	2,491
Total Local Taxes	\$ 4,957,455	\$ 0	\$ 0	\$ 4,957,455
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,767	\$ 0	\$ 0	\$ 1,767
Cable TV Franchise	2,493	0	0	2,493
Total Licenses and Permits	\$ 4,260	\$ 0	\$ 0	\$ 4,260
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 1,698	\$ 0	\$ 0	\$ 1,698
Total Fines, Forfeitures, and Penalties	\$ 1,698	\$ 0	\$ 0	\$ 1,698
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 248,745	\$ 248,745
Lunch Payments - Adults	0	0	63,001	63,001
Income from Breakfast	0	0	49,747	49,747
Special Milk Sales	0	0	5,424	5,424
A la carte Sales	0	0	204,686	204,686
Contract for Administrative Services with Other LEAs	7,107	0	0	7,107
Contract for Instructional Services with Other LEAs	21,410	0	0	21,410
TBI Criminal Background Fees	600	0	0	600
<u>Other Charges for Services</u>				
Other Charges for Services	24,583	0	31,885	56,468
Total Charges for Current Services	\$ 53,700	\$ 0	\$ 603,488	\$ 657,188
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 334,122	\$ 0	\$ 3,728	\$ 337,850
Lease/Rentals	20	0	0	20
Refund of Telecommunication & Internet Fees (E-Rate)	25,920	0	0	25,920
Miscellaneous Refunds	5,353	0	28	5,381

(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	\$ 1,002	\$ 0	\$ 0	\$ 1,002
Contributions and Gifts	733	0	0	733
<u>Other Local Revenues</u>				
Other Local Revenues	341	0	0	341
<b>Total Other Local Revenues</b>	<b>\$ 367,491</b>	<b>\$ 0</b>	<b>\$ 3,756</b>	<b>\$ 371,247</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 61,329	\$ 0	\$ 0	\$ 61,329
<u>State Education Funds</u>				
Basic Education Program	21,891,999	0	0	21,891,999
School Food Service	0	0	27,296	27,296
Driver Education	15,698	0	0	15,698
Other State Education Funds	505,982	0	0	505,982
Career Ladder Program	244,610	0	0	244,610
Career Ladder - Extended Contract	168,200	0	0	168,200
<u>Other State Revenues</u>				
Mixed Drink Tax	778	0	0	778
State Revenue Sharing - T.V.A.	361,616	0	0	361,616
Other State Grants	992,084	0	0	992,084
<b>Total State of Tennessee</b>	<b>\$ 24,242,296</b>	<b>\$ 0</b>	<b>\$ 27,296</b>	<b>\$ 24,269,592</b>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,296,743	\$ 1,296,743
Breakfast	0	0	608,128	608,128
USDA - Other	0	0	11,445	11,445
Vocational Education - Basic Grants to States	0	96,170	0	96,170
Title I Grants to Local Education Agencies	0	1,331,489	0	1,331,489
Special Education - Grants to States	55,259	1,058,139	0	1,113,398
Special Education Preschool Grants	0	42,203	0	42,203
Safe and Drug-Free Schools - State Grants	0	261,493	0	261,493
Rural Education	0	123,413	0	123,413
Eisenhower Professional Development State Grants	0	293,981	0	293,981
Other Federal through State	0	6,000	0	6,000
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	57,297	0	0	57,297
<b>Total Federal Government</b>	<b>\$ 112,556</b>	<b>\$ 3,212,888</b>	<b>\$ 1,916,316</b>	<b>\$ 5,241,760</b>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 548,632	\$ 0	\$ 0	\$ 548,632
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 548,632</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 548,632</b>
<b>Total</b>	<b>\$ 30,288,088</b>	<b>\$ 3,212,888</b>	<b>\$ 2,550,856</b>	<b>\$ 36,051,832</b>

Exhibit K-8

Lauderdale County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	39,690	
Social Security		2,461	
State Retirement		1,822	
Employer Medicare		576	
Audit Services		8,130	
Dues and Memberships		2,098	
Travel		165	
Total County Commission			\$ 54,942

County Mayor/Executive

County Official/Administrative Officer	\$	77,304	
Accountants/Bookkeepers		59,089	
Salary Supplements		1,145	
Social Security		7,833	
State Retirement		10,935	
Employee and Dependent Insurance		20,220	
Employer Medicare		1,832	
Communication		1,806	
Contracts with Private Agencies		4,665	
Dues and Memberships		1,400	
Postal Charges		16,000	
Travel		370	
Office Supplies		3,896	
Other Supplies and Materials		904	
Total County Mayor/Executive			207,399

County Attorney

Legal Services	\$	68,635	
Judgments		22,000	
Total County Attorney			90,635

Election Commission

County Official/Administrative Officer	\$	55,576	
Deputy(ies)		46,563	
Clerical Personnel		14,826	
Election Commission		6,075	
Election Workers		22,039	
Social Security		6,932	
State Retirement		8,130	
Employee and Dependent Insurance		17,180	

(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.)

Employer Medicare	\$	1,707	
Audit Services		1,570	
Communication		3,742	
Data Processing Services		23,670	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		2,594	
Printing, Stationery, and Forms		385	
Travel		5,222	
Data Processing Supplies		625	
Electricity		5,144	
Natural Gas		2,182	
Office Supplies		3,577	
Water and Sewer		860	
Other Supplies and Materials		911	
Office Equipment		<u>1,160</u>	
Total Election Commission			\$ 230,870

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		27,005	
Social Security		5,359	
State Retirement		7,065	
Employee and Dependent Insurance		3,270	
Employer Medicare		1,253	
Communication		600	
Contracts with Other Public Agencies		15,950	
Dues and Memberships		565	
Travel		506	
Office Supplies		<u>2,991</u>	
Total Register of Deeds			126,315

Development

Consultants	\$	50,000	
Contracts with Government Agencies		71,863	
Other Charges		<u>1,508</u>	
Total Development			123,371

Planning

Materials Supervisor	\$	7,653	
Board and Committee Members Fees		3,350	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Social Security	\$	533	
Employer Medicare		125	
Advertising		256	
Communication		740	
Office Supplies		372	
Other Supplies and Materials		100	
Total Planning			\$ 13,129

County Buildings

Custodial Personnel	\$	21,731	
Maintenance Personnel		37,740	
Part-time Personnel		8,697	
Social Security		3,968	
State Retirement		4,423	
Employee and Dependent Insurance		9,071	
Employer Medicare		928	
Maintenance and Repair Services - Buildings		143,381	
Custodial Supplies		3,907	
Electricity		19,500	
Natural Gas		12,781	
Water and Sewer		2,371	
Building and Contents Insurance		15,588	
Total County Buildings			284,086

Other General Administration

Other Salaries and Wages	\$	3,610	
Social Security		224	
Employer Medicare		52	
Total Other General Administration			3,886

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		54,907	
Secretary(ies)		25,473	
Board and Committee Members Fees		3,080	
Social Security		8,283	
State Retirement		11,313	
Employee and Dependent Insurance		23,404	
Employer Medicare		1,937	

(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.)

Communication	\$	642	
Contracts with Private Agencies		10,500	
Dues and Memberships		1,259	
Travel		2,377	
Data Processing Supplies		6,929	
Office Supplies		1,948	
Total Property Assessor's Office			\$ 213,803

Reappraisal Program

Data Processing Services	\$	2,586	
Postal Charges		1,200	
Travel		2,631	
Total Reappraisal Program			6,417

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		55,822	
Part-time Personnel		448	
Board and Committee Members Fees		825	
Social Security		7,021	
State Retirement		9,359	
Employee and Dependent Insurance		11,760	
Employer Medicare		1,645	
Communication		1,052	
Contracts with Private Agencies		4,260	
Dues and Memberships		565	
Legal Notices, Recording, and Court Costs		54	
Travel		391	
Office Supplies		7,094	
Office Equipment		9,965	
Total County Trustee's Office			172,012

County Clerk's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		144,343	
Social Security		12,076	
State Retirement		16,404	
Employee and Dependent Insurance		23,694	
Employer Medicare		2,824	
Communication		1,920	

(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.)

Contracts with Other Public Agencies	\$	16,107	
Dues and Memberships		590	
Office Supplies		6,040	
Office Equipment		2,009	
Total County Clerk's Office			\$ 287,758

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		49,796	
Attendants		5,824	
Jury and Witness Fees		18,797	
Social Security		6,253	
State Retirement		8,879	
Employee and Dependent Insurance		20,241	
Employer Medicare		1,550	
Communication		842	
Dues and Memberships		535	
Maintenance and Repair Services - Equipment		8,063	
Postal Charges		3,000	
Travel		3,152	
Remittance of Revenue Collected		964	
Data Processing Supplies		8,185	
Office Supplies		11,769	
Other Charges		314	
Office Equipment		1,428	
Total Circuit Court			211,343

General Sessions Judge

Judge(s)	\$	73,172	
Other Per Diem and Fees		1,800	
Social Security		4,405	
State Retirement		5,824	
Employee and Dependent Insurance		3,214	
Employer Medicare		1,030	
Dues and Memberships		260	
Travel		1,607	
Remittance of Revenue Collected		4,927	
Total General Sessions Judge			96,239

(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

Clerical Personnel	\$	147,425	
Attendants		55,250	
Social Security		10,644	
State Retirement		11,309	
Employee and Dependent Insurance		26,821	
Employer Medicare		2,744	
Communication		1,046	
Total General Sessions Court Clerk			\$ 255,239

Chancery Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		24,000	
Attendants		9,942	
Part-time Personnel		13,346	
Social Security		6,292	
State Retirement		6,826	
Employee and Dependent Insurance		3,232	
Employer Medicare		1,549	
Communication		1,387	
Legal Notices, Recording, and Court Costs		2,266	
Office Supplies		2,209	
Total Chancery Court			132,800

Juvenile Court

County Official/Administrative Officer	\$	44,079	
Judge(s)		73,172	
Deputy(ies)		195,551	
Probation Officer(s)		23,469	
Youth Service Officer(s)		32,744	
Salary Supplements		1,200	
Secretary(ies)		24,094	
Attendants		18,538	
In-Service Training		1,890	
Other Per Diem and Fees		987	
Social Security		23,461	
State Retirement		30,543	
Employee and Dependent Insurance		57,084	
Employer Medicare		5,588	
Communication		5,440	
Contracts with Private Agencies		65,650	

(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.)

Dues and Memberships	\$	325	
Maintenance and Repair Services - Equipment		2,407	
Maintenance and Repair Services - Vehicles		5,840	
Travel		8,169	
Gasoline		10,428	
Office Supplies		1,177	
Other Supplies and Materials		6,352	
Vehicle and Equipment Insurance		1,986	
Motor Vehicles		23,862	
Total Juvenile Court			\$ 664,036

Other Administration of Justice

Social Workers	\$	20,963	
Salary Supplements		300	
Secretary(ies)		2,257	
Part-time Personnel		1,635	
Social Security		1,268	
State Retirement		1,848	
Employee and Dependent Insurance		8,362	
Employer Medicare		296	
Communication		885	
Contracts with Private Agencies		3,750	
Maintenance and Repair Services - Equipment		1,001	
Maintenance and Repair Services - Vehicles		648	
Postal Charges		500	
Travel		1,399	
Data Processing Supplies		2,046	
Office Supplies		3,442	
Testing		438	
Other Supplies and Materials		5,579	
Vehicle and Equipment Insurance		254	
Workers' Compensation Insurance		900	
In Service/Staff Development		285	
Other Charges		281	
Total Other Administration of Justice			58,337

Victims Assistance Programs

Remittance of Revenue Collected	\$	10,000	
Total Victims Assistance Programs			10,000

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Assistant(s)		42,132	
Deputy(ies)		390,577	
Investigator(s)		163,163	
Accountants/Bookkeepers		28,264	
Salary Supplements		14,400	
Dispatchers/Radio Operators		190,813	
Guards		24,500	
Clerical Personnel		21,500	
Part-time Personnel		52,166	
Overtime Pay		11,868	
In-Service Training		3,000	
Social Security		59,852	
State Retirement		72,837	
Employee and Dependent Insurance		124,510	
Employer Medicare		13,998	
Other Fringe Benefits		22,156	
Communication		15,136	
Dues and Memberships		1,580	
Maintenance and Repair Services - Equipment		3,240	
Maintenance and Repair Services - Vehicles		23,245	
Postal Charges		3,194	
Travel		9,948	
Data Processing Supplies		1,600	
Diesel Fuel		1,711	
Electricity		88,998	
Gasoline		93,347	
Law Enforcement Supplies		29,242	
Natural Gas		38,615	
Office Supplies		11,184	
Tires and Tubes		8,560	
Uniforms		8,683	
Water and Sewer		41,838	
Other Supplies and Materials		14,104	
Vehicle and Equipment Insurance		11,422	
Workers' Compensation Insurance		25,000	
Other Charges		4,735	
Motor Vehicles		96,138	
Office Equipment		2,010	
Total Sheriff's Department			\$ 1,837,193

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$ 738	
Total Administration of the Sexual Offender Registry		\$ 738

Jail

Captain(s)	\$ 42,024	
Lieutenant(s)	55,024	
Sergeant(s)	168,351	
Accountants/Bookkeepers	24,611	
Medical Personnel	35,190	
Salary Supplements	7,800	
Guards	418,764	
Cafeteria Personnel	29,548	
Part-time Personnel	12,779	
Overtime Pay	16,527	
Social Security	47,352	
State Retirement	55,066	
Employee and Dependent Insurance	97,951	
Employer Medicare	11,074	
Communication	2,998	
Medical and Dental Services	180,303	
Travel	6,958	
Other Contracted Services	30,482	
Custodial Supplies	15,343	
Drugs and Medical Supplies	36,436	
Food Preparation Supplies	18,432	
Food Supplies	198,894	
Office Supplies	6,978	
Prisoners Clothing	4,962	
Uniforms	5,322	
Other Supplies and Materials	24,344	
Workers' Compensation Insurance	22,400	
In Service/Staff Development	1,920	
Office Equipment	2,650	
Total Jail		1,580,483

Fire Prevention and Control

Other Salaries and Wages	\$ 5,500
Social Security	338
State Retirement	438
Employee and Dependent Insurance	11

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Employer Medicare	\$	79	
Contracts with Government Agencies		11,089	
Gasoline		2,155	
Other Supplies and Materials		11,619	
Other Charges		23,580	
Total Fire Prevention and Control			\$ 54,809

Civil Defense

Other Equipment	\$	93,603	
Total Civil Defense			93,603

Rescue Squad

Contributions	\$	4,949	
Total Rescue Squad			4,949

Other Emergency Management

Supervisor/Director	\$	39,250	
Social Security		2,413	
State Retirement		3,124	
Employee and Dependent Insurance		76	
Employer Medicare		564	
Communication		2,726	
Dues and Memberships		50	
Travel		4,870	
Office Supplies		347	
Other Supplies and Materials		1,700	
Vehicle and Equipment Insurance		2,698	
Total Other Emergency Management			57,818

Public Health and Welfare

Local Health Center

Communication	\$	2,273	
Maintenance and Repair Services - Buildings		14,109	
Postal Charges		166	
Other Contracted Services		17,862	
Drugs and Medical Supplies		1,216	
Office Supplies		1,544	
Utilities		15,923	
Total Local Health Center			53,093

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Part-time Personnel	\$	30,277	
Social Security		1,877	
Employer Medicare		439	
Communication		1,167	
Maintenance and Repair Services - Vehicles		200	
Veterinary Services		2,366	
Animal Food and Supplies		5,698	
Custodial Supplies		2,544	
Gasoline		4,437	
Utilities		6,189	
Other Supplies and Materials		2,357	
Total Rabies and Animal Control			\$ 57,551

Dental Health Program

Medical Personnel	\$	15,469	
Clerical Personnel		21,023	
Educational Assistants		109,284	
Social Security		8,280	
State Retirement		9,084	
Employee and Dependent Insurance		26,916	
Employer Medicare		1,936	
Medical and Dental Services		63,371	
Travel		7,620	
Drugs and Medical Supplies		9,984	
Workers' Compensation Insurance		1,346	
Total Dental Health Program			274,313

Other Local Health Services

Contracts with Government Agencies	\$	4,065	
Contracts with Other Public Agencies		30,950	
Other Contracted Services		18,444	
Total Other Local Health Services			53,459

Sanitation Education/Information

Guards	\$	30,641	
Clerical Personnel		2,658	
Social Security		1,973	
State Retirement		2,439	
Employer Medicare		461	
Contracts with Other Public Agencies		6,800	
Total Sanitation Education/Information			44,972

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 23,008	
Total Libraries		\$ 23,008

Parks and Fair Boards

Contributions	\$ 40,700	
Total Parks and Fair Boards		40,700

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 57,716	
Social Security	4,641	
State Retirement	7,891	
Employer Medicare	53	
Communication	5,756	
Maintenance and Repair Services - Equipment	7,515	
Travel	1,197	
Other Contracted Services	24,317	
Total Agriculture Extension Service		109,086

Soil Conservation

Salary Supplements	\$ 50,821	
Secretary(ies)	22,001	
Social Security	4,353	
State Retirement	4,378	
Employee and Dependent Insurance	5,601	
Employer Medicare	1,018	
Total Soil Conservation		88,172

Other Operations

Housing and Urban Development

Remittance of Revenue Collected	\$ 8,925	
Total Housing and Urban Development		8,925

Veterans' Services

Supervisor/Director	\$ 13,079	
Social Security	811	
Employer Medicare	190	
Communication	788	
Travel	787	
Office Supplies	790	
Total Veterans' Services		16,445

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Liability Insurance	\$	63,050	
Trustee's Commission		108,121	
Workers' Compensation Insurance		29,314	
Other Charges		<u>11,844</u>	
Total Other Charges			\$ 212,329

Contributions to Other Agencies

Contributions	\$	<u>173,607</u>	
Total Contributions to Other Agencies			173,607

Employee Benefits

Unemployment Compensation	\$	<u>13,061</u>	
Total Employee Benefits			13,061

Miscellaneous

Advertising	\$	981	
Dues and Memberships		10,006	
Other Contracted Services		5,588	
Other Supplies and Materials		279	
Medical Claims		18,422	
Other Charges		<u>18,216</u>	
Total Miscellaneous			<u>53,492</u>

Total General Fund \$ 8,094,423

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	1,096	
Trustee's Commission		13	
Total Libraries		<u>1,109</u>	\$ 1,109

Total Law Library Fund 1,109

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries and Wages	\$	79,985	
Social Security		5,628	
Medical Insurance		11,935	

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Accounting Services	\$	2,285	
Communication		2,589	
Maintenance and Repair Services - Buildings		10,327	
Library Books/Media		4,545	
Office Supplies		3,603	
Utilities		10,123	
Building and Contents Insurance		4,688	
Office Equipment		2,236	
Total Libraries			\$ 137,944

Total Public Library Fund \$ 137,944

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	725,108	
In-Service Training		9,204	
Social Security		53,757	
State Retirement		44,606	
Medical Insurance		69,054	
Bank Charges		245	
Communication		11,542	
Debt Collection Services		2,856	
Dues and Memberships		265	
Licenses		2,018	
Maintenance and Repair Services - Equipment		27,104	
Travel		3,038	
Other Contracted Services		7,150	
Data Processing Supplies		4,044	
Diesel Fuel		45,498	
Drugs and Medical Supplies		41,572	
Office Supplies		8,050	
Uniforms		7,422	
Utilities		7,035	
Liability Insurance		59,616	
Other Capital Outlay		227,099	
Total Ambulance/Emergency Medical Services			\$ 1,356,283

Total Ambulance Service Fund 1,356,283

(Continued)

Exhibit K-8

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

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	3,280	
Confidential Drug Enforcement Payments		7,500	
Maintenance and Repair Services - Equipment		1,945	
Maintenance and Repair Services - Vehicles		1,628	
Travel		1,363	
Uniforms		896	
Other Supplies and Materials		2,823	
Other Charges		600	
Law Enforcement Equipment		230	
Total Drug Enforcement		<u>20,265</u>	\$ 20,265

Total Drug Control Fund \$ 20,265

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	2,075	
Dues and Memberships		50	
Travel		5,577	
Other Contracted Services		33,259	
Office Supplies		328	
Uniforms		209	
Other Supplies and Materials		350	
Total District Attorney General		<u>41,848</u>	\$ 41,848

Total District Attorney General Fund 41,848

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	<u>32</u>	
Total Register of Deeds			\$ 32

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	<u>770</u>	
Total County Clerk's Office			770

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 9,655	
Total Chancery Court		\$ 9,655

Total Constitutional Officers - Fees Fund \$ 10,457

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,927	
Accountants/Bookkeepers	55,433	
Communication	4,828	
Data Processing Services	6,406	
Dues and Memberships	4,392	
Legal Notices, Recording, and Court Costs	499	
Maintenance and Repair Services - Equipment	168	
Medical and Dental Services	749	
Postal Charges	646	
Printing, Stationery, and Forms	590	
Travel	968	
Other Contracted Services	6,323	
Data Processing Supplies	218	
Drugs and Medical Supplies	408	
Electricity	16,585	
Natural Gas	17,563	
Office Supplies	2,074	
Other Charges	3,163	
Total Administration		\$ 188,940

Highway and Bridge Maintenance

Foremen	\$ 137,605
Equipment Operators	379,244
Truck Drivers	179,726
Laborers	122,246
Asphalt - Cold Mix	4,555
Asphalt - Liquid	34,521
Crushed Stone	87,128
General Construction Materials	297
Other Road Supplies	4,594
Pipe - Metal	2,127
Road Signs	9,157

(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.)

Small Tools	\$	352	
Wood Products		37,039	
Chemicals		59,134	
Other Supplies and Materials		785	
Total Highway and Bridge Maintenance			\$ 1,058,510

Operation and Maintenance of Equipment

Mechanic(s)	\$	70,119	
Laundry Service		15,118	
Maintenance and Repair Services - Equipment		13,270	
Other Contracted Services		175	
Diesel Fuel		145,918	
Equipment and Machinery Parts		92,977	
Garage Supplies		4,850	
Gasoline		29,217	
Lubricants		14,829	
Small Tools		2,508	
Tires and Tubes		31,504	
Other Supplies and Materials		475	
Other Charges		9,267	
Total Operation and Maintenance of Equipment			430,227

Other Charges

Liability Insurance	\$	44,199	
Premiums on Corporate Surety Bonds		345	
Trustee's Commission		34,044	
Workers' Compensation Insurance		115,069	
Total Other Charges			193,657

Employee Benefits

Social Security	\$	70,399	
State Retirement		80,580	
Employee and Dependent Insurance		164,398	
Other Fringe Benefits		1,350	
Medical Claims		6,899	
Total Employee Benefits			323,626

Capital Outlay

Engineering Services	\$	18,637	
Bridge Construction		257,584	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Communication Equipment	\$	3,690	
Highway Construction		2,087	
Highway Equipment		195,120	
Total Capital Outlay			\$ 477,118

Total Highway/Public Works Fund \$ 2,672,078

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	360,000	
Principal on Notes		77,566	
Total General Government			\$ 437,566

Education

Principal on Bonds	\$	1,095,000	
Principal on Notes		98,150	
Total Education			1,193,150

Interest on Debt

General Government

Interest on Bonds	\$	91,975	
Interest on Notes		5,927	
Interest on Other Loans		998	
Total General Government			98,900

Education

Interest on Bonds	\$	565,432	
Interest on Notes		1,902	
Total Education			567,334

Other Debt Service

General Government

Trustee's Commission	\$	19,364	
Other Debt Issuance Charges		1,769	
Other Debt Service		300,000	
Total General Government			321,133

Education

Other Debt Service	\$	650	
Total Education			650

Total General Debt Service Fund 2,618,733

(Continued)

Exhibit K-8

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

<u>General Capital Projects Fund</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Other Debt Issuance Charges	<u>\$ 7,000</u>	
Total General Government		\$ 7,000
 <u>Capital Projects</u>		
<u>General Administration Projects</u>		
Other Contracted Services	<u>\$ 552,563</u>	
Total General Administration Projects		<u>552,563</u>
 Total General Capital Projects Fund		 <u>\$ 559,563</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 15,512,703</u></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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,813,621	
Career Ladder Program	144,500	
Career Ladder Extended Contracts	103,000	
Educational Assistants	458,894	
Non-certified Substitute Teachers	144,999	
Social Security	641,789	
State Retirement	675,539	
Medical Insurance	2,141,288	
Unemployment Compensation	22,981	
Employer Medicare	149,088	
Other Contracted Services	175,602	
Instructional Supplies and Materials	114,208	
Textbooks	190,552	
Other Supplies and Materials	2,657	
Other Charges	138,034	
Regular Instruction Equipment	556,789	
Total Regular Instruction Program		\$ 15,473,541

Special Education Program

Teachers	\$ 1,697,332	
Career Ladder Program	26,000	
Career Ladder Extended Contracts	18,000	
Homebound Teachers	18,920	
Non-certified Substitute Teachers	3,000	
Social Security	104,750	
State Retirement	114,224	
Medical Insurance	299,368	
Employer Medicare	24,498	
Other Contracted Services	11,228	
Instructional Supplies and Materials	25,237	
Other Supplies and Materials	946	
Total Special Education Program		2,343,503

Vocational Education Program

Teachers	\$ 659,962
Career Ladder Program	6,000
Career Ladder Extended Contracts	2,000
Social Security	38,925
State Retirement	41,856

(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.)

Medical Insurance	\$	108,258	
Employer Medicare		9,103	
Instructional Supplies and Materials		7,130	
Textbooks		5,867	
Total Vocational Education Program			\$ 879,101

Support Services

Health Services

Medical Personnel	\$	131,904	
Other Salaries and Wages		20,802	
Social Security		8,621	
State Retirement		10,080	
Medical Insurance		31,657	
Employer Medicare		2,016	
Travel		3,204	
Other Supplies and Materials		15,435	
Other Charges		11,255	
Total Health Services			234,974

Other Student Support

Career Ladder Program	\$	11,000	
Guidance Personnel		489,515	
Career Ladder Extended Contracts		4,000	
Social Security		29,988	
State Retirement		32,390	
Medical Insurance		90,042	
Employer Medicare		7,013	
Evaluation and Testing		11,089	
Other Contracted Services		157,234	
Other Supplies and Materials		5,538	
In Service/Staff Development		1,941	
Other Charges		956	
Total Other Student Support			840,706

Regular Instruction Program

Supervisor/Director	\$	70,092	
Career Ladder Program		11,000	
Career Ladder Extended Contracts		10,000	
Librarians		315,556	

(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.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Materials Supervisor	\$	66,631	
Instructional Computer Personnel		59,717	
Social Security		31,840	
State Retirement		34,231	
Medical Insurance		90,164	
Employer Medicare		7,446	
Travel		6,552	
Library Books/Media		9,191	
In Service/Staff Development		38,864	
Total Regular Instruction Program			\$ 751,284

Special Education Program

Supervisor/Director	\$	45,606	
Secretary(ies)		55,764	
Social Security		5,805	
State Retirement		7,367	
Medical Insurance		22,140	
Employer Medicare		1,358	
Consultants		100,312	
Travel		16,740	
Other Supplies and Materials		16,108	
In Service/Staff Development		11,158	
Total Special Education Program			282,358

Vocational Education Program

Supervisor/Director	\$	66,631	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Clerical Personnel		14,550	
Social Security		5,234	
State Retirement		5,821	
Medical Insurance		6,747	
Employer Medicare		1,224	
Travel		200	
In Service/Staff Development		7,331	
Other Charges		7,107	
Total Vocational Education Program			118,845

(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.)

Other Programs

On-Behalf Payments to OPEB	\$ 61,329	
Total Other Programs		\$ 61,329

Board of Education

Board and Committee Members Fees	\$ 12,110	
Social Security	751	
State Retirement	660	
Employer Medicare	176	
Audit Services	4,000	
Dues and Memberships	15,076	
Legal Services	22,802	
Travel	19,332	
Liability Insurance	48,375	
Premiums on Corporate Surety Bonds	4,289	
Trustee's Commission	127,686	
Workers' Compensation Insurance	71,267	
Criminal Investigation of Applicants - TBI	420	
Other Charges	2,335	
Total Board of Education		329,279

Director of Schools

County Official/Administrative Officer	\$ 109,369	
Assistant(s)	23,308	
Career Ladder Program	1,000	
Social Security	8,114	
State Retirement	7,128	
Medical Insurance	12,398	
Employer Medicare	1,898	
Other Fringe Benefits	3,533	
Communication	38,160	
Postal Charges	6,800	
Travel	8,490	
Remittance of Revenue Collected	434	
Office Supplies	5,905	
Other Charges	212	
Administration Equipment	6,896	
Total Director of Schools		233,645

(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	\$	548,898	
Career Ladder Program		15,000	
Career Ladder Extended Contracts		12,000	
Assistant Principals		424,526	
Secretary(ies)		377,723	
Clerical Personnel		45,384	
Social Security		85,730	
State Retirement		98,842	
Medical Insurance		206,735	
Employer Medicare		20,050	
Travel		6,315	
Administration Equipment		87,991	
Total Office of the Principal			\$ 1,929,194

Fiscal Services

Supervisor/Director	\$	63,141	
Accountants/Bookkeepers		29,940	
Secretary(ies)		29,100	
Social Security		7,289	
State Retirement		9,726	
Medical Insurance		9,187	
Employer Medicare		1,705	
Travel		1,331	
Other Contracted Services		11,269	
Total Fiscal Services			162,688

Operation of Plant

Supervisor/Director	\$	42,840	
Custodial Personnel		243,817	
Social Security		16,697	
State Retirement		19,257	
Medical Insurance		41,731	
Employer Medicare		3,905	
Other Contracted Services		563,976	
Electricity		531,617	
Natural Gas		264,537	
Building and Contents Insurance		54,172	
Total Operation of Plant			1,782,549

(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	\$	113,405	
Other Salaries and Wages		98,065	
Social Security		12,305	
State Retirement		13,365	
Medical Insurance		25,596	
Employer Medicare		2,878	
Maintenance and Repair Services - Buildings		62,174	
Maintenance and Repair Services - Equipment		53,326	
Travel		1,923	
Other Contracted Services		168,087	
Other Supplies and Materials		110,465	
Maintenance Equipment		26,785	
Total Maintenance of Plant			\$ 688,374

Transportation

Supervisor/Director	\$	40,800	
Mechanic(s)		91,058	
Bus Drivers		544,544	
Other Salaries and Wages		23,159	
Social Security		44,060	
State Retirement		14,260	
Medical Insurance		19,486	
Employer Medicare		10,325	
Other Fringe Benefits		9,236	
Gasoline		243,001	
Tires and Tubes		24,248	
Vehicle Parts		113,117	
Vehicle and Equipment Insurance		32,117	
Other Charges		3,808	
Transportation Equipment		150,798	
Total Transportation			1,364,017

Central and Other

Clerical Personnel	\$	29,496	
Social Security		1,798	
State Retirement		2,348	
Employer Medicare		420	
Total Central and Other			34,062

(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	\$	5,817	
Teachers		99,041	
Other Salaries and Wages		40,469	
Social Security		8,889	
State Retirement		9,348	
Medical Insurance		3,556	
Employer Medicare		2,079	
Travel		3,946	
Other Contracted Services		425	
Other Supplies and Materials		15,522	
Refunds		10,000	
Other Charges		33,055	
Total Community Services			\$ 232,147

Early Childhood Education

Supervisor/Director	\$	15,106	
Teachers		302,782	
Educational Assistants		161,162	
Non-certified Substitute Teachers		9,000	
Social Security		28,363	
State Retirement		32,689	
Medical Insurance		91,207	
Employer Medicare		6,633	
Instructional Supplies and Materials		211,071	
In Service/Staff Development		8,596	
Other Charges		13,250	
Total Early Childhood Education			879,859

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	115,286	
Building Construction		150,000	
Building Improvements		243,908	
Total Regular Capital Outlay			509,194

Principal on Debt

Education

Principal on Notes	\$	9,556	
Principal on Capital Leases		283,127	
Total Education			292,683

(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.)

Interest on Debt

Education

Interest on Capital Leases	\$ 16,767	
Total Education		\$ 16,767

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 1,200,000	
Total Education		<u>1,200,000</u>

Total General Purpose School Fund \$ 30,640,099

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 592,118	
Clerical Personnel	18,485	
Educational Assistants	160,566	
Other Salaries and Wages	28,421	
Non-certified Substitute Teachers	39,779	
Social Security	47,380	
State Retirement	54,063	
Medical Insurance	149,933	
Employer Medicare	11,081	
Other Contracted Services	157,291	
Instructional Supplies and Materials	134,305	
Other Supplies and Materials	151	
Other Charges	1,784	
Regular Instruction Equipment	<u>52,000</u>	
Total Regular Instruction Program		\$ 1,447,357

Special Education Program

Teachers	\$ 82,083
Educational Assistants	557,760
Speech Pathologist	47,818
Other Salaries and Wages	20,000
Non-certified Substitute Teachers	4,500
Social Security	42,694
State Retirement	52,966
Medical Insurance	128,546
Employer Medicare	9,985

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	5,699	
Other Supplies and Materials		10,002	
Total Special Education Program			\$ 962,053

Vocational Education Program

Educational Assistants	\$	33,652	
Social Security		1,881	
State Retirement		2,121	
Medical Insurance		7,096	
Employer Medicare		440	
Instructional Supplies and Materials		15,303	
Vocational Instruction Equipment		2,538	
Total Vocational Education Program			63,031

Support Services

Other Student Support

Travel	\$	7,673	
In Service/Staff Development		16,979	
Total Other Student Support			24,652

Regular Instruction Program

Supervisor/Director	\$	65,885	
Secretary(ies)		14,550	
Social Security		4,951	
State Retirement		5,388	
Employer Medicare		1,158	
Travel		7,726	
Other Contracted Services		13,520	
Other Supplies and Materials		7,185	
In Service/Staff Development		66,380	
Other Charges		34	
Total Regular Instruction Program			186,777

Special Education Program

Psychological Personnel	\$	49,470	
Other Salaries and Wages		37,585	
Social Security		5,398	
State Retirement		5,589	
Medical Insurance		17,250	

(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	\$	1,263	
Consultants		18,686	
Travel		10,744	
Other Contracted Services		1,560	
Other Supplies and Materials		2,328	
In Service/Staff Development		2,200	
Total Special Education Program			\$ 152,073

Vocational Education Program

Travel	\$	3,600	
In Service/Staff Development		928	
Total Vocational Education Program			4,528

Transportation

Contracts with Parents	\$	1,178	
Total Transportation			1,178

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	63,986	
Teachers		96,442	
Educational Assistants		2,969	
Other Salaries and Wages		6,966	
Social Security		10,506	
State Retirement		10,536	
Medical Insurance		4,675	
Employer Medicare		2,457	
Travel		8,186	
Other Supplies and Materials		29,323	
Total Community Services			<u>236,046</u>

Total School Federal Projects Fund \$ 3,077,695

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	56,551	
Accountants/Bookkeepers		29,951	
Cafeteria Personnel		879,560	

(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.)

Other Salaries and Wages	\$	4,357	
Social Security		57,774	
State Retirement		62,000	
Medical Insurance		108,348	
Unemployment Compensation		1,850	
Employer Medicare		13,512	
Communication		3,630	
Maintenance and Repair Services - Equipment		15,691	
Payments to Schools - Other		900	
Transportation - Other than Students		20,108	
Travel		4,853	
Other Contracted Services		40,813	
Food Supplies		1,076,923	
Uniforms		9,409	
Utilities		76,989	
Other Supplies and Materials		18,599	
Trustee's Commission		38	
Workers' Compensation Insurance		33,500	
In Service/Staff Development		2,624	
Food Service Equipment		16,629	
Total Food Service			\$ <u>2,534,609</u>

Total Central Cafeteria Fund \$ 2,534,609

Total Governmental Funds - Lauderdale County School Department \$ 36,252,403

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, 2009

	<u>Local Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,195,687
Total Cash Receipts	<u>\$ 2,195,687</u>
<u>Cash Disbursements</u>	
Contributions:	
General Debt Service Fund	\$ 560,484
General Purpose School Fund	548,632
Remittance of Revenues Collected	977,957
Trustee's Commission	21,957
Total Cash Disbursements	<u>\$ 2,109,030</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 86,657
Cash Balance, July 1, 2008	<u>2,772,670</u>
Cash Balance, June 30, 2009	<u><u>\$ 2,859,327</u></u>

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## **SINGLE AUDIT SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402

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

March 3, 2010

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, 2009, which collectively comprise Lauderdale County's basic financial statements and have issued our report thereon dated March 3, 2010. 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 and the Lauderdale County Ambulance Authority (nonmajor special revenue funds), 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: 09.01, 09.02, 09.03, 09.04, 09.05, 09.06, 09.07, 09.08, 09.10, 09.12, 09.13, 09.14, and 09.16.

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 09.01, 09.02, and 09.06 to be material weaknesses.

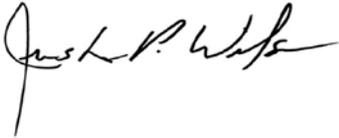
## Compliance and Other Matters

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 09.09, 09.11 and 09.15.

We consider item 09.17 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Lauderdale County in separate communications.

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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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

March 3, 2010

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, 2009. 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, 2009.

#### 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.

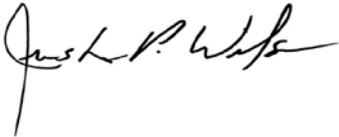
#### Schedule of Expenditures of Federal Awards

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, 2009, and have issued our report thereon dated March 3, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Lauderdale County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of

additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

A handwritten signature in black ink, 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/yu

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Lauderdale County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2009

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Environmental Quality Incentives Program	10.912	68-4741-9-792	\$ 35,771
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	179,122 (5)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	608,128
National School Lunch Program	10.555	N/A	1,308,188 (5)
Total U.S. Department of Agriculture			<u>\$ 2,131,209</u>
U.S. Department of Housing and Urban Development:			
Passed through State Housing Development Agency:			
Supportive Housing Program	14.235	TN37C707009	\$ 8,925
Total U.S. Department of Housing and Urban Development			<u>\$ 8,925</u>
U.S. Department of Interior:			
Direct Payments:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 74,171
Total U.S. Department of Interior			<u>\$ 74,171</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-08-023314-00	\$ 5,175
Total U.S. Department of Justice			<u>\$ 5,175</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-09-214623-00	\$ 3,616
Total U.S. Department of Transportation			<u>\$ 3,616</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,244,310
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,121,031
Special Education - Preschool Grants	84.173	N/A	48,353
Vocational Education - Basic Grants to States	84.048	N/A	93,099
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	20,675
Twenty-first Century Community Learning Centers Programs	84.287	(2)	237,950
Education Technology State Grants	84.318	(2)	7,082
Rural Education	84.358	N/A	118,626
Improving Teacher Quality State Grants	84.367	N/A	260,293
Total U.S. Department of Education			<u>\$ 3,151,419</u>
U.S. Department of Health and Human Services:			
Passed through State Department of Education:			
Promoting Safe and Stable Families	93.556	(2)	\$ 33,300
Total U.S. Department of Health and Human Services			<u>\$ 33,300</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 20,469
Homeland Security Grant Program	97.067	GG-07-25186-00	95,000
Total U.S. Department of Homeland Security			<u>\$ 115,469</u>
Total Expenditures of Federal Awards			<u>\$ 5,523,284</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)	\$ 8,378
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	5,000
Local Health Services - State Department of Health	N/A	Z-09-213743-00	257,932
Litter Grant - State Department of Transportation	N/A	(4)	28,478
Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	Z-09-22873-00	9,000
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG-09-26154-00	43,404
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	32,000
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	232,774
Connect Tennessee - State Department of Education	N/A	(2)	21,823
ACT-E Connectivity - State Department of Education	N/A	(2)	2,384
Consolidated School Health - State Department of Education	N/A	(2)	97,100
High Schools That Work - State Department of Education	N/A	(2)	2,042
Agricultural Learning Center - Tennessee Secretary of State	N/A	(2)	150,000
Lottery for Education - State Department of Education	N/A	(2)	404,063
Early Childhood Education - State Department of Education	N/A	(2)	402,679
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-08-212993-00	9,737
Total State Grants			<u>\$ 1,706,794</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-08-25963-00: \$5,500; Z-09-24430-00: \$14,969.
- (4) Z-08-021014-00: \$669; Z-09-212767-00: 27,809.
- (5) Total for CFDA No. 10.555 is \$1,487,310.

Lauderdale County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2009

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, 2008, which have not been corrected.

**LAUDERDALE COUNTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	192	Lauderdale County does not have the resources to produce financial statements and notes to the financial statements
08.02	193	The Highway/Public Works and Solid Waste Disposal funds required material audit adjustments for proper financial statement presentation

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.03	193	The office had deficiencies in purchasing procedures
08.04	194	The office had deficiencies in computer system backup procedures

**OFFICE OF HIGHWAY COMMISSIONER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.05	194	The office had deficiencies in the administration of payroll

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.07	196	The office had deficiencies in the controls over the signing of warrants

**OFFICE OF TRUSTEE**

Finding Number	Page Number	Subject
08.09	197	The trustee's depository used an unauthorized method to pay warrants
08.10	197	The office did not implement adequate controls to protect its information resources

**OFFICE OF REGISTER**

Finding Number	Page Number	Subject
08.11	198	The register allowed individuals unsupervised access to the office after business hours

**OTHER FINDINGS**

Finding Number	Page Number	Subject
08.12	198	A central system of accounting, budgeting, and purchasing had not been adopted
08.13	199	Duties were not segregated adequately in the Sheriff's Office

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**LAUDERDALE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2009**

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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 Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) 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; however, management did not provide responses for inclusion in this report.

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

#### **FINDING 09.01      **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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. 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.

**OFFICE OF COUNTY MAYOR**

**FINDING 09.02      **THE SOLID WASTE DISPOSAL FUND REQUIRED MATERIAL  
AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT  
PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing  
Standards)**

At June 30, 2009, certain general ledger account balances in the Solid Waste Disposal Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Lauderdale County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

**RECOMMENDATION**

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

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**FINDING 09.03      **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 the finding 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 09.04      THE LANDFILL SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Users of the software application could alter previously issued receipts. If the proper edit procedures are followed within the software, these alterations are recorded in an audit log. However, the software would allow users to circumvent these procedures, and this would not leave an audit trail of the alterations. Sound business practices dictate that proper application controls be implemented. Since the vendor did not design the system with these controls, inappropriate system activity could occur. When the importance of these controls was brought to management’s attention, the vendor was contacted and the ability to circumvent the audit log was removed.

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**FINDING 09.05      THE LANDFILL HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off-site on a weekly basis until several months into the fiscal year. Sound business practices dictate that off-site storage of system backups be implemented. 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. During the prior-year audit, we advised management of the importance of the off-site storage of backups, and management began rotating system backups off-site weekly. However, during the current period, management chose to discontinue this process. When the importance of storing backups off-site on a weekly basis was again brought to management’s attention in June 2009, they resumed this process.

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**OFFICE OF HIGHWAY COMMISSIONER**

**FINDING 09.06      THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2009, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department’s financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in

internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

#### RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

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#### FINDING 09.07      **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES** (Internal Control – Significant Deficiency Under Government Auditing Standards)

Our audit of the Highway Department revealed the following purchasing deficiencies:

- A. The office did not issue purchase orders for some applicable purchases. Purchases orders are necessary to control who has purchasing authority for the department 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.

---

#### FINDING 09.08      **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 should 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.

This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. Supervisors and employees began signing all time sheets beginning with the first payroll in July 2009.

**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.

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 09.09      **THE SCHOOL DEPARTMENT FAILED TO COMPLY WITH STATE STATUTES WHEN ENTERING INTO LEASE-PURCHASE AGREEMENTS**  
(Noncompliance Under Government Auditing Standards)**

During our examination, we noted that the School Department had entered into a lease-purchase agreement in the prior year and also in the current year without the approval of the County Commission. These two lease-purchase agreements are as follows:

Date of Contract	Length in Years	Description	Amount
1-3-08	3	1,000 laptop computers	\$1,156,550
12-18-08	4	370 MacBook computers	505,086

Section 7-51-904, Tennessee Code Annotated (TCA), requires lease-purchase agreements to be approved by the County Commission. Additionally, the office did not file Reports on Debt Obligation with the state director of Local Finance. Section 9-21-151, TCA, requires that within 45 days following the issuance of debt, the School Department must provide to the state director of Local Finance certain information, such as a description of the purchase for which the debt was issued and a description of the debt obligation. The School Department advised that they were not aware that County Commission approval was necessary or that debt obligation reports were required. As a result of the School Department not following proper procedures and to properly reflect the prior-year lease-purchase agreement, we reflected a prior-period adjustment of \$865,934 in the financial statements of this report, representing the unpaid balance of the \$1,156,550 lease-purchase agreement at July 1, 2008.

## RECOMMENDATION

Lease-purchase agreements should be approved by the County Commission, and a Report on Debt Obligation should be filed with the state director of Local Finance within 45 days of the issuance of the debt.

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### FINDING 09.10      **THE OFFICE HAD DEFICIENCIES IN THE CONTROLS OVER THE SIGNING OF WARRANTS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The warrants for the Central Cafeteria Fund were signed by using a mechanical warrant-signing machine until September 15, 2008. At that time, the School Department began using signature stamps to affix the signatures of the director of schools and the chairman of the Board of Education to Central Cafeteria Fund warrants. Signature stamps were used until October 2009 when the School Department began affixing electronic signatures to the warrants. State statutes do not provide authority for the use of signature stamps. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

Management should ensure that effective controls over the signing of warrants issued by the School Department are in place at all times. Management should not use signature stamps.

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## OFFICE OF TRUSTEE

### FINDING 09.11      **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 09.12      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. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

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

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**FINDING 09.13      THE TRUSTEE SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following control deficiencies relating to the office's software were identified:

- A. The application did not provide a record of changes to previously issued receipts. Users had the capability to change information on receipts, leaving no evidence of the original information. The vendor had implemented an audit log to record these changes; however, this audit log feature had not been installed in the version of the software used by the office.
- B. Users could alter accounting entries leaving no evidence of the original transaction. The vendor had implemented an audit log to record these changes; however, this audit log feature had not been installed in the version of the software used by the office.

Sound business practices dictate that proper application controls be implemented. This deficiency is a result of management's failure to contact the vendor to implement adequate

controls in the software. This lack of application control could allow inappropriate system activity.

### RECOMMENDATION

Management should contact the vendor to have the audit logs installed. These audit logs should be reviewed by management on a routine basis.

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### OFFICE OF REGISTER

FINDING 09.14      **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 practices dictate 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. Also, this deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

### RECOMMENDATION

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

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### OFFICE OF SHERIFF

FINDING 09.15      **FUNDS RECEIVED FROM THE SEIZURE OF CASH FROM GAMBLING ACTIVITIES WERE NOT REMITTED TO THE COUNTY**  
(Noncompliance Under Government Auditing Standards)

Funds totaling \$1,057 received from the seizure of cash from gambling activities were not remitted to the county as required by Section 39-17-505, Tennessee Code Annotated (TCA). This noncompliance is the result of the Sheriff Department’s decision to retain the funds for miscellaneous cash purchases. The sheriff expended \$564 to make cash purchases of food and flowers. These disbursements were not made by official prenumbered checks as required by Section 5-8-207, TCA. Additionally, these cash disbursements were not appropriated by the County Commission as required by Section 5-9-401, TCA, which states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commission, institutions, boards, offices and agencies

of the county governments shall be appropriated to such use by the county legislative bodies.” The balance of these funds totaling \$493 was remitted to the county trustee after auditors brought these noncompliance deficiencies to the sheriff’s attention.

**RECOMMENDATION**

Funds received from gambling activities should be remitted to the county trustee on a current basis and deposited in the county’s General Fund as required by state statute.

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**FINDING 09.16**      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF SHERIFF**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the official and employees in the Office of Sheriff. The employee responsible for maintaining accounting records was 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. Also, this deficiency is the result of management’s failure to correct the finding noted in the prior-year audit.

**RECOMMENDATION**

The sheriff should segregate duties to the extent possible using available resources.

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**OTHER FINDING AND RECOMMENDATION**

**FINDING 09.17**      **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. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

## 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.

**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, 2009**

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