

**ANNUAL FINANCIAL REPORT
LAUDERDALE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
LAUDERDALE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010

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This financial report is available at www.tn.gov/comptroller

LAUDERDALE COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Lauderdale County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Lauderdale County as of and for the year ended June 30, 2010.

Results

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

Our audit resulted in 15 findings and recommendations, which we have reviewed with Lauderdale County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

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

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.

OFFICE OF COUNTY MAYOR

- ◆ The General Debt Service and Solid Waste Disposal funds required material audit adjustments for proper financial statement presentation.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ Some employees and their supervisors did not sign time sheets.
- ◆ The Landfill Office did not review its software audit logs.

OFFICE OF HIGHWAY COMMISSIONER

- ◆ The office had deficiencies in purchasing procedures.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ General Purpose School Fund expenditures exceeded appropriations in two major appropriation categories (the legal level of control).
 - ◆ The School Department did not account for American Recovery and Reinvestment Act grants separately from other school funds.
 - ◆ School bus drivers were not required to prepare time sheets.
-

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

- ◆ Duties were not segregated adequately in the office.
-

OTHER FINDING

- ◆ Lauderdale County has material recurring audit findings.
-

BEST PRACTICE

Lauderdale County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Lauderdale County.

INTRODUCTORY SECTION

Lauderdale County Officials

June 30, 2010

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 Crihfield	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.

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

January 25, 2011

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, 2010, 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 15 percent and 5.7 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 6.9 percent and 89 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 19.2 percent and 3.1 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 3.3 percent and 1.4 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2011, on our consideration of Lauderdale County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Lauderdale County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

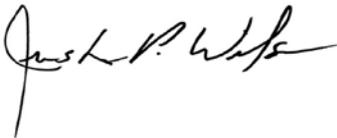
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 85 through 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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.

Yours very truly,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Lauderdale County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Lauderdale County Emergency Communications District
<u>ASSETS</u>						
Cash	\$ 835,131	\$ 0	\$ 835,131	\$ 0	\$ 32,363	\$ 409,869
Equity in Pooled Cash and Investments	5,208,157	1,071,656	6,279,813	2,339,394	2,354,562	0
Inventory	0	0	0	0	34,590	0
Investments	0	0	0	0	0	200,000
Accounts Receivable	774,304	73,031	847,335	60,820	116,356	46,811
Allowance for Uncollectibles	(512,705)	0	(512,705)	0	0	0
Due from Other Governments	3,261,150	5,013	3,266,163	1,188,107	2,042	0
Property Taxes Receivable	6,337,032	0	6,337,032	3,143,567	0	0
Allowance for Uncollectible Property Taxes	(421,864)	0	(421,864)	(209,271)	0	0
Prepaid Items	0	0	0	0	24,693	0
Accrued Interest Receivable	0	0	0	39,688	0	523
Deferred Charges - Debt Issuance Costs	41,491	0	41,491	0	0	0
Capital Assets:						
Assets Not Depreciated:						
Land	901,872	160,000	1,061,872	1,378,648	10,000	0
Construction in Progress	28,640	0	28,640	0	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	5,761,296	229,695	5,990,991	18,413,723	4,428,050	125,474
Infrastructure	1,782,940	0	1,782,940	207,743	0	0
Other Capital Assets	1,128,601	204,783	1,333,384	2,493,785	194,612	434,681
Total Assets	\$ 25,126,045	\$ 1,744,178	\$ 26,870,223	\$ 29,056,204	\$ 7,197,268	\$ 1,217,358
	\$ 12,072	\$ 33,942	\$ 46,014	\$ 10,815	\$ 19,766	\$ 24,243
Accounts Payable	22,098	0	22,098	0	24,980	1,784
Accrued Payroll	0	0	0	599,389	0	0
Payroll Deductions Payable	136,566	0	136,566	0	0	0
Contracts Payable	6,203	0	6,203	0	0	0
Due to State of Tennessee	140,263	0	140,263	15,023	2,546	0
Accrued Interest Payable						

LIABILITIES

(Continued)

Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business- type Activities	Total	Lauderdale		Emergency
				School Department	County Water System	Communications District
<u>LIABILITIES (Cont.)</u>						
Customer Deposits Payable	\$ 0	\$ 0	0	\$ 0	\$ 182,559	\$ 0
Deferred Revenue - Current Property Taxes	5,624,702	0	5,624,702	2,790,207	0	0
Other Deferred Revenues	0	0	0	0	2,041	0
Health Insurance Payments	918	0	918	0	0	0
Noncurrent Liabilities:						
Due Within One Year	2,043,523	48,545	2,092,068	435,030	23,022	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	17,021,492	166,207	17,187,699	866,294	710,107	0
Total Liabilities	\$ 25,007,837	\$ 248,694	\$ 25,256,531	\$ 4,716,758	\$ 965,021	\$ 26,027
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	\$ 7,191,106	\$ 552,750	\$ 7,743,856	\$ 21,806,372	\$ 3,899,533	\$ 0
Invested in Capital Assets Restricted for:	0	0	0	0	0	560,155
Public Library	744,635	0	744,635	0	0	0
Ambulance Service	318,091	0	318,091	0	0	0
Highway/Public Works	1,423,099	0	1,423,099	0	0	0
School Federal Projects	0	0	0	329,600	0	0
Central Cafeteria	0	0	0	599,600	0	0
Debt Service	3,767,538	0	3,767,538	0	0	0
Capital Projects	31,500	0	31,500	0	0	0
Other Purposes	140,890	0	140,890	17,940	0	0
Unrestricted	(13,498,651)	942,734	(12,555,917)	1,585,934	2,332,714	631,176
Total Net Assets	\$ 118,208	\$ 1,495,484	\$ 1,613,692	\$ 24,339,446	\$ 6,232,247	\$ 1,191,331

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, 2010

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	\$ 1,468,866	\$ 99,336	\$ 18,080	\$ 256,400	\$ (1,095,050)	\$ 0	\$ (1,095,050)	\$ 0	\$ 0	\$ 0
Finance	684,372	591,671	6,679	0	(86,022)	0	(86,022)	0	0	0
Administration of Justice	1,618,971	589,750	107,301	0	(921,920)	0	(921,920)	0	0	0
Public Safety	4,016,794	1,090,358	184,399	58,500	(2,683,537)	0	(2,683,537)	0	0	0
Public Health and Welfare	1,713,437	1,020,502	181,098	0	(511,837)	0	(511,837)	0	0	0
Social, Cultural, and Recreational Services	237,449	3,302	62,284	45,000	(126,863)	0	(126,863)	0	0	0
Agriculture and Natural Resources	214,213	0	16,773	0	(197,440)	0	(197,440)	0	0	0
Other Operations	371,581	0	28,750	76,213	(266,618)	0	(266,618)	0	0	0
Highways/Public Works	2,594,454	0	1,708,245	15,656	(870,553)	0	(870,553)	0	0	0
Interest on Long-term Debt	610,540	871	1,425,034	0	815,365	0	815,365	0	0	0
Other Debt Service	36,003	0	0	0	(36,003)	0	(36,003)	0	0	0
Total Governmental Activities	\$ 13,566,680	\$ 3,395,790	\$ 3,738,643	\$ 451,769	\$ (5,980,478)	\$ 0	\$ (5,980,478)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Solid Waste Disposal	\$ 568,854	\$ 557,804	\$ 8,722	\$ 0	\$ 0	\$ (2,328)	\$ (2,328)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 14,135,534	\$ 3,953,594	\$ 3,747,365	\$ 451,769	\$ (5,980,478)	\$ (2,328)	\$ (5,982,806)	\$ 0	\$ 0	\$ 0
Component Units:										
Lauderdale County School Department	\$ 38,811,680	\$ 662,336	\$ 7,478,459	\$ 0	\$ 0	\$ 0	\$ (30,670,885)	\$ 0	\$ 0	\$ 0
Lauderdale County Water System	1,247,142	1,173,487	0	0	0	0	0	(73,655)	0	0
Emergency Communications District	362,925	155,807	402,852	0	0	0	0	0	0	195,734
Total Component Units	\$ 40,421,747	\$ 1,991,630	\$ 7,881,311	\$ 0	\$ 0	\$ 0	\$ (30,670,885)	\$ (73,655)	\$ 195,734	\$ 195,734

(Continued)

Exhibit B

Lauderdale County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-type Activities		Component Units	
				Governmental Activities	Total	Lauderdale County School Department	Lauderdale County Water System
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 4,864,718	\$ 4,864,718	\$ 2,891,317	\$ 0
Property Taxes Levied for Debt Service				964,291	964,291	0	0
Local Option Sales Taxes				0	0	1,750,634	0
Wheel Tax				964,087	964,087	175,226	0
Other Local Taxes				246,995	246,995	2,350	0
Grants and Contributions Not Restricted to Specific Programs				452,317	452,317	25,082,172	0
Unrestricted Investment Income				0	22,155	219,412	42,219
Miscellaneous				56,969	56,992	48,595	0
Gain (Loss) on Disposal of Capital Assets				0	0	0	2,656
Total General Revenues				\$ 7,549,377	\$ 7,571,555	\$ 30,169,706	\$ 44,875
Change in Net Assets				\$ 1,568,899	\$ 1,588,749	\$ (501,179)	\$ (28,780)
Net Assets (Deficit), July 1, 2009				(1,615,515)	1,475,634	24,840,625	6,261,027
Prior-period Adjustment				164,824	0	0	0
Net Assets, June 30, 2010				\$ 118,208	\$ 1,495,484	\$ 24,339,446	\$ 6,232,247
							\$ 1,191,331

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, 2010

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 835,131	\$ 835,131
Equity in Pooled Cash and Investments	2,767,719	1,202,423	1,110,959	127,056	5,208,157
Accounts Receivable	4,356	365	427	769,156	774,304
Allowance for Uncollectibles	0	0	0	(512,705)	(512,705)
Due from Other Governments	215,183	313,626	2,729,870	2,471	3,261,150
Due from Other Funds	1,032	0	0	0	1,032
Property Taxes Receivable	4,513,549	836,895	986,588	0	6,337,032
Allowance for Uncollectible Property Taxes	(296,746)	(57,576)	(67,542)	0	(421,864)
Total Assets	\$ 7,205,093	\$ 2,295,733	\$ 4,760,302	\$ 1,221,109	\$ 15,482,237
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 6,346	\$ 0	\$ 0	\$ 5,726	\$ 12,072
Accrued Payroll	0	0	0	22,098	22,098
Contracts Payable	0	133,566	0	3,000	136,566
Due to Other Funds	0	0	0	1,032	1,032
Due to State of Tennessee	6,203	0	0	0	6,203
Deferred Revenue - Current Property Taxes	4,015,535	738,150	871,017	0	5,624,702
Deferred Revenue - Delinquent Property Taxes	174,865	35,768	41,728	0	252,361
Other Deferred Revenues	21,779	150,198	0	0	171,977
Health Insurance Payments	0	918	0	0	918
Total Liabilities	\$ 4,224,728	\$ 1,058,600	\$ 912,745	\$ 31,856	\$ 6,227,929
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 7,500	\$ 7,500
Reserved for Alcohol and Drug Treatment	11,231	0	0	0	11,231
Reserved for Sexual Offender Registration	5,477	0	0	0	5,477
Reserved for Victims Assistance Programs	20,376	0	0	0	20,376
Reserved for Automation Purposes - General Sessions Court	8,779	0	0	0	8,779
Reserved for Endowments	0	0	0	597,814	597,814
Reserved for Other General Purposes	0	0	2,729,870	0	2,729,870
Unreserved, Reported In:					
General Fund	2,934,502	0	0	0	2,934,502
Special Revenue Funds	0	1,237,133	0	559,939	1,797,072
Debt Service Fund	0	0	1,117,687	0	1,117,687
Capital Projects Fund	0	0	0	24,000	24,000
Total Fund Balances	\$ 2,980,365	\$ 1,237,133	\$ 3,847,557	\$ 1,189,253	\$ 9,254,308
Total Liabilities and Fund Balances	\$ 7,205,093	\$ 2,295,733	\$ 4,760,302	\$ 1,221,109	\$ 15,482,237

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, 2010

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)		\$	9,254,308
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	901,872	
Add: construction in progress		28,640	
Add: buildings and improvements net of accumulated depreciation		5,761,296	
Add: infrastructure net of accumulated depreciation		1,782,940	
Add: other capital assets net of accumulated depreciation		<u>1,128,601</u>	9,603,349
(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	\$	(517,928)	
Less: other loans payable		(660,550)	
Less: bonds payable		(15,550,000)	
Less: accrued interest on bonds		(140,263)	
Less: judgments payable		(2,350,000)	
Less: unamortized premium on debt		(5,053)	
Add: deferred charges - debt issuance costs		41,491	
Add: deferred amount on refunding debt		<u>18,516</u>	(19,163,787)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>424,338</u>
Net assets of governmental activities (Exhibit A)		\$	<u>118,208</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, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 5,263,671	\$ 935,657	\$ 1,018,203	\$ 1,240	\$ 7,218,771
Licenses and Permits	23,393	702	819	0	24,914
Fines, Forfeitures, and Penalties	140,196	0	0	48,894	189,090
Charges for Current Services	87,034	0	0	1,016,335	1,103,369
Other Local Revenues	53,437	16,075	0	22,630	92,142
Fees Received from County Officials	1,038,386	0	0	0	1,038,386
State of Tennessee	1,367,217	1,792,120	0	2,500	3,161,837
Federal Government	349,058	0	0	8,500	357,558
Other Governments and Citizens Groups	247,000	0	1,425,034	49,181	1,721,215
Total Revenues	\$ 8,569,392	\$ 2,744,554	\$ 2,444,056	\$ 1,149,280	\$ 14,907,282
<u>Expenditures</u>					
Current:					
General Government	\$ 1,186,370	\$ 0	\$ 0	\$ 74	\$ 1,186,444
Finance	661,501	0	0	0	661,501
Administration of Justice	1,469,838	0	0	15,591	1,485,429
Public Safety	3,674,024	0	0	29,407	3,703,431
Public Health and Welfare	376,486	0	0	1,121,035	1,497,521
Social, Cultural, and Recreational Services	59,908	0	0	145,204	205,112
Agriculture and Natural Resources	211,449	0	0	0	211,449
Other Operations	647,293	0	0	0	647,293
Highways	0	2,620,100	0	0	2,620,100
Debt Service:					
Principal on Debt	0	0	1,733,322	0	1,733,322
Interest on Debt	0	0	621,467	0	621,467
Other Debt Service	0	0	323,359	0	323,359
Capital Projects	0	0	0	165,987	165,987
Total Expenditures	\$ 8,286,869	\$ 2,620,100	\$ 2,678,148	\$ 1,477,298	\$ 15,062,415
Excess (Deficiency) of Revenues Over Expenditures	\$ 282,523	\$ 124,454	\$ (234,092)	\$ (328,018)	\$ (155,133)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 150,987	\$ 150,987
Insurance Recovery	8,983	0	0	0	8,983
Transfers In	0	0	0	136,555	136,555
Transfers Out	(136,555)	0	0	0	(136,555)
Total Other Financing Sources (Uses)	\$ (127,572)	\$ 0	\$ 0	\$ 287,542	\$ 159,970
Net Change in Fund Balances	\$ 154,951	\$ 124,454	\$ (234,092)	\$ (40,476)	\$ 4,837
Fund Balance, July 1, 2009	2,825,414	1,112,679	4,081,649	1,229,729	9,249,471
Fund Balance, June 30, 2010	\$ 2,980,365	\$ 1,237,133	\$ 3,847,557	\$ 1,189,253	\$ 9,254,308

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, 2010

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	4,837
(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	\$	369,649	
Less: current year depreciation expense		<u>(914,502)</u>	(544,853)
(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			256,400
(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, 2010	\$	424,338	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(453,312)</u>	(28,974)
(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: other loan proceeds	\$	(150,987)	
Add: principal payments on notes		188,322	
Add: principal payments on other loans		50,000	
Add: principal payments on bonds		1,495,000	
Add: payments on judgments		300,000	
Add: change in premium on debt issuances		871	
Less: change in deferred debt issuance costs		(7,154)	
Less: change in deferred amount on refunding debt		<u>(5,490)</u>	1,870,562
(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>10,927</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>1,568,899</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, 2010

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,071,656
Accounts Receivable	73,031
Due from Other Governments	5,013
Total Current Assets	<u>\$ 1,149,700</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 160,000
Assets Net of Accumulated Depreciation:	
Other Capital Assets	434,478
Total Noncurrent Assets	<u>\$ 594,478</u>
Total Assets	<u>\$ 1,744,178</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 33,942
Total Current Liabilities	<u>\$ 33,942</u>
Noncurrent Liabilities:	
Due Within One Year	\$ 48,545
Due in More Than One Year	166,207
Total Noncurrent Liabilities	<u>\$ 214,752</u>
Total Liabilities	<u>\$ 248,694</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ 552,750
	<u>942,734</u>
Total Net Assets	<u>\$ 1,495,484</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, 2010

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>Operating Revenues</u>	
Tipping Fees	\$ 554,612
Sale of Recycled Materials	2,592
Miscellaneous Refunds	23
Other General Service Charges	600
Total Operating Revenues	<u>\$ 557,827</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 26,713
Salary Supplements	5,000
Equipment Operators	46,548
Social Security	4,209
State Retirement	6,230
Employee and Dependent Insurance	20,987
Employer Medicare	984
Communication	636
Contracts with Private Agencies	380,468
Maintenance Agreements	3,000
Maintenance & Repair Services - Buildings	1,054
Maintenance & Repair Services - Equipment	7,555
Travel	3,782
Diesel Fuel	6,404
Office Supplies	525
Utilities	2,464
Other Supplies and Materials	643
Building and Contents Insurance	276
Trustee's Commission	222
Vehicle and Equipment Insurance	531
Worker's Compensation Insurance	3,214
Depreciation	41,527
Landfill Closure/Postclosure Care Costs	2,052
Motor Vehicles	600
Total Operating Expenses	<u>\$ 565,624</u>
Operating Income (Loss)	<u>\$ (7,797)</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>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 22,155
Solid Waste Grants	8,722
Interest on Capital Leases	(3,230)
Total Nonoperating Revenues (Expenses)	<u>\$ 27,647</u>
Change in Net Assets	\$ 19,850
Net Assets, July 1, 2009	<u>1,475,634</u>
Net Assets, June 30, 2010	<u><u>\$ 1,495,484</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, 2010

	<u>Business-type Activities Major Fund Solid Waste Disposal</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 519,613
Receipts from Others	3,215
Payments for Waste Collections and Disposal Activity	(495,787)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 27,041</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from Grants	\$ 8,722
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 8,722</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Payments - Capital Lease	\$ (39,920)
Interest Payments - Capital Lease	(3,230)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (43,150)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 22,155
Net Cash Provided By (Used In) Investing Activities	<u>\$ 22,155</u>
Increase (Decrease) in Cash	\$ 14,768
Cash, July 1, 2009	<u>1,056,888</u>
Cash, June 30, 2010	<u><u>\$ 1,071,656</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (7,797)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	41,527
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(33,467)
(Increase) Decrease in Due from Other Governments	(1,532)
Increase (Decrease) in Accounts Payable	33,075
Increase (Decrease) in Accrued Liability for Landfill Closure/Postclosure Care Costs	<u>(4,765)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 27,041</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash Per Net Assets	\$ 1,071,656
Cash, June 30, 2010	<u><u>\$ 1,071,656</u></u>

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

Exhibit E

Lauderdale County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 527,449
Equity in Pooled Cash and Investments	2,702,983
Accounts Receivable	1,245
Due from Other Governments	<u>364,257</u>
Total Assets	<u>\$ 3,595,934</u>
<u>LIABILITIES</u>	
Due to Cities	\$ 164,148
Payroll Deductions Payable	891
Due to Other Taxing Units	2,729,870
Due to Litigants, Heirs, and Others	528,694
Due to Joint Ventures	<u>172,331</u>
Total Liabilities	<u>\$ 3,595,934</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, 2010

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, the proprietary fund (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 funds:

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

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

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 3.62 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 and business-type columns 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 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, 2010, Lauderdale County had \$14,292,142 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 were restated \$164,824 from the prior year because the acquisition of two new ambulances (\$216,500) and the removal of a wrecked ambulance (\$24,598) had been omitted. Also, three vehicles (\$27,078), which were below the capitalization policy limits, had been incorrectly included in prior years.

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/Executive, 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 Support Services: Other Student Support and Vocational Education Program major appropriation categories (the legal level of control) of the discretely presented Lauderdale County School Department's General Purpose School Fund by \$8,801 and \$4,892, respectively. Expenditures in excess of appropriations are a violation of state statutes. These expenditures that exceed appropriations were funded by available fund balance.

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 reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

B. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Restated*			
	Balance			Balance
	7-1-09	Increases	Decreases	6-30-10
Capital Assets Not Depreciated:				
Land	\$ 890,572	\$ 11,300	\$ 0	\$ 901,872
Construction in Progress	20,191	8,449	0	28,640
Total Capital Assets Not Depreciated	<u>\$ 910,763</u>	<u>\$ 19,749</u>	<u>\$ 0</u>	<u>\$ 930,512</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,890,446	\$ 245,100	\$ 0	\$ 10,135,546
Infrastructure	2,162,230	0	0	2,162,230
Other Capital Assets	4,670,488	361,200	385,515	4,646,173
Total Capital Assets Depreciated	<u>\$ 16,723,164</u>	<u>\$ 606,300</u>	<u>\$ 385,515</u>	<u>\$ 16,943,949</u>

Governmental Activities (Cont.):

	Restated*			Balance
	Balance			Balance
	7-1-09	Increases	Decreases	6-30-10
Less Accumulated				
Depreciation For:				
Buildings and Improvements	\$ 3,989,184	\$ 385,066	\$ 0	\$ 4,374,250
Infrastructure	302,448	76,842	0	379,290
Other Capital Assets	3,450,493	452,594	385,515	3,517,572
Total Accumulated				
Depreciation	<u>\$ 7,742,125</u>	<u>\$ 914,502</u>	<u>\$ 385,515</u>	<u>\$ 8,271,112</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 8,981,039</u>	<u>\$ (308,202)</u>	<u>\$ 0</u>	<u>\$ 8,672,837</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 9,891,802</u>	<u>\$ (288,453)</u>	<u>\$ 0</u>	<u>\$ 9,603,349</u>

*The balance on July 1, 2009, was restated because the acquisition of two new ambulances and the removal of a wrecked ambulance had been omitted in the prior year. Also, three vehicles, which were below the capitalization policy limits, had been incorrectly included in prior years.

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

Governmental Activities:

General Government	\$ 18,651
Finance	16,516
Administration of Justice	96,135
Public Safety	272,678
Public Health and Welfare	200,737
Social, Cultural, and Recreational Services	30,792
Highway/Public Works	<u>278,993</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 914,502</u>

Business-type Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
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	\$ 63,213	\$ 7,510	\$ 70,723
Other Capital Assets	386,802	34,017	420,819
Total Accumulated Depreciation	<u>\$ 450,015</u>	<u>\$ 41,527</u>	<u>\$ 491,542</u>
Total Capital Assets Depreciated, Net	<u>\$ 476,005</u>	<u>\$ (41,527)</u>	<u>\$ 434,478</u>
Business-type Activities Capital Assets, Net	<u>\$ 636,005</u>	<u>\$ (41,527)</u>	<u>\$ 594,478</u>

Depreciation expense for the business-type activities was \$41,527.

Discretely Presented Lauderdale County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,378,648	\$ 0	\$ 0	\$ 1,378,648
Total Capital Assets Not Depreciated	<u>\$ 1,378,648</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,378,648</u>

Governmental Activities (Cont.):

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,665,137	\$ 100,000	\$ 0	\$ 35,765,137
Infrastructure	233,000	0	0	233,000
Other Capital Assets	6,334,645	373,911	411,699	6,296,857
Total Capital Assets Depreciated	\$ 42,232,782	\$ 473,911	\$ 411,699	\$ 42,294,994
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 16,448,829	\$ 902,585	\$ 0	\$ 17,351,414
Infrastructure	13,607	11,650	0	25,257
Other Capital Assets	3,877,346	337,125	411,399	3,803,072
Total Accumulated Depreciation	\$ 20,339,782	\$ 1,251,360	\$ 411,399	\$ 21,179,743
Total Capital Assets Depreciated, Net	\$ 21,893,000	\$ (777,449)	\$ 300	\$ 21,115,251
Governmental Activities Capital Assets, Net	\$ 23,271,648	\$ (777,449)	\$ 300	\$ 22,493,899

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

Governmental Activities:

Instruction	\$ 959,555
Support Services	242,941
Operation of Non-Instructional Services	<u>48,864</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,251,360</u>

C. Construction Commitments

At June 30, 2010, the General Purpose School Fund had uncompleted construction contracts of \$13,100 for masonry work. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,032

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, 2010, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In Nonmajor Governmental Funds</u>
General Fund	\$ 136,555

Discretely Presented Lauderdale County School Department

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Purpose School Fund	School Federal Projects Fund
General Purpose School Fund	\$ 0	\$ 100,000
School Federal Projects Fund	20,947	0

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.

E. 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, 2010, are as follows:

Year Ending June 30	Solid Waste Disposal Fund
2011	\$ 43,150
Total Minimum Lease Payments	\$ 43,150
Less: Amount Representing Interest	<u>(1,422)</u>
Present Value of Minimum Lease Payments	<u>\$ 41,728</u>

Discretely Presented Lauderdale County School Department

On January 3, 2008, the Lauderdale County School Department entered into a three-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 and School Federal Projects funds are 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, 2010, are as follows:

Year Ending June 30	General Purpose School Fund
2011	\$ 454,894
2012	155,000
2013	<u>114,997</u>
Total Minimum Lease Payments	\$ 724,891
Less: Amount Representing Interest	<u>(51,700)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 673,191</u>

F. 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 13 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, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	2 to 3.75 %	\$ 9,835,000	\$ 7,735,000
General Obligation Bonds - Refunding	3 to 4	14,445,000	7,815,000
Capital Outlay Notes	0 to 6	920,000	517,928
Other Loans	Variable	710,550	660,550

In the prior 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 \$710,550 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, 2010, the variable interest rate was .44 percent, other fees totaled 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, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2016-2020	5,865,000	920,098	6,785,098
2021-2022	1,810,000	97,750	1,907,750
Total	\$ 15,550,000	\$ 3,237,680	\$ 18,787,680

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 517,928	\$ 2,524	\$ 520,452

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 52,000	\$ 2,906	\$ 2,213	\$ 57,119
2012	53,000	2,678	2,039	57,717
2013	55,000	2,444	1,861	59,305
2014	56,000	2,202	1,677	59,879
2015	58,000	1,956	1,489	61,445
2016-2020	315,000	5,821	4,431	325,252
2021-2022	71,550	331	252	72,133
Total	\$ 660,550	\$ 18,338	\$ 13,962	\$ 692,850

There is \$1,117,687 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$574 based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$617, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2009	\$ 17,045,000	\$ 706,250	\$ 559,563
Additions	0	0	150,987
Deductions	(1,495,000)	(188,322)	(50,000)
Balance, June 30, 2010	\$ 15,550,000	\$ 517,928	\$ 660,550
Balance Due Within One Year	\$ 1,545,000	\$ 146,523	\$ 52,000

Governmental Activities (Cont.):

	<u>Claims and Judgments</u>
Balance, July 1, 2009	\$ 2,650,000
Deductions	<u>(300,000)</u>
Balance, June 30, 2010	<u>\$ 2,350,000</u>
Balance Due Within One Year	<u>\$ 300,000</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 19,078,478
Less: Balance Due Within One Year	(2,043,523)
Add: Unamortized Premium on Debt	5,053
Less: Deferred Amount on Refunding	<u>(18,516)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 17,021,492</u>

Effective May 10, 2006, Lauderdale County was ordered to pay a judgment of \$25,000 per month for 144 consecutive months totaling \$3,600,000 to a litigant's trust fund. At year-end, \$2,350,000 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)

Capital leases outstanding as of June 30, 2010, for business-type activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
Capital Lease	4.5 %	\$ 195,586	\$ 41,728

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2010, was as follows:

Business-type Activities:

	Postclosure	
	Care Costs	Capital Lease
Balance, July 1, 2009	\$ 177,789	\$ 81,648
Additions	2,052	0
Deductions	(6,817)	(39,920)
Balance, June 30, 2010	<u>\$ 173,024</u>	<u>\$ 41,728</u>
Balance Due Within One Year	<u>\$ 6,817</u>	<u>\$ 41,728</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 214,752
Less: Balance Due Within One Year	<u>(48,545)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 166,207</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 equipment.

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, 2010, will be retired from the General Purpose School Fund.

The capital outlay note and capital leases outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Outlay Note	0 %	\$ 172,013	\$ 14,336
Capital Leases	1.92 to 6.09	1,661,636	673,191

The annual requirements to amortize all notes outstanding as of June 30, 2010, are presented in the following table:

Year Ending June 30	<u>Note Principal</u>
2011	\$ 9,556
2012	<u>4,780</u>
Total	<u>\$ 14,336</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Lauderdale County School Department for the year ended June 30, 2010, was as follows:

	<u>Note</u>	<u>Capital Leases</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2009	\$ 23,892	\$ 1,087,893	\$ 527,546
Additions	0	0	472,740
Deductions	<u>(9,556)</u>	<u>(414,702)</u>	<u>(386,489)</u>
Balance, June 30, 2010	<u>\$ 14,336</u>	<u>\$ 673,191</u>	<u>\$ 613,797</u>
Balance Due Within One Year	<u>\$ 9,556</u>	<u>\$ 425,474</u>	<u>\$ 0</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 1,301,324
Less: Balance Due Within One Year	<u>(435,030)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 866,294</u>

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

G. 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 \$8,076,946, 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 \$949,624 and \$1,103,424, 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 1.5 percent of a sales tax levy and \$600,000 from restricted funds received from the state for capital outlay purposes. The \$19.675 million in bonds issued by Lauderdale County in May 2003 and June 2003 to provide financing for the refunding of other school bonds, school construction, and renovations is payable through 2022. In addition, \$1,505,000 of the bonds issued by Lauderdale County in 2006 to provide financing for school refunding is payable through 2016. For the current year, principal and interest paid and revenues generated and appropriated by the School Department were \$710,059 and \$1,200,000, respectively.

H. 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, 2010, were \$25,048 and \$40,065, 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

Employee Health Insurance

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.

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.

Liability, Property, Casualty, and Workers' Compensation Insurance

Lauderdale County and the discretely presented School Department participate 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 government pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance, nonfinancial in nature, and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Lauderdale

County and the Lauderdale County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Lauderdale County and the Lauderdale County School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Lauderdale County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Lauderdale County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Lauderdale County may enter into derivative transactions in subsequent years.

C. Subsequent Events

On August 31, 2010, Steve Carmack left the Office of Trustee and was succeeded by Judy Conrad.

On October 1, 2010, Lauderdale County issued \$2,523,000 in general obligation qualified school construction bonds for various construction and renovation projects of school facilities. As of the date of this report, \$85,265 has been received in drawdowns.

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, 2010, future principal requirements were \$733,129, and future interest requirements were \$575,567.

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, 2010, future principal requirements were \$4,830,000, and future interest requirements were \$1,632,055.

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

E. Landfill Closure/Postclosure Care Costs

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 \$173,024 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Twenty-fifth Judicial District Drug Task Force (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, 2010.

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, 2010.

The Lauderdale County Economic and Community Development Board (LCECD) is a joint venture between Lauderdale County, the City of Ripley, and the towns of Halls, Henning, and Gates. The board is comprised of the county, city and town mayors, and various other individuals for a total of 31 members. The purpose of the organization is to foster communications relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities provide the funding for the organization with membership dues based on population percentages. Lauderdale County contributed dues of \$16,466 to the LCECD for the year ended June 30, 2010.

Lauderdale County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the DTF, HTL Advantage, and LCECD 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

Lauderdale County Economic and Community Development Board
123 S. Jefferson Street
Ripley, TN 38063

G. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Lauderdale County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, Lauderdale County's annual pension cost of \$738,931 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$738,931	100%	\$0
6-30-09	717,493	100	0
6-30-08	694,682	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 85.92 percent funded. The actuarial accrued liability for benefits was \$24.46 million, and the actuarial value of assets was \$21.01 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.44 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.42 million, and the ratio of the UAAL to the covered payroll was 40.92 percent.

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

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

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/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Lauderdale County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008, were \$1,097,088, \$1,040,453, and \$996,418, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Lauderdale County School Department

Plan Description

The Lauderdale County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for 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. Thirty years of total teaching experience
2. Twenty years of the experience in Lauderdale County
3. Covered under the group insurance plan at the time of retirement
4. Younger than 65

During the year ended June 30, 2010, the School Department contributed \$364,003 for postemployment health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 449,000
Interest on the NPO	23,740
Adjustment to the ARC	(22,486)
Annual OPEB cost	<u>\$ 450,254</u>
Amount of contribution	(364,003)
Increase/decrease in NPO	<u>\$ 86,251</u>
Net OPEB obligation, 7-1-09	<u>527,546</u>
 Net OPEB obligation, 6-30-10	 <u><u>\$ 613,797</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 513,000	52.11	% \$ 245,678
6-30-09	"	519,296	45.72	527,546
6-30-10	"	450,254	80.84	613,797

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 4,107,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,107,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 14,433,805
UAAL as a % of covered payroll	28.45%

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

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

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

Office of Highway Commissioner

Purchasing procedures for the Highway Department are governed by Chapter 304, Private Acts of 1929 and provisions of Section 54-7-113, TCA (Uniform Road Law), which require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

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

A. Summary of Significant Accounting Policies

The Lauderdale County Public Library Fund accounts for its financial position and 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

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. 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.

6. Budgetary Information

An annual budget is adopted by the board of trustees on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Expenditures were less than appropriations.

B. Cash and Investments

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

	Balance 6-30-10
Cash on hand	\$ 790
Cash in bank	<u>753,814</u>
Total Cash	<u>\$ 754,604</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. Amounts in excess of FDIC are covered by the Tennessee Collateral Pool.

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

The Library Fund had no investments at June 30, 2010.

C. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2010:

Governmental Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 7,800	\$ 0	\$ 7,800
Construction on Progress	20,191	8,449	<u>28,640</u>
Total Capital Assets Not Depreciated	<u>\$ 27,991</u>	<u>\$ 8,449</u>	<u>\$ 36,440</u>
Capital Assets Depreciated:			
Buildings	\$ 452,978	\$ 0	\$ 452,978
Books	66,992	17,659	84,651
Furniture and Fixtures	89,170	8,891	<u>98,061</u>
Total Capital Assets Depreciated	<u>\$ 609,140</u>	<u>\$ 26,550</u>	<u>\$ 635,690</u>

Governmental Activities (Cont.):

	Balance		Balance
	7-1-09	Increases	6-30-10
Less Accumulated Depreciation For:			
Buildings	\$ 113,243	\$ 11,324	\$ 124,567
Books	52,092	6,918	59,010
Furniture and Fixtures	79,464	5,755	85,219
Total Accumulated Depreciation	<u>\$ 244,799</u>	<u>\$ 23,997</u>	<u>\$ 268,796</u>
Total Capital Assets Depreciated, Net	<u>\$ 364,341</u>	<u>\$ 2,553</u>	<u>\$ 366,894</u>
Governmental Activities Capital Assets, Net	<u>\$ 392,332</u>	<u>\$ 11,002</u>	<u>\$ 403,334</u>

Depreciation expense of \$23,997 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 \$13,050.
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 \$322,648.
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, 2010, was \$118,840.
5. Fitzhugh Fund. In 2007, Mr. and Mrs. Jim Fitzhugh gave \$100,000 for the purpose of library expansion. The balance at June 30, 2010, was \$118,276.

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), and 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 6-30-10
Cash in bank	\$ 48
Cash on hand	79,447
Total	<u>\$ 79,495</u>

Cash in banks is insured up to \$250,000 by the Federal Deposit Insurance Corporation (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, and certificates of deposit insured by a Federal Deposit Insurance Corporation or the Tennessee Collateral Pool. During the year ended June 30, the ambulance authority did not own any types of securities other than those permitted by state statute.

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 \$66,289 for the year ended June 30, 2010.

Capital assets are summarized as follows:

	Balance 7-1-09	Additions	Balance 6-30-10
Capital Assets Depreciated:			
Vehicles	\$ 289,295	\$ 0	\$ 289,295
Equipment	68,075	0	68,075
Total Capital Assets Being Depreciated	<u>\$ 357,370</u>	<u>\$ 0</u>	<u>\$ 357,370</u>
Less Accumulated Depreciation For:			
Vehicles	\$ 82,199	\$ 53,223	\$ 135,422
Equipment	28,251	13,066	41,317
Total Depreciation	<u>\$ 110,450</u>	<u>\$ 66,289</u>	<u>\$ 176,739</u>
Total Capital Assets, Net of Depreciation	<u>\$ 246,920</u>	<u>\$ (66,289)</u>	<u>\$ 180,631</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, 2010, was \$512,705.

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 by the Ambulance Committee of the Lauderdale County Commission on a basis consistent with generally accepted accounting principles, and the budget is approved by the Lauderdale County Commission. Amendments require the approval of the County Commission. 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. The Ambulance Authority had no material excess of expenditures over appropriations.

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 to pay is dependent on the economic conditions of the area.

VIII. OTHER NOTES – DISCRETELY PRESENTED LAUDERDALE COUNTY WATER SYSTEM

A. Reporting Entity

The Lauderdale County Water System was created in 1974. The Lauderdale County Commission appoints the system's five-member board, approves the system's operating budget, and is liable for any unpaid debt of the 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 nonexchange 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 in obligations of the United States or any 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, 2010, 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 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 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, 2010, consisted of the following:

Deposits:	
Cash on hand	\$ 225
Cash in bank	32,138
Cash on deposit with county trustee	<u>504,562</u>
 Total cash and cash equivalents	 <u>\$ 536,925</u>
 Investments:	
Certificates of deposit managed by county trustee	<u>\$ 1,850,000</u>

The Lauderdale County Water System's deposits and investments at June 30, 2010, 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.

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, 2010, is also reflected as deferred revenue.

E. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
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	\$ 8,148,974	\$ 99,177	\$ 108,112	\$ 8,140,039
Plant Equipment	104,882	0	0	104,882
Office Equipment	75,257	10,023	17,366	67,914
Equipment	248,320	89,499	71,585	266,234
Total Capital Assets Depreciated	<u>\$ 8,577,433</u>	<u>\$ 198,699</u>	<u>\$ 197,063</u>	<u>\$ 8,579,069</u>
Less Accumulated Depreciation:				
Water Plant	\$ 3,615,187	\$ 204,914	\$ 108,112	\$ 3,711,989
Plant Equipment	60,719	5,346	0	66,065
Office Equipment	64,169	3,103	17,366	49,906
Equipment	169,227	30,805	71,585	128,447
Total Accumulated Depreciation	<u>\$ 3,909,302</u>	<u>\$ 244,168</u>	<u>\$ 197,063</u>	<u>\$ 3,956,407</u>
Total Capital Assets Depreciated, Net	<u>\$ 4,668,131</u>	<u>\$ (45,469)</u>	<u>\$ 0</u>	<u>\$ 4,622,662</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,678,131</u>	<u>\$ (45,469)</u>	<u>\$ 0</u>	<u>\$ 4,632,662</u>

F. Bonds Payable

Bonds payable at June 30, 2010, consist of the following:

	<u>Current</u>	<u>Long- term</u>	<u>Total</u>
FHA, 5%; payable in annual installments of \$6,345 including interest	\$ 5,214	\$ 17,293	\$ 22,507
FHA, 6%; payable in monthly installments of \$815 including interest	6,176	0	6,176
Rural Economic and Community Development 4.5%; payable in monthly installments of \$3,592	11,632	692,814	704,446
Total	<u>\$ 23,022</u>	<u>\$ 710,107</u>	<u>\$ 733,129</u>

The annual maturities of long-term bonds as of June 30, 2010, are:

<u>Year Ending June 30</u>	<u>Bonds</u>
2011	\$ 23,022
2012	17,641
2013	18,473
2014	19,346
2015	14,067
2016-2020	79,808
2021-2025	99,903
2026-2030	125,058
2031-2035	156,548
2036-2040	<u>179,263</u>
Total	<u>\$ 733,129</u>

Net changes for the year ended June 30, 2010, in bond balances are:

	<u>Bonds</u>
Balance, July 1, 2009	\$ 758,327
Deductions	<u>(25,198)</u>
Balance, June 30, 2010	<u>\$ 733,129</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

Employees of the Lauderdale County Water System are members of Lauderdale County's Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The retirement plan for water system was included in the total retirement program for Lauderdale County. Lauderdale County required employees to contribute five percent of earnable compensation, and the water system is required to contribute at an actuarially determined rate. The rate for fiscal year ended June 30, 2010, was 8.86 percent of annual covered payroll. For details relative to the funding status, contributions, retirement requirements, actuarial information, and trend information for the Lauderdale County plan, see note V.G.

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 Bell South and other telephone companies, who then remit the amounts collected to the district.

At June 30, 2010, 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 \$71,141 for the year ended June 30, 2010.

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 officially adopted by the governing body and approved by the County Commission on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. The proposed budget is approved by the board of directors in June of each year. The budget is prepared by line item. Transfer of amounts between line items requires board approval.

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	\$ 409,869
Certificates of Deposit	<u>200,000</u>
 Total	 <u><u>\$ 609,869</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, 2010, all monies were covered by the FDIC or covered by the Tennessee Collateral Pool. The board of directors approves all investments. The investments consist of certificates of deposit and are in conformity with state guidelines. 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 7-1-09	Increases	Balance 6-30-10
Capital Assets Depreciated:			
Buildings and Improvements	\$ 158,842	\$ 0	\$ 158,842
Communications Equipment	540,209	19,436	559,645
Office Equipment	79,519	4,042	83,561
Furniture and Fixtures	16,125	0	16,125
Total Capital Assets			
Depreciated	<u>\$ 794,695</u>	<u>\$ 23,478</u>	<u>\$ 818,173</u>
Less Accumulated Depreciation:			
Buildings and Improvements	\$ 29,278	\$ 4,090	\$ 33,368
Communications Equipment	96,053	53,413	149,466
Office Equipment	52,552	12,366	64,918
Furniture and Fixtures	8,994	1,272	10,266
Total Accumulated Depreciation	<u>\$ 186,877</u>	<u>\$ 71,141</u>	<u>\$ 258,018</u>
Business-type Activities			
Capital Assets, Net	<u>\$ 607,818</u>	<u>\$ (47,663)</u>	<u>\$ 560,155</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 \$3,882.

The following is a schedule by year of expected minimum future rentals on operating leases as of June 30, 2010:

Year Ending June 30	Amount
2011	\$ 46,584
2012	46,584
2013	46,584
2014	46,584
2015	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 lease is a month to month operating lease. The agreement was discontinued during the year.

3. Concentration of Credit Risk

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

4. Retirement Plan

Plan Description

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of

service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.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, 2010, was 5.45 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, 2010, the district's annual pension cost of \$6,414 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, 2009, which established contribution rates effective July 1, 2010.

Trend information

Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
6-30-10	\$	6,414	100%	\$	0
6-30-09		5,728	100		0
6-30-08		5,348	100		0

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,263,671	\$ 5,193,728	\$ 5,193,728	\$ 69,943
Licenses and Permits	23,393	20,250	20,250	3,143
Fines, Forfeitures, and Penalties	140,196	136,500	136,500	3,696
Charges for Current Services	87,034	57,050	57,050	29,984
Other Local Revenues	53,437	11,750	176,169	(122,732)
Fees Received from County Officials	1,038,386	974,000	974,000	64,386
State of Tennessee	1,367,217	1,432,755	1,349,955	17,262
Federal Government	349,058	245,920	1,141,171	(792,113)
Other Governments and Citizens Groups	247,000	222,000	247,000	0
Total Revenues	<u>\$ 8,569,392</u>	<u>\$ 8,293,953</u>	<u>\$ 9,295,823</u>	<u>\$ (726,431)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 53,289	\$ 62,700	\$ 62,700	\$ 9,411
County Mayor/Executive	210,534	218,903	218,903	8,369
County Attorney	73,212	45,000	74,000	788
Election Commission	197,606	192,702	213,627	16,021
Register of Deeds	127,247	126,092	131,092	3,845
Development	140,498	132,416	147,916	7,418
Planning	22,395	30,210	30,210	7,815
County Buildings	357,703	282,119	522,796	165,093
Other General Administration	3,886	3,882	3,886	0
<u>Finance</u>				
Property Assessor's Office	202,722	218,713	218,713	15,991
Reappraisal Program	5,910	13,364	13,364	7,454
County Trustee's Office	162,408	289,330	170,349	7,941
County Clerk's Office	290,461	302,590	302,590	12,129
<u>Administration of Justice</u>				
Circuit Court	207,882	225,044	225,044	17,162
General Sessions Judge	94,041	95,359	95,359	1,318
General Sessions Court Clerk	264,103	265,757	265,757	1,654
Chancery Court	140,765	142,071	147,171	6,406
Juvenile Court	659,476	701,500	703,664	44,188
Other Administration of Justice	68,571	68,571	68,571	0
Victims Assistance Programs	35,000	10,000	35,000	0
<u>Public Safety</u>				
Sheriff's Department	1,894,015	1,942,243	1,956,514	62,499
Administration of the Sexual Offender Registry	456	1,000	1,000	544
Jail	1,571,905	1,584,067	1,614,067	42,162
Fire Prevention and Control	42,581	50,386	50,386	7,805
Civil Defense	100,604	101,000	101,000	396
Rescue Squad	1,708	2,500	2,500	792
Other Emergency Management	62,755	62,560	67,891	5,136

(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	\$ 56,339	\$ 57,912	\$ 57,912	\$ 1,573
Rabies and Animal Control	61,410	62,564	62,564	1,154
Dental Health Program	156,528	349,500	266,700	110,172
Other Local Health Services	52,927	54,015	54,015	1,088
Sanitation Education/Information	49,282	42,720	51,445	2,163
<u>Social, Cultural, and Recreational Services</u>				
Libraries	23,308	122,163	23,608	300
Parks and Fair Boards	36,600	36,600	36,600	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	113,879	117,141	117,141	3,262
Soil Conservation	97,570	100,104	100,104	2,534
<u>Other Operations</u>				
Housing and Urban Development	28,750	102,920	102,920	74,170
Veterans' Services	17,047	17,281	17,281	234
Other Charges	156,145	178,274	178,274	22,129
Contributions to Other Agencies	171,607	173,607	173,607	2,000
Employee Benefits	24,456	20,000	24,456	0
ARRA Grant # 2	2,459	0	2,459	0
ARRA Grant # 3	71,529	0	430,500	358,971
ARRA Grant # 4	6,090	0	367,292	361,202
Miscellaneous	169,210	121,013	190,513	21,303
Total Expenditures	\$ 8,286,869	\$ 8,725,893	\$ 9,701,461	\$ 1,414,592
Excess (Deficiency) of Revenues Over Expenditures	\$ 282,523	\$ (431,940)	\$ (405,638)	\$ 688,161
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8,983	\$ 0	\$ 15,435	\$ (6,452)
Transfers Out	(136,555)	0	(136,555)	0
Total Other Financing Sources (Uses)	\$ (127,572)	\$ 0	\$ (121,120)	\$ (6,452)
Net Change in Fund Balance	\$ 154,951	\$ (431,940)	\$ (526,758)	\$ 681,709
Fund Balance, July 1, 2009	2,825,414	2,770,093	2,770,093	55,321
Fund Balance, June 30, 2010	\$ 2,980,365	\$ 2,338,153	\$ 2,243,335	\$ 737,030

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 935,657	\$ 916,573	\$ 916,573	\$ 19,084
Licenses and Permits	702	650	650	52
Other Local Revenues	16,075	27,500	41,180	(25,105)
State of Tennessee	1,792,120	2,321,248	2,321,248	(529,128)
Total Revenues	<u>\$ 2,744,554</u>	<u>\$ 3,265,971</u>	<u>\$ 3,279,651</u>	<u>\$ (535,097)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 198,105	\$ 195,044	\$ 206,344	\$ 8,239
Highway and Bridge Maintenance	1,089,884	1,298,418	1,287,118	197,234
Operation and Maintenance of Equipment	384,493	492,321	492,321	107,828
Other Charges	84,337	120,915	120,915	36,578
Employee Benefits	405,064	413,135	413,135	8,071
Capital Outlay	458,217	1,126,200	1,139,880	681,663
Total Expenditures	<u>\$ 2,620,100</u>	<u>\$ 3,646,033</u>	<u>\$ 3,659,713</u>	<u>\$ 1,039,613</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 124,454</u>	<u>\$ (380,062)</u>	<u>\$ (380,062)</u>	<u>\$ 504,516</u>
Net Change in Fund Balance	\$ 124,454	\$ (380,062)	\$ (380,062)	\$ 504,516
Fund Balance, July 1, 2009	<u>1,112,679</u>	<u>936,728</u>	<u>936,728</u>	<u>175,951</u>
Fund Balance, June 30, 2010	<u>\$ 1,237,133</u>	<u>\$ 556,666</u>	<u>\$ 556,666</u>	<u>\$ 680,467</u>

Exhibit F-3

Lauderdale County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Lauderdale County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 21,012	\$ 24,456	\$ 3,444	85.92 %	\$ 8,418	40.92 %
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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Lauderdale County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Lauderdale County Emergency Communications District
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 60	\$ 52	\$ (8)	115.38 %	\$ 76	(10.53) %
7-1-09	83	87	4	96.31	85	3.77

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

Exhibit F-5

Lauderdale County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Lauderdale County School Department
June 30, 2010

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-07	\$ 0	\$ 4,820	\$ 4,820	0%	\$ 15,674	30.75 %
"	7-1-09	0	4,107	4,107	0	14,434	28.45

*Data only available for two actuarial valuations.

LAUDERDALE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Exhibit G-1

Lauderdale County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds							Total Nonmajor Governmental Funds		
	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total			
									Capital Projects	General Fund
\$	0	754,604	79,495	0	0	1,032	835,131	0	\$	835,131
	4,689	0	0	34,327	53,540	0	92,556	34,500		127,056
	0	0	769,156	0	0	0	769,156	0		769,156
	0	0	(512,705)	0	0	0	(512,705)	0		(512,705)
	0	0	0	0	2,471	0	2,471	0		2,471
\$	4,689	754,604	335,946	34,327	56,011	1,032	1,186,609	34,500	\$	1,221,109

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts Payable	
Accrued Payroll	
Contracts Payable	
Due to Other Funds	
Total Liabilities	

Fund Balances

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

Exhibit G-2

Lauderdale County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2010

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total	Capital Projects Fund			
								General Capital Projects	Total		
Revenues											
Local Taxes	\$ 1,240	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,240	\$ 0	\$ 0	\$ 1,240	\$ 1,240
Fines, Forfeitures, and Penalties Charges for Current Services	0	0	0	18,822	30,072	0	48,894	0	0	48,894	48,894
Other Local Revenues	0	0	1,015,011	0	0	1,324	1,016,335	0	0	1,016,335	1,016,335
State of Tennessee	0	13,905	8,725	0	0	0	22,630	0	0	22,630	22,630
Federal Government	0	2,500	0	0	0	0	2,500	0	0	2,500	2,500
Other Governments and Citizens Groups	0	0	0	0	0	0	0	8,500	0	8,500	8,500
Total Revenues	\$ 1,240	\$ 65,586	\$ 1,023,736	\$ 18,822	\$ 30,072	\$ 1,324	\$ 1,140,780	\$ 8,500	\$ 0	\$ 1,149,280	\$ 1,149,280
Expenditures											
Current:											
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74	\$ 74	\$ 0	\$ 0	\$ 74	\$ 74
Administration of Justice	0	0	0	0	14,341	1,250	15,591	0	0	15,591	15,591
Public Safety	0	0	0	29,407	0	0	29,407	0	0	29,407	29,407
Public Health and Welfare	0	0	1,121,035	0	0	0	1,121,035	0	0	1,121,035	1,121,035
Social, Cultural, and Recreational Services	1,712	143,492	0	0	0	0	145,204	0	0	145,204	145,204
Capital Projects	0	0	0	0	0	0	0	165,987	0	165,987	165,987
Total Expenditures	\$ 1,712	\$ 143,492	\$ 1,121,035	\$ 29,407	\$ 14,341	\$ 1,324	\$ 1,311,311	\$ 165,987	\$ 0	\$ 1,477,298	\$ 1,477,298
Excess (Deficiency) of Revenues Over Expenditures	\$ (472)	\$ (77,906)	\$ (97,299)	\$ (10,585)	\$ 15,731	\$ 0	\$ (170,531)	\$ (157,487)	\$ 0	\$ (328,018)	\$ (328,018)
Other Financing Sources (Uses)											
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,987	\$ 0	\$ 150,987	\$ 150,987
Transfers In	0	98,555	0	0	0	0	98,555	38,000	0	136,555	136,555
Total Other Financing Sources (Uses)	\$ 0	\$ 98,555	\$ 0	\$ 0	\$ 0	\$ 0	\$ 98,555	\$ 188,987	\$ 0	\$ 287,542	\$ 287,542
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ (472)	\$ 20,649	\$ (97,299)	\$ (10,585)	\$ 15,731	\$ 0	\$ (71,976)	\$ 31,500	\$ 0	\$ (40,476)	\$ (40,476)
Fund Balance, July 1, 2009	5,161	723,986	415,390	44,912	40,280	0	1,229,729	0	0	1,229,729	1,229,729
Fund Balance, June 30, 2010	\$ 4,689	\$ 744,635	\$ 318,091	\$ 34,327	\$ 56,011	\$ 0	\$ 1,157,753	\$ 31,500	\$ 0	\$ 1,189,253	\$ 1,189,253

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,240	\$ 1,300	\$ 1,300	\$ (60)
Total Revenues	<u>\$ 1,240</u>	<u>\$ 1,300</u>	<u>\$ 1,300</u>	<u>\$ (60)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 1,712	\$ 2,030	\$ 2,030	\$ 318
Total Expenditures	<u>\$ 1,712</u>	<u>\$ 2,030</u>	<u>\$ 2,030</u>	<u>\$ 318</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (472)</u>	<u>\$ (730)</u>	<u>\$ (730)</u>	<u>\$ 258</u>
Net Change in Fund Balance	\$ (472)	\$ (730)	\$ (730)	\$ 258
Fund Balance, July 1, 2009	<u>5,161</u>	<u>5,323</u>	<u>5,323</u>	<u>(162)</u>
Fund Balance, June 30, 2010	<u><u>\$ 4,689</u></u>	<u><u>\$ 4,593</u></u>	<u><u>\$ 4,593</u></u>	<u><u>\$ 96</u></u>

Exhibit G-4

Lauderdale County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 13,905	\$ 24,659	\$ 24,659	\$ (10,754)
State of Tennessee	2,500	0	0	2,500
Other Governments and Citizens Groups	49,181	20,000	20,000	29,181
Total Revenues	<u>\$ 65,586</u>	<u>\$ 44,659</u>	<u>\$ 44,659</u>	<u>\$ 20,927</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 143,492	\$ 143,514	\$ 143,514	\$ 22
Total Expenditures	<u>\$ 143,492</u>	<u>\$ 143,514</u>	<u>\$ 143,514</u>	<u>\$ 22</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (77,906)</u>	<u>\$ (98,855)</u>	<u>\$ (98,855)</u>	<u>\$ 20,949</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 98,555	\$ 98,855	\$ 98,855	\$ (300)
Total Other Financing Sources (Uses)	<u>\$ 98,555</u>	<u>\$ 98,855</u>	<u>\$ 98,855</u>	<u>\$ (300)</u>
Net Change in Fund Balance	\$ 20,649	\$ 0	\$ 0	\$ 20,649
Fund Balance, July 1, 2009	<u>723,986</u>	<u>723,986</u>	<u>723,986</u>	<u>0</u>
Fund Balance, June 30, 2010	<u>\$ 744,635</u>	<u>\$ 723,986</u>	<u>\$ 723,986</u>	<u>\$ 20,649</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,015,011	\$ 1,400,000	\$ 1,400,000	\$ (384,989)
Other Local Revenues	8,725	10,000	10,000	(1,275)
Total Revenues	<u>\$ 1,023,736</u>	<u>\$ 1,410,000</u>	<u>\$ 1,410,000</u>	<u>\$ (386,264)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,121,035	\$ 1,185,450	\$ 1,185,450	\$ 64,415
Total Expenditures	<u>\$ 1,121,035</u>	<u>\$ 1,185,450</u>	<u>\$ 1,185,450</u>	<u>\$ 64,415</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (97,299)</u>	<u>\$ 224,550</u>	<u>\$ 224,550</u>	<u>\$ (321,849)</u>
Net Change in Fund Balance	\$ (97,299)	\$ 224,550	\$ 224,550	\$ (321,849)
Fund Balance, July 1, 2009	<u>415,390</u>	<u>415,390</u>	<u>415,390</u>	<u>0</u>
Fund Balance, June 30, 2010	<u>\$ 318,091</u>	<u>\$ 639,940</u>	<u>\$ 639,940</u>	<u>\$ (321,849)</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 18,822	\$ 24,500	\$ 32,895	\$ (14,073)
Total Revenues	\$ 18,822	\$ 24,500	\$ 32,895	\$ (14,073)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 29,407	\$ 28,500	\$ 38,395	\$ 8,988
Total Expenditures	\$ 29,407	\$ 28,500	\$ 38,395	\$ 8,988
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,585)	\$ (4,000)	\$ (5,500)	\$ (5,085)
Net Change in Fund Balance	\$ (10,585)	\$ (4,000)	\$ (5,500)	\$ (5,085)
Fund Balance, July 1, 2009	44,912	41,046	41,046	3,866
Fund Balance, June 30, 2010	\$ 34,327	\$ 37,046	\$ 35,546	\$ (1,219)

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,018,203	\$ 992,593	\$ 992,593	\$ 25,610
Licenses and Permits	819	850	850	(31)
Other Governments and Citizens Groups	1,425,034	0	1,759,711	(334,677)
Total Revenues	<u>\$ 2,444,056</u>	<u>\$ 993,443</u>	<u>\$ 2,753,154</u>	<u>\$ (309,098)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 509,260	\$ 509,260	\$ 509,260	\$ 0
Education	1,224,062	1,224,062	1,224,062	0
<u>Interest on Debt</u>				
General Government	85,818	133,690	130,190	44,372
Education	535,649	535,651	535,651	2
<u>Other Debt Service</u>				
General Government	322,594	322,000	325,500	2,906
Education	765	1,000	1,000	235
Total Expenditures	<u>\$ 2,678,148</u>	<u>\$ 2,725,663</u>	<u>\$ 2,725,663</u>	<u>\$ 47,515</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (234,092)</u>	<u>\$ (1,732,220)</u>	<u>\$ 27,491</u>	<u>\$ (261,583)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 1,759,711	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 1,759,711</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (234,092)	\$ 27,491	\$ 27,491	\$ (261,583)
Fund Balance, July 1, 2009	<u>4,081,649</u>	<u>3,974,999</u>	<u>3,974,999</u>	<u>106,650</u>
Fund Balance, June 30, 2010	<u>\$ 3,847,557</u>	<u>\$ 4,002,490</u>	<u>\$ 4,002,490</u>	<u>\$ (154,933)</u>

Fiduciary Funds

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

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

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

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

Exhibit I-1

Lauderdale County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>			Total
	Local Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>				
Cash	\$ 0	\$ 527,449	\$ 0	\$ 527,449
Equity in Pooled Cash and Investments	2,532,181	0	170,802	2,702,983
Accounts Receivable	0	1,245	0	1,245
Due from Other Governments	361,837	0	2,420	364,257
Total Assets	<u>\$ 2,894,018</u>	<u>\$ 528,694</u>	<u>\$ 173,222</u>	<u>\$ 3,595,934</u>
<u>LIABILITIES</u>				
Due to Cities	\$ 164,148	\$ 0	\$ 0	\$ 164,148
Payroll Deductions Payable	0	0	891	891
Due to Other Taxing Units	2,729,870	0	0	2,729,870
Due to Litigants, Heirs, and Others	0	528,694	0	528,694
Due to Joint Ventures	0	0	172,331	172,331
Total Liabilities	<u>\$ 2,894,018</u>	<u>\$ 528,694</u>	<u>\$ 173,222</u>	<u>\$ 3,595,934</u>

Exhibit I-2

Lauderdale County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Local Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,859,327	\$ 1,748,222	\$ 2,075,368	\$ 2,532,181
Due from Other Governments	367,801	361,837	367,801	361,837
Total Assets	\$ 3,227,128	\$ 2,110,059	\$ 2,443,169	\$ 2,894,018
<u>Liabilities</u>				
Due to Cities	\$ 162,580	\$ 164,148	\$ 162,580	\$ 164,148
Due to Other Taxing Units	3,064,548	1,945,911	2,280,589	2,729,870
Total Liabilities	\$ 3,227,128	\$ 2,110,059	\$ 2,443,169	\$ 2,894,018
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 775,118	\$ 4,365,443	\$ 4,613,112	\$ 527,449
Accounts Receivable	1,100	1,245	1,100	1,245
Total Assets	\$ 776,218	\$ 4,366,688	\$ 4,614,212	\$ 528,694
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 776,218	\$ 4,366,688	\$ 4,614,212	\$ 528,694
Total Liabilities	\$ 776,218	\$ 4,366,688	\$ 4,614,212	\$ 528,694
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 100,255	\$ 319,484	\$ 248,937	\$ 170,802
Accounts Receivable	2,114	0	2,114	0
Due from Other Governments	8,411	2,420	8,411	2,420
Total Assets	\$ 110,780	\$ 321,904	\$ 259,462	\$ 173,222
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 0	\$ 891	\$ 0	\$ 891
Due to Joint Ventures	110,780	321,013	259,462	172,331
Total Liabilities	\$ 110,780	\$ 321,904	\$ 259,462	\$ 173,222
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 775,118	\$ 4,365,443	\$ 4,613,112	\$ 527,449
Equity in Pooled Cash and Investments	2,959,582	2,067,706	2,324,305	2,702,983
Accounts Receivable	3,214	1,245	3,214	1,245
Due from Other Governments	376,212	364,257	376,212	364,257
Total Assets	\$ 4,114,126	\$ 6,798,651	\$ 7,316,843	\$ 3,595,934
<u>Liabilities</u>				
Due to Cities	\$ 162,580	\$ 164,148	\$ 162,580	\$ 164,148
Payroll Deductions Payable	0	891	0	891
Due to Other Taxing Units	3,064,548	1,945,911	2,280,589	2,729,870
Due to Litigants, Heirs, and Others	776,218	4,366,688	4,614,212	528,694
Due to Joint Ventures	110,780	321,013	259,462	172,331
Total Liabilities	\$ 4,114,126	\$ 6,798,651	\$ 7,316,843	\$ 3,595,934

Lauderdale County School Department

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.

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.

Exhibit J-1

Lauderdale County, Tennessee
Statement of Activities
Discretely Presented Lauderdale County School Department
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 22,727,212	\$ 3,605	\$ 3,361,589	\$ (19,362,018)
Support Services	10,755,837	118,437	881,385	(9,756,015)
Operation of Non-Instructional Services	4,095,405	540,294	3,235,485	(319,626)
Interest on Long-term Debt	33,226	0	0	(33,226)
Other Debt Service	1,200,000	0	0	(1,200,000)
Total Governmental Activities	\$ 38,811,680	\$ 662,336	\$ 7,478,459	\$ (30,670,885)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,891,317
Local Option Sales Taxes				1,750,634
Wheel Tax				175,226
Other Local Taxes				2,350
Grants and Contributions Not Restricted for Specific Programs				25,082,172
Unrestricted Investment Income				219,412
Miscellaneous				48,595
Total General Revenues				\$ 30,169,706
Change in Net Assets				\$ (501,179)
Net Assets, July 1, 2009				24,840,625
Net Assets, June 30, 2010				\$ 24,339,446

Exhibit J-2

Lauderdale County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lauderdale County School Department
June 30, 2010

	Major Funds		Nonmajor	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,803,235	\$ 95,002	\$ 441,157	\$ 2,339,394
Accounts Receivable	60,820	0	0	60,820
Due from Other Governments	756,011	273,653	158,443	1,188,107
Property Taxes Receivable	3,143,567	0	0	3,143,567
Allowance for Uncollectible Property Taxes	(209,271)	0	0	(209,271)
Accrued Interest Receivable	39,688	0	0	39,688
Total Assets	\$ 5,594,050	\$ 368,655	\$ 599,600	\$ 6,562,305
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 10,815	\$ 0	\$ 10,815
Payroll Deductions Payable	571,149	28,240	0	599,389
Deferred Revenue - Current Property Taxes	2,790,207	0	0	2,790,207
Deferred Revenue - Delinquent Property Taxes	125,187	0	0	125,187
Other Deferred Revenues	190,343	0	0	190,343
Total Liabilities	\$ 3,676,886	\$ 39,055	\$ 0	\$ 3,715,941
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 112,240	\$ 16,593	\$ 0	\$ 128,833
Reserved for Career Ladder - Extended Contract	2,623	0	0	2,623
Reserved for Career Ladder Program	9,616	0	0	9,616
Reserved for Technology	5,701	0	0	5,701
Reserved for Title I Grants to Local Education Agencies	0	244,649	0	244,649
Reserved for Innovative Education Program Strategies	0	998	0	998
Reserved for Special Education - Grants to States	0	48,748	0	48,748
Unreserved, Reported In:				
General Fund	1,786,984	0	0	1,786,984
Special Revenue Funds	0	18,612	599,600	618,212
Total Fund Balances	\$ 1,917,164	\$ 329,600	\$ 599,600	\$ 2,846,364
Total Liabilities and Fund Balances	\$ 5,594,050	\$ 368,655	\$ 599,600	\$ 6,562,305

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, 2010

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)		\$	2,846,364
(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		18,413,723	
Add: infrastructure net of accumulated depreciation		207,743	
Add: other capital assets net of accumulated depreciation		<u>2,493,785</u>	22,493,899
(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	\$	(14,336)	
Less: capital lease payable		(673,191)	
Less: accrued interest on capital lease		(15,023)	
Less: other postemployment benefits liability		<u>(613,797)</u>	(1,316,347)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>315,530</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>24,339,446</u></u>

Exhibit J-4

Lauderdale County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Lauderdale County School Department
For the Year Ended June 30, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	
<u>Revenues</u>				
Local Taxes	\$ 4,916,450	\$ 0	\$ 0	\$ 4,916,450
Licenses and Permits	4,111	0	0	4,111
Fines, Forfeitures, and Penalties	1,147	0	0	1,147
Charges for Current Services	118,437	0	540,294	658,731
Other Local Revenues	285,583	0	2,266	287,849
State of Tennessee	24,393,019	0	26,444	24,419,463
Federal Government	96,117	4,944,063	2,092,196	7,132,376
Other Governments and Citizens Groups	919,332	0	0	919,332
Total Revenues	\$ 30,734,196	\$ 4,944,063	\$ 2,661,200	\$ 38,339,459
<u>Expenditures</u>				
Current:				
Instruction	\$ 18,388,840	\$ 3,449,060	\$ 0	\$ 21,837,900
Support Services	9,482,105	1,091,500	0	10,573,605
Operation of Non-Instructional Services	1,167,019	242,508	2,585,980	3,995,507
Capital Outlay	299,487	39,361	0	338,848
Debt Service:				
Principal on Debt	365,358	58,900	0	424,258
Interest on Debt	40,009	0	0	40,009
Other Debt Service	1,200,000	0	0	1,200,000
Total Expenditures	\$ 30,942,818	\$ 4,881,329	\$ 2,585,980	\$ 38,410,127
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (208,622)	\$ 62,734	\$ 75,220	\$ (70,668)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 31,106	\$ 0	\$ 0	\$ 31,106
Transfers In	20,947	100,000	0	120,947
Transfers Out	(100,000)	(20,947)	0	(120,947)
Total Other Financing Sources (Uses)	\$ (47,947)	\$ 79,053	\$ 0	\$ 31,106
Net Change in Fund Balances	\$ (256,569)	\$ 141,787	\$ 75,220	\$ (39,562)
Fund Balance, July 1, 2009	2,173,733	187,813	524,380	2,885,926
Fund Balance, June 30, 2010	\$ 1,917,164	\$ 329,600	\$ 599,600	\$ 2,846,364

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, 2010

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)		\$	(39,562)
(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	\$	473,911	
Less: current year depreciation expense		<u>(1,251,360)</u>	(777,449)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: proceeds received from the disposal of capital assets			(300)
(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, 2010	\$	315,530	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(344,188)</u>	(28,658)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Add: principal payments on notes	\$	9,556	
Add: principal payments on capital lease		<u>414,702</u>	424,258
(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	\$	6,783	
Change in other postemployment benefits liability		<u>(86,251)</u>	(79,468)
Change in net assets of governmental activities (Exhibit B)			<u>\$ (501,179)</u>

Exhibit J-6

Lauderdale County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Lauderdale County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 4,916,450	\$ 0	\$ 0	\$ 4,916,450	\$ 4,943,500	\$ 4,943,500	\$ (27,050)
Licenses and Permits	4,111	0	0	4,111	3,800	3,800	311
Fines, Forfeitures, and Penalties	1,147	0	0	1,147	1,000	1,000	147
Charges for Current Services	118,437	0	0	118,437	22,300	177,947	(59,510)
Other Local Revenues	285,583	0	0	285,583	386,700	417,395	(131,812)
State of Tennessee	24,393,019	0	0	24,393,019	23,077,781	24,582,023	(189,004)
Federal Government	96,117	0	0	96,117	90,000	126,143	(30,026)
Other Governments and Citizens Groups	919,332	0	0	919,332	668,632	904,332	15,000
Total Revenues	\$ 30,734,196	\$ 0	\$ 0	\$ 30,734,196	\$ 29,193,713	\$ 31,156,140	\$ (421,944)
Expenditures							
Instruction							
Regular Instruction Program	\$ 15,311,608	\$ (2,172)	\$ 2,502	\$ 15,311,938	\$ 15,612,244	\$ 15,569,588	\$ 257,650
Special Education Program	2,254,151	0	1,060	2,255,211	2,237,690	2,265,333	10,122
Vocational Education Program	823,081	(272)	0	822,809	877,872	842,872	20,063
Support Services							
Attendance	32,023	0	0	32,023	24,734	35,996	3,973
Health Services	229,938	(1,102)	0	228,836	143,463	234,393	5,557
Other Student Support	893,420	0	0	893,420	895,619	884,619	(8,801)
Regular Instruction Program	641,672	(955)	0	640,717	723,376	691,376	50,659
Special Education Program	216,928	(4,154)	0	212,774	221,535	230,100	17,326
Vocational Education Program	132,087	(1,540)	0	130,547	109,420	125,655	(4,892)
Other Programs	65,113	0	0	65,113	60,000	65,113	0
Board of Education	305,369	0	100	305,469	304,847	316,847	11,378
Director of Schools	328,183	(262)	0	327,921	321,207	333,707	5,786
Office of the Principal	2,036,613	(351)	64,000	2,100,262	1,933,606	2,164,629	64,367
Fiscal Services	170,091	0	0	170,091	174,620	175,285	5,194
Operation of Plant	2,015,558	0	0	2,015,558	1,886,153	2,065,806	50,248
Maintenance of Plant	700,453	(11,524)	12,732	701,661	728,061	726,451	24,790
Transportation	1,680,364	(128,963)	1,584	1,552,985	1,600,438	1,582,998	30,013
Central and Other	34,293	0	0	34,293	34,106	34,341	48

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 246,559	\$ (9,371)	\$ 7,752	\$ 244,940	\$ 51,820	\$ 245,590	\$ 650
Early Childhood Education	920,460	(11,117)	2,953	912,296	0	912,359	63
<u>Capital Outlay</u>							
Regular Capital Outlay	299,487	0	19,557	319,044	320,000	373,673	54,629
Principal on Debt							
Education	365,358	0	0	365,358	1,209,556	365,358	0
Interest on Debt							
Education	40,009	0	0	40,009	0	40,192	183
Other Debt Service							
Education	1,200,000	0	0	1,200,000	0	1,200,000	0
Total Expenditures	\$ 30,942,818	\$ (171,783)	\$ 112,240	\$ 30,883,275	\$ 29,470,367	\$ 31,482,281	\$ 599,006
<u>Excess (Deficiency) of Revenues Over Expenditures</u>							
	\$ (208,622)	\$ 171,783	\$ (112,240)	\$ (149,079)	\$ (276,654)	\$ (326,141)	\$ 177,062
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 31,106	\$ 0	\$ 0	\$ 31,106	\$ 0	\$ 13,456	\$ 17,650
Transfers In	20,947	0	0	20,947	25,000	25,000	(4,053)
Transfers Out	(100,000)	0	0	(100,000)	0	(101,544)	1,544
Total Other Financing Sources (Uses)	\$ (47,947)	\$ 0	\$ 0	\$ (47,947)	\$ 25,000	\$ (63,088)	\$ 15,141
<u>Net Change in Fund Balance Fund Balance, July 1, 2009</u>							
	\$ (256,569)	\$ 171,783	\$ (112,240)	\$ (197,026)	\$ (251,654)	\$ (389,229)	\$ 192,203
Fund Balance, July 1, 2009	2,173,733	(171,783)	0	2,001,950	1,778,134	1,778,134	223,816
Fund Balance, June 30, 2010	\$ 1,917,164	\$ 0	\$ (112,240)	\$ 1,804,924	\$ 1,526,480	\$ 1,388,905	\$ 416,019

Exhibit J-7

Lauderdale County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lauderdale County School Department
School Federal Projects Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,944,063	\$ 0	\$ 0	\$ 4,944,063	\$ 6,656,964	\$ 6,759,795	\$ (1,815,732)
Total Revenues	\$ 4,944,063	\$ 0	\$ 0	\$ 4,944,063	\$ 6,656,964	\$ 6,759,795	\$ (1,815,732)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,125,664	\$ (12,061)	\$ 13,708	\$ 2,127,311	\$ 2,226,587	\$ 2,463,143	\$ 335,832
Special Education Program	1,243,403	(102)	0	1,243,301	1,770,034	1,721,591	478,290
Vocational Education Program	79,993	0	609	80,602	82,300	80,603	1
<u>Support Services</u>							
Other Student Support	37,163	0	259	37,422	847,074	994,925	957,503
Regular Instruction Program	467,240	(4,772)	0	462,468	447,138	563,691	101,223
Special Education Program	425,448	0	0	425,448	456,303	456,304	30,856
Vocational Education Program	5,090	0	0	5,090	5,090	5,090	0
Transportation	156,559	0	0	156,559	507,232	263,486	106,927
<u>Operation of Non-Instructional Services</u>							
Community Services	242,508	(5,892)	2,017	238,633	235,616	238,616	(17)
Capital Outlay	39,361	0	0	39,361	50,000	50,000	10,639
Regular Capital Outlay							
Principal on Debt	58,900	0	0	58,900	0	58,900	0
Education	4,881,329	(22,827)	16,593	4,875,095	6,627,374	6,896,349	2,021,254
Total Expenditures	\$ 62,734	\$ 22,827	\$ (16,593)	\$ 68,968	\$ 29,550	\$ (136,554)	\$ 205,522
Excess (Deficiency) of Revenues Over Expenditures	\$ 100,000	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 100,000	\$ 0
<u>Other Financing Sources (Uses)</u>							
Transfers In	(20,947)	0	0	(20,947)	(26,590)	(27,534)	6,587
Transfers Out	79,053	0	0	79,053	(26,590)	72,466	6,587
Total Other Financing Sources (Uses)	\$ 141,787	\$ 22,827	\$ (16,593)	\$ 148,021	\$ 3,000	\$ (64,088)	\$ 212,109
Net Change in Fund Balance Fund Balance, July 1, 2009	187,813	(22,827)	0	164,986	164,089	164,089	897
Fund Balance, June 30, 2010	\$ 329,600	\$ 0	\$ (16,593)	\$ 313,007	\$ 167,089	\$ 100,001	\$ 213,006

Exhibit J-8

Lauderdale County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Lauderdale County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 540,294	\$ 637,943	\$ 637,943	\$ (97,649)
Other Local Revenues	2,266	3,500	3,500	(1,234)
State of Tennessee	26,444	26,800	26,800	(356)
Federal Government	2,092,196	1,935,754	2,087,237	4,959
Total Revenues	<u>\$ 2,661,200</u>	<u>\$ 2,603,997</u>	<u>\$ 2,755,480</u>	<u>\$ (94,280)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 0	\$ 33,680	\$ 0	\$ 0
<u>Operation of Non-Instructional Services</u>				
Food Service	2,585,980	2,702,182	2,887,345	301,365
Total Expenditures	<u>\$ 2,585,980</u>	<u>\$ 2,735,862</u>	<u>\$ 2,887,345</u>	<u>\$ 301,365</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75,220</u>	<u>\$ (131,865)</u>	<u>\$ (131,865)</u>	<u>\$ 207,085</u>
Net Change in Fund Balance	\$ 75,220	\$ (131,865)	\$ (131,865)	\$ 207,085
Fund Balance, July 1, 2009	<u>524,380</u>	<u>419,584</u>	<u>419,584</u>	<u>104,796</u>
Fund Balance, June 30, 2010	<u>\$ 599,600</u>	<u>\$ 287,719</u>	<u>\$ 287,719</u>	<u>\$ 311,881</u>

MISCELLANEOUS SCHEDULES

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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES:								
NOTES PAYABLE								
Payable through General Debt Service Fund								
Health Department Construction	\$ 300,000	0 %	11-7-04	9-1-13	\$ 141,667	\$ 0	\$ 33,333	\$ 108,334
School Rehabilitation and Road Bank Stabilization	280,000	3.5	12-10-02	12-10-09	44,213	0	44,213	0
School Energy Efficiency Loan	500,000	0	8-21-07	8-15-14	428,571	0	71,429	357,142
Law Enforcement Vehicles	120,000	6	10-9-08	9-30-11	91,799	0	39,347	52,452
Total Notes Payable					\$ 706,250	\$ 0	\$ 188,322	\$ 517,928
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Public Works Projects	(1)	Variable	1-28-09	5-25-22	\$ 559,563	\$ 150,987	\$ 50,000	\$ 660,550
Total Other Loans Payable					\$ 559,563	\$ 150,987	\$ 50,000	\$ 660,550
BONDS PAYABLE								
Payable through General Debt Service Fund								
G.O. School, Series 2003	9,835,000	2 to 3.75	5-1-03	4-1-22	\$ 8,035,000	\$ 0	\$ 300,000	\$ 7,735,000
G.O. School Refunding, Series 2003	9,840,000	3 to 4	6-1-03	4-1-18	5,540,000	0	800,000	4,740,000
G.O. Refunding, Series 2006	4,605,000	3.75 to 4	5-10-06	4-1-16	3,470,000	0	395,000	3,075,000
Total Bonds Payable					\$ 17,045,000	\$ 0	\$ 1,495,000	\$ 15,550,000

(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 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>BUSINESS-TYPE ACTIVITIES:</u>								
<u>CAPITAL LEASES</u>								
Payable through Solid Waste Disposal Fund Bulldozer	\$ 195,586	4.5 %	10-30-06	4-28-11	\$ 81,648	\$ 0	\$ 39,920	\$ 41,728
<u>DISCRETELY PRESENTED LAUDERDALE COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund Asbestos Abatement	172,013	0	4-17-1992	5-30-12	\$ 23,892	\$ 0	\$ 9,556	\$ 14,336
Total Notes Payable					\$ 23,892	\$ 0	\$ 9,556	\$ 14,336
<u>CAPITAL LEASES</u>								
Payable through General Purpose School and School Federal Projects Funds Computers	1,156,550	1.92	1-3-08	1-3-11	\$ 582,807	\$ 0	\$ 288,610	\$ 294,197
Computers	505,086	6.09	12-18-08	11-18-12	505,086	0	126,092	378,994
Total Capital Leases					\$ 1,087,893	\$ 0	\$ 414,702	\$ 673,191

(1) Total amount authorized was \$1,000,000, of which \$289,450 remains available for draws as of June 30, 2010.

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

GOVERNMENTAL ACTIVITIES:

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 517,928	\$ 2,524	\$ 520,452

Year Ending June 30	Other Loan			Total
	Principal	Interest	Fees	
2011	\$ 52,000	\$ 2,906	\$ 2,213	\$ 57,119
2012	53,000	2,678	2,039	57,717
2013	55,000	2,444	1,861	59,305
2014	56,000	2,202	1,677	59,879
2015	58,000	1,956	1,489	61,445
2016	59,000	1,701	1,295	61,996
2017	61,000	1,441	1,097	63,538
2018	63,000	1,173	893	65,066
2019	65,000	896	682	66,578
2020	67,000	610	464	68,074
2021	68,000	315	240	68,555
2022	3,550	16	12	3,578
Total	\$ 660,550	\$ 18,338	\$ 13,962	\$ 692,850

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 15,550,000	\$ 3,237,680	\$ 18,787,680

(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.)

PRIMARY GOVERNMENT (CONT.)

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 41,728	\$ 1,423	\$ 43,151

DISCRETELY PRESENTED LAUDERDALE
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 9,556	\$ 0	\$ 9,556
2012	4,780	0	4,780
Total	\$ 14,336	\$ 0	\$ 14,336

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 425,474	\$ 29,420	\$ 454,894
2012	139,494	15,506	155,000
2013	108,223	6,774	114,997
Total	\$ 673,191	\$ 51,700	\$ 724,891

Exhibit K-3

Lauderdale County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Lauderdale County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 98,555
General	General Capital Projects	Grant match	38,000
Total Transfers Primary Government			<u>\$ 136,555</u>
<u>DISCRETELY PRESENTED LAUDERDALE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 20,947
General Purpose School	School Federal Projects	Operations	100,000
Total Transfers Discretely Presented Lauderdale County School Department			<u>\$ 120,947</u>

Exhibit K-4

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, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 77,304	\$ 50,000	RLI Insurance Company
Highway Commissioner	Chapter 304, Private Acts of 1929, as amended, and County Commission	67,927	100,000	"
Director of Schools	State Board of Education and County Board of Education	121,400 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <u>TCA</u>	61,751	983,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	61,751	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	61,751 (2)	300,000	"
Register	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	67,927 (3)	25,000	"
Employees Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes a chief executive officer training supplement of \$1,000 and a \$400 bonus payment. Does not include a travel allowance of \$7,200.

(2) Does not include special commissioner fees of \$1,250.

(3) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Lauderdale County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2010

	General	Special Revenue Funds			
		Law Library	Public Library	Ambulance Service	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,713,817	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	161,003	0	0	0	0
Trustee's Collections - Bankruptcy	16,668	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	118,014	0	0	0	0
Interest and Penalty	32,903	0	0	0	0
Pick-up Taxes	7,130	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	483	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	36,524	0	0	0	0
Payments in-Lieu-of Taxes - Other	57,324	0	0	0	0
<u>County Local Option Taxes</u>					
Hotel/Motel Tax	26,931	0	0	0	0
Wheel Tax	880,360	0	0	0	0
Litigation Tax - General	59,728	0	0	0	0
Litigation Tax - Special Purpose	13,039	1,240	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	1,547	0	0	0	0
Business Tax	62,655	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	20,242	0	0	0	0
Wholesale Beer Tax	54,017	0	0	0	0
Interstate Telecommunications Tax	1,286	0	0	0	0
Total Local Taxes	\$ 5,263,671	\$ 1,240	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 5,491	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	3,433	0	0	0	0
Permits					
Beer Permits	1,900	0	0	0	0
Building Permits	12,569	0	0	0	0
Total Licenses and Permits	\$ 23,393	\$ 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	\$ 6,278	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,098	0	0	0	0
Drug Control Fines	3,256	0	0	0	6,756
Drug Court Fees	721	0	0	0	0
Jail Fees	1,823	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	789	0	0	0	0
Data Entry Fee - Circuit Court	254	0	0	0	0
Victims Assistance Assessments	1,355	0	0	0	0
<u>General Sessions Court</u>					
Fines	38,126	0	0	0	0
Officers Costs	16,526	0	0	0	0
Game and Fish Fines	351	0	0	0	0
Drug Control Fines	3,457	0	0	0	1,606
Drug Court Fees	5,482	0	0	0	0
Jail Fees	18,213	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	5,415	0	0	0	0
Data Entry Fee - General Sessions Court	4,434	0	0	0	0
Victims Assistance Assessments	18,620	0	0	0	0
<u>Juvenile Court</u>					
Fines	4,187	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,651	0	0	0	0
Data Entry Fee - Chancery Court	714	0	0	0	0
Courts in Other District Counties					
District Attorney General Fees	0	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	5,446	0	0	0	10,460
Total Fines, Forfeitures, and Penalties	\$ 140,196	\$ 0	\$ 0	\$ 0	\$ 18,822

(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>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 1,015,011	\$ 0
<u>Fees</u>					
Subdivision Lot Fees	800	0	0	0	0
Copy Fees	2,977	0	0	0	0
Telephone Commissions	41,619	0	0	0	0
Vending Machine Collections	63	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	8,189	0	0	0	0
Data Processing Fee - Sheriff	3,943	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,080	0	0	0	0
Data Processing Fee - County Clerk	1,476	0	0	0	0
<u>Education Charges</u>					
Tuition - Other	24,355	0	0	0	0
TBI Criminal Background Fees	1,532	0	0	0	0
Total Charges for Current Services	\$ 87,034	\$ 0	\$ 0	\$ 1,015,011	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	10,603	8,725	0
Commissary Sales	10,020	0	0	0	0
Sale of Maps	1,240	0	0	0	0
Sale of Recycled Materials	1,283	0	0	0	0
Miscellaneous Refunds	29,903	0	3,302	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	4,115	0	0	0	0
Sale of Property	6,376	0	0	0	0
Damages Recovered from Individuals	500	0	0	0	0
Total Other Local Revenues	\$ 53,437	\$ 0	\$ 13,905	\$ 8,725	\$ 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>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 276,520	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	73,395	0	0	0	0
General Sessions Court Clerk	160,035	0	0	0	0
Clerk and Master	140,093	0	0	0	0
Register	66,527	0	0	0	0
Sheriff	9,381	0	0	0	0
Trustee	312,435	0	0	0	0
Total Fees Received from County Officials	\$ 1,038,386	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 14,040	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	6,679	0	0	0	0
Other General Government Grants	1,700	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	14,400	0	0	0	0
Other Public Safety Grants	38,798	0	0	0	0
Health and Welfare Grants	142,770	0	0	0	0
<u>Health Department Programs</u>					
Public Works Grants	0	0	0	0	0
Bridge Program	23,476	0	0	0	0
Litter Program	44,795	0	0	0	0
Other State Revenues	17,778	0	0	0	0
Income Tax	48,788	0	0	0	0
Beer Tax	997	0	0	0	0
Alcoholic Beverage Tax	128,161	0	0	0	0
Mixed Drink Tax	679	0	0	0	0
State Revenue Sharing - T.V.A.	774,515	0	0	0	0
Board of Jurors					
Contracted Prisoner Boarding					

(Continued)

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

	Special Revenue Funds				
	General	Law Library	Public Library	Ambulance Service	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	93,261	0	2,500	0	0
Total State of Tennessee	\$ 1,367,217	\$ 0	\$ 2,500	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 16,773	\$ 0	\$ 0	\$ 0	\$ 0
Vocational Education - Basic Grants to States	2,320	0	0	0	0
Community Development	95,000	0	0	0	0
Civil Defense Reimbursement	24,743	0	0	0	0
Homeland Security Grants	101,000	0	0	0	0
ARRA Grant # 2	2,459	0	0	0	0
Other Federal through State	76,213	0	0	0	0
<u>Direct Federal Revenue</u>					
FHA Grant	28,750	0	0	0	0
Other Direct Federal Revenue	1,800	0	0	0	0
Total Federal Government	\$ 349,058	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 201,000	\$ 0	\$ 25,000	\$ 0	\$ 0
Contracted Services	46,000	0	0	0	0
<u>Citizens Groups</u>					
Donations	0	0	24,181	0	0
Total Other Governments and Citizens Groups	\$ 247,000	\$ 0	\$ 49,181	\$ 0	\$ 0
Total	\$ 8,569,392	\$ 1,240	\$ 65,586	\$ 1,023,736	\$ 18,822

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General	Debt Service	General	Capital Projects		
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 0	\$ 0	\$ 759,645	\$ 890,974	\$ 0	\$ 0	\$ 5,364,436		
Trustee's Collections - Prior Year	0	0	32,932	33,699	0	0	227,634		
Trustee's Collections - Bankruptcy	0	0	3,408	3,976	0	0	24,052		
Circuit/Clerk & Master Collections - Prior Years	0	0	24,333	28,729	0	0	171,076		
Interest and Penalty	0	0	6,730	7,853	0	0	47,486		
Pick-up Taxes	0	0	1,458	1,702	0	0	10,290		
Payments in-Lieu-of Taxes - T.V.A.	0	0	99	115	0	0	697		
Payments in-Lieu-of Taxes - Local Utilities	0	0	7,467	8,713	0	0	52,704		
Payments in-Lieu-of Taxes - Other	0	0	11,720	13,675	0	0	82,719		
<u>County Local Option Taxes</u>									
Hotel/Motel Tax	0	0	0	0	0	0	26,931		
Wheel Tax	0	0	83,727	0	0	0	964,087		
Litigation Tax - General	0	0	0	0	0	0	59,728		
Litigation Tax - Special Purpose	0	0	0	0	0	0	14,279		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	23,938	0	0	25,485		
Business Tax	0	0	0	0	0	0	62,655		
<u>Statutory Local Taxes</u>									
Bank Excise Tax	0	0	4,138	4,829	0	0	29,209		
Wholesale Beer Tax	0	0	0	0	0	0	54,017		
Interstate Telecommunications Tax	0	0	0	0	0	0	1,286		
Total Local Taxes	\$ 0	\$ 0	\$ 935,657	\$ 1,018,203	\$ 0	\$ 0	\$ 7,218,771		
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,491		
Cable TV Franchise	0	0	702	819	0	0	4,954		
<u>Permits</u>									
Beer Permits	0	0	0	0	0	0	1,900		
Building Permits	0	0	0	0	0	0	12,569		
Total Licenses and Permits	\$ 0	\$ 0	\$ 702	\$ 819	\$ 0	\$ 0	\$ 24,914		

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General	Debt	Service	General	Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,278
Officers Costs	0	0	0	0	0	0	0	0	3,098
Drug Control Fines	0	0	0	0	0	0	0	0	10,012
Drug Court Fees	0	0	0	0	0	0	0	0	721
Jail Fees	0	0	0	0	0	0	0	0	1,823
District Attorney General Fees	504	0	0	0	0	0	0	0	504
DUI Treatment Fines	0	0	0	0	0	0	0	0	789
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	254
Victims Assistance Assessments	0	0	0	0	0	0	0	0	1,355
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	38,126
Officers Costs	0	0	0	0	0	0	0	0	16,526
Game and Fish Fines	0	0	0	0	0	0	0	0	351
Drug Control Fines	0	0	0	0	0	0	0	0	5,063
Drug Court Fees	0	0	0	0	0	0	0	0	5,482
Jail Fees	0	0	0	0	0	0	0	0	18,213
District Attorney General Fees	3,692	0	0	0	0	0	0	0	3,692
DUI Treatment Fines	0	0	0	0	0	0	0	0	5,415
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	4,434
Victims Assistance Assessments	0	0	0	0	0	0	0	0	18,620
<u>Juvenile Court</u>									
Fines	0	0	0	0	0	0	0	0	4,187
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	1,651
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	714
<u>Courts in Other District Counties</u>									
District Attorney General Fees	25,876	0	0	0	0	0	0	0	25,876
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	0	15,906
Total Fines, Forfeitures, and Penalties	\$ 30,072	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 189,090

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total	
	District Attorney General		Constitu- tional Officers - Fees	Highway/ Public Works	Debt Service Fund					Capital Projects Fund
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
<u>Patient Charges</u>										
<u>Fees</u>										
Subdivision Lot Fees								800		
Copy Fees								2,977		
Telephone Commissions								41,619		
Vending Machine Collections								63		
Constitutional Officers' Fees and Commissions		1,324						1,324		
Data Processing Fee - Register								8,189		
Data Processing Fee - Sheriff								3,943		
Sexual Offender Registration Fees - Sheriff								2,080		
Data Processing Fee - County Clerk								1,476		
<u>Education Charges</u>										
Tuition - Other								24,355		
TBI Criminal Background Fees								1,532		
Total Charges for Current Services	\$ 0	\$ 1,324	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,103,369		
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income								19,328		
Commissary Sales								10,020		
Sale of Maps								1,240		
Sale of Recycled Materials								1,283		
Miscellaneous Refunds				2,395				35,600		
<u>Nonrecurring Items</u>										
Sale of Equipment								17,795		
Sale of Property								6,376		
Damages Recovered from Individuals								500		
Total Other Local Revenues	\$ 0	\$ 0	\$ 16,075	\$ 0	\$ 0	\$ 0	\$ 0	\$ 92,142		

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General	Debt	Service	General	Capital Projects	
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 276,520
Circuit Court Clerk	0	0	0	0	0	0	0	0	73,395
General Sessions Court Clerk	0	0	0	0	0	0	0	0	160,035
Clerk and Master	0	0	0	0	0	0	0	0	140,093
Register	0	0	0	0	0	0	0	0	66,527
Sheriff	0	0	0	0	0	0	0	0	9,381
Trustee	0	0	0	0	0	0	0	0	312,435
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,038,386
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,040
State Reappraisal Grant	0	0	0	0	0	0	0	0	6,679
Other General Government Grants	0	0	0	0	0	0	0	0	1,700
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	14,400
Other Public Safety Grants	0	0	0	0	0	0	0	0	38,798
<u>Health and Welfare Grants</u>									
Health Department Programs	0	0	0	0	0	0	0	0	142,770
<u>Public Works Grants</u>									
Bridge Program	0	0	15,656	0	0	0	0	0	15,656
Litter Program	0	0	0	0	0	0	0	0	23,476
<u>Other State Revenues</u>									
Income Tax	0	0	0	0	0	0	0	0	44,795
Beer Tax	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	48,788
Mixed Drink Tax	0	0	0	0	0	0	0	0	997
State Revenue Sharing - T.V.A.	0	0	67,132	0	0	0	0	0	195,293
Board of Jurors	0	0	0	0	0	0	0	0	679
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	774,515

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	General Capital Projects		
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Gasoline and Motor Fuel Tax	\$ 0 \$	0 \$	1,687,567 \$	0 \$	0 \$	0 \$	1,687,567	
Petroleum Special Tax	0	0	21,765	0	0	0	21,765	
Registrar's Salary Supplement	0	0	0	0	0	0	16,380	
Other State Grants	0	0	0	0	0	0	95,761	
Total State of Tennessee	\$ 0 \$	0 \$	1,792,120 \$	0 \$	0 \$	0 \$	3,161,837	
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA - Other	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	16,773	
Vocational Education - Basic Grants to States	0	0	0	0	0	0	2,320	
Community Development	0	0	0	0	8,500	0	103,500	
Civil Defense Reimbursement	0	0	0	0	0	0	24,743	
Homeland Security Grants	0	0	0	0	0	0	101,000	
ARRA Grant # 2	0	0	0	0	0	0	2,459	
Other Federal through State	0	0	0	0	0	0	76,213	
<u>Direct Federal Revenue</u>								
FHA Grant	0	0	0	0	0	0	28,750	
Other Direct Federal Revenue	0	0	0	0	0	0	1,800	
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	8,500 \$	0 \$	357,558	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 0 \$	0 \$	0 \$	1,425,034 \$	0 \$	0 \$	1,651,034	
Contracted Services	0	0	0	0	0	0	46,000	
Citizens Groups								
Donations	0	0	0	0	0	0	24,181	
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	1,425,034 \$	0 \$	0 \$	1,721,215	
Total	\$ 30,072 \$	1,324 \$	2,744,554 \$	2,444,056 \$	8,500 \$	0 \$	14,907,282	

Exhibit K-6

Lauderdale County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Lauderdale County School Department
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,658,755	\$ 0	\$ 0	\$ 2,658,755
Trustee's Collections - Prior Year	115,264	0	0	115,264
Trustee's Collections - Bankruptcy	11,933	0	0	11,933
Circuit/Clerk & Master Collections - Prior Years	84,623	0	0	84,623
Interest and Penalty	23,556	0	0	23,556
Pick-up Taxes	5,105	0	0	5,105
Payments in-Lieu-of Taxes - T.V.A.	346	0	0	346
Payments in-Lieu-of Taxes - Local Utilities	26,147	0	0	26,147
Payments in-Lieu-of Taxes - Other	41,037	0	0	41,037
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,755,621	0	0	1,755,621
Wheel Tax	175,226	0	0	175,226
<u>Statutory Local Taxes</u>				
Bank Excise Tax	14,491	0	0	14,491
Interstate Telecommunications Tax	2,351	0	0	2,351
Other Statutory Local Taxes	1,995	0	0	1,995
Total Local Taxes	\$ 4,916,450	\$ 0	\$ 0	\$ 4,916,450
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,653	\$ 0	\$ 0	\$ 1,653
Cable TV Franchise	2,458	0	0	2,458
Total Licenses and Permits	\$ 4,111	\$ 0	\$ 0	\$ 4,111
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 1,147	\$ 0	\$ 0	\$ 1,147
Total Fines, Forfeitures, and Penalties	\$ 1,147	\$ 0	\$ 0	\$ 1,147
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 208,485	\$ 208,485
Lunch Payments - Adults	0	0	61,066	61,066
Income from Breakfast	0	0	52,713	52,713
Special Milk Sales	0	0	6,012	6,012
A la carte Sales	0	0	177,372	177,372
Contract for Instructional Services with Other LEAs	84,976	0	0	84,976
TBI Criminal Background Fees	3,340	0	0	3,340
<u>Other Charges for Services</u>				
Other Charges for Services	30,121	0	34,646	64,767
Total Charges for Current Services	\$ 118,437	\$ 0	\$ 540,294	\$ 658,731
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 235,183	\$ 0	\$ 2,216	\$ 237,399
Refund of Telecommunication & Internet Fees (E-Rate)	30,121	0	0	30,121
Miscellaneous Refunds	4,024	0	50	4,074

(Continued)

Exhibit K-6

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>				
Sale of Equipment	\$ 188	\$ 0	\$ 0	\$ 188
Sale of Property	13,524	0	0	13,524
Damages Recovered from Individuals	988	0	0	988
Contributions and Gifts	642	0	0	642
<u>Other Local Revenues</u>				
Other Local Revenues	913	0	0	913
Total Other Local Revenues	\$ 285,583	\$ 0	\$ 2,266	\$ 287,849
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 65,113	\$ 0	\$ 0	\$ 65,113
Other General Government Grants	71,581	0	0	71,581
<u>State Education Funds</u>				
Basic Education Program	21,334,400	0	0	21,334,400
Basic Education Program - ARRA	827,600	0	0	827,600
Early Childhood Education	912,359	0	0	912,359
School Food Service	0	0	26,444	26,444
Driver Education	17,879	0	0	17,879
Other State Education Funds	167,881	0	0	167,881
Coordinated School Health - ARRA	100,000	0	0	100,000
Internet Connectivity - ARRA	12,956	0	0	12,956
Family Resource Centers - ARRA	33,362	0	0	33,362
Statewide Student Management System (SSMS) - ARRA	11,262	0	0	11,262
Career Ladder Program	229,196	0	0	229,196
Career Ladder - Extended Contract - ARRA	120,941	0	0	120,941
<u>Other State Revenues</u>				
Mixed Drink Tax	997	0	0	997
State Revenue Sharing - T.V.A.	414,996	0	0	414,996
Other State Grants	15,870	0	0	15,870
Safe Schools - ARRA	32,000	0	0	32,000
Other State Revenues	24,626	0	0	24,626
Total State of Tennessee	\$ 24,393,019	\$ 0	\$ 26,444	\$ 24,419,463
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,321,294	\$ 1,321,294
USDA - Commodities	0	0	147,083	147,083
Breakfast	0	0	606,036	606,036
USDA - Other	0	0	13,383	13,383
USDA Food Service Equipment Grant - ARRA	0	0	4,400	4,400
Vocational Education - Basic Grants to States	0	117,269	0	117,269
Title I Grants to Local Education Agencies	0	2,325,203	0	2,325,203
Special Education - Grants to States	29,390	1,721,003	0	1,750,393
Special Education Preschool Grants	6,752	61,061	0	67,813
Safe and Drug-free Schools - State Grants	0	102,783	0	102,783
Rural Education	0	122,397	0	122,397
Eisenhower Professional Development State Grants	0	327,629	0	327,629
Other Federal through State	0	135,710	0	135,710

(Continued)

Exhibit K-6

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>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	\$ 59,975	\$ 0	\$ 0	\$ 59,975
Other Direct Federal Revenue	0	31,008	0	31,008
Total Federal Government	<u>\$ 96,117</u>	<u>\$ 4,944,063</u>	<u>\$ 2,092,196</u>	<u>\$ 7,132,376</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 919,332	\$ 0	\$ 0	\$ 919,332
Total Other Governments and Citizens Groups	<u>\$ 919,332</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 919,332</u>
Total	<u>\$ 30,734,196</u>	<u>\$ 4,944,063</u>	<u>\$ 2,661,200</u>	<u>\$ 38,339,459</u>

Exhibit K-7

Lauderdale County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 38,394	
Social Security	2,368	
State Retirement	1,745	
Employer Medicare	554	
Audit Services	8,130	
Dues and Memberships	2,098	
Total County Commission		\$ 53,289

County Mayor/Executive

County Official/Administrative Officer	\$ 77,304	
Accountants/Bookkeepers	59,840	
Salary Supplements	1,500	
Part-time Personnel	1,997	
Social Security	7,936	
State Retirement	11,046	
Employee and Dependent Insurance	20,934	
Employer Medicare	1,856	
Communication	2,145	
Contracts with Private Agencies	4,479	
Dues and Memberships	1,400	
Postal Charges	14,300	
Travel	373	
Office Supplies	4,004	
Other Supplies and Materials	1,420	
Total County Mayor/Executive		210,534

County Attorney

Legal Services	\$ 73,212	
Total County Attorney		73,212

Election Commission

County Official/Administrative Officer	\$ 55,576
Deputy(ies)	48,883
Clerical Personnel	7,500
Other Salaries and Wages	752
Election Commission	3,675
Election Workers	7,582
Social Security	6,563
State Retirement	8,375
Employee and Dependent Insurance	17,688

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Employer Medicare	\$	1,563	
Audit Services		350	
Communication		3,883	
Data Processing Services		17,092	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		1,619	
Printing, Stationery, and Forms		466	
Travel		5,311	
Data Processing Supplies		347	
Electricity		2,734	
Natural Gas		1,661	
Office Supplies		2,550	
Water and Sewer		885	
Other Supplies and Materials		828	
Office Equipment		1,523	
Total Election Commission			\$ 197,606

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		27,275	
Social Security		5,355	
State Retirement		7,086	
Employee and Dependent Insurance		3,424	
Employer Medicare		1,252	
Communication		597	
Contracts with Other Public Agencies		16,158	
Dues and Memberships		565	
Travel		97	
Office Supplies		3,687	
Total Register of Deeds			127,247

Development

Consultants	\$	50,000	
Contracts with Government Agencies		88,133	
Other Charges		2,365	
Total Development			140,498

Planning

Materials Supervisor	\$	7,814	
Board and Committee Members Fees		3,380	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Social Security	\$	545	
Employer Medicare		128	
Advertising		191	
Communication		619	
Office Supplies		468	
Other Charges		<u>9,250</u>	
Total Planning	\$		22,395

County Buildings

Custodial Personnel	\$	23,535	
Maintenance Personnel		37,740	
Part-time Personnel		8,697	
Social Security		3,981	
State Retirement		4,091	
Employee and Dependent Insurance		12,174	
Employer Medicare		931	
Maintenance and Repair Services - Buildings		115,045	
Custodial Supplies		5,351	
Electricity		25,992	
Natural Gas		3,017	
Water and Sewer		5,495	
Other Supplies and Materials		281	
Building and Contents Insurance		16,373	
Disabilities Act Improvements		50,000	
Other Equipment		<u>45,000</u>	
Total County Buildings			357,703

Other General Administration

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

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		55,456	
Secretary(ies)		25,982	
Board and Committee Members Fees		1,577	
Social Security		8,143	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

State Retirement	\$	11,398	
Employee and Dependent Insurance		24,259	
Employer Medicare		1,904	
Communication		597	
Dues and Memberships		1,259	
Travel		1,459	
Data Processing Supplies		6,945	
Office Supplies		1,992	
Total Property Assessor's Office			\$ 202,722

Reappraisal Program

Data Processing Services	\$	2,595	
Postal Charges		1,200	
Travel		2,115	
Total Reappraisal Program			5,910

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		56,528	
Part-time Personnel		720	
Board and Committee Members Fees		900	
Social Security		7,005	
State Retirement		9,415	
Employee and Dependent Insurance		12,210	
Employer Medicare		1,643	
Communication		1,025	
Contracts with Private Agencies		4,686	
Dues and Memberships		665	
Legal Notices, Recording, and Court Costs		107	
Travel		206	
Office Supplies		5,547	
Total County Trustee's Office			162,408

County Clerk's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		147,444	
Social Security		12,098	
State Retirement		16,652	
Employee and Dependent Insurance		24,551	
Employer Medicare		2,829	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Communication	\$	2,127	
Contracts with Other Public Agencies		18,735	
Dues and Memberships		590	
Travel		1,099	
Office Supplies		2,585	
Total County Clerk's Office			\$ 290,461

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		50,322	
Attendants		4,293	
Jury and Witness Expense		8,169	
Social Security		6,171	
State Retirement		8,921	
Employee and Dependent Insurance		20,943	
Employer Medicare		1,509	
Communication		908	
Dues and Memberships		535	
Maintenance and Repair Services - Equipment		8,785	
Postal Charges		3,056	
Travel		2,238	
Remittance of Revenue Collected		721	
Data Processing Supplies		8,185	
Office Supplies		12,782	
Other Charges		432	
Office Equipment		8,161	
Total Circuit Court			207,882

General Sessions Judge

Judge(s)	\$	75,953	
Other Per Diem and Fees		1,800	
Social Security		4,568	
State Retirement		6,046	
Employee and Dependent Insurance		3,378	
Employer Medicare		1,068	
Dues and Memberships		310	
Travel		918	
Total General Sessions Judge			94,041

(Continued)

Exhibit K-7

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	\$ 148,999	
Attendants	55,325	
Social Security	12,062	
State Retirement	11,860	
Employee and Dependent Insurance	25,958	
Employer Medicare	2,757	
Communication	1,660	
Remittance of Revenue Collected	5,482	
Total General Sessions Court Clerk		\$ 264,103

Chancery Court

County Official/Administrative Officer	\$ 61,751	
Deputy(ies)	24,240	
Attendants	10,912	
Part-time Personnel	14,163	
Social Security	6,342	
State Retirement	6,845	
Employee and Dependent Insurance	3,394	
Employer Medicare	1,567	
Communication	1,357	
Legal Notices, Recording, and Court Costs	182	
Office Supplies	4,546	
Office Equipment	5,466	
Total Chancery Court		140,765

Juvenile Court

County Official/Administrative Officer	\$ 44,961
Judge(s)	75,953
Deputy(ies)	193,237
Probation Officer(s)	26,500
Youth Service Officer(s)	33,264
Salary Supplements	900
Secretary(ies)	24,335
Attendants	18,466
In-Service Training	1,400
Other Per Diem and Fees	271
Social Security	23,544
State Retirement	31,773
Employee and Dependent Insurance	63,994
Employer Medicare	5,597

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Communication	\$	6,050	
Contracts with Private Agencies		21,190	
Dues and Memberships		375	
Evaluation and Testing		13,350	
Maintenance and Repair Services - Equipment		3,477	
Maintenance and Repair Services - Vehicles		9,746	
Travel		7,869	
Gasoline		11,464	
Office Supplies		1,340	
Other Supplies and Materials		9,670	
Vehicle and Equipment Insurance		1,750	
Motor Vehicles		29,000	
Total Juvenile Court			\$ 659,476

Other Administration of Justice

Social Workers	\$	23,442	
Secretary(ies)		2,325	
Part-time Personnel		4,820	
Social Security		1,695	
Handling Charges and Administrative Costs		2,659	
State Retirement		2,287	
Employee and Dependent Insurance		9,375	
Employer Medicare		396	
Communication		941	
Contracts with Private Agencies		5,850	
Maintenance and Repair Services - Equipment		580	
Postal Charges		500	
Travel		2,952	
Data Processing Supplies		1,179	
Office Supplies		802	
Testing		500	
Other Supplies and Materials		2,031	
Vehicle and Equipment Insurance		250	
Workers' Compensation Insurance		744	
In Service/Staff Development		155	
Other Charges		539	
Office Equipment		4,549	
Total Other Administration of Justice			68,571

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Victims Assistance Programs

Remittance of Revenue Collected	\$ 35,000	
Total Victims Assistance Programs		\$ 35,000

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 67,927
Assistant(s)	43,046
Deputy(ies)	436,594
Investigator(s)	166,726
Accountants/Bookkeepers	28,264
Salary Supplements	14,400
Dispatchers/Radio Operators	200,695
Guards	25,006
Clerical Personnel	22,083
Part-time Personnel	58,265
Overtime Pay	8,622
In-Service Training	2,430
Social Security	63,405
State Retirement	77,640
Employee and Dependent Insurance	130,942
Employer Medicare	14,829
Other Fringe Benefits	29,261
Communication	19,170
Confidential Drug Enforcement Payments	87
Dues and Memberships	2,100
Maintenance and Repair Services - Equipment	3,490
Maintenance and Repair Services - Vehicles	37,098
Postal Charges	4,176
Travel	9,017
Data Processing Supplies	1,340
Diesel Fuel	2,619
Electricity	89,134
Gasoline	103,618
Law Enforcement Supplies	16,318
Natural Gas	25,640
Office Supplies	8,623
Tires and Tubes	9,047
Uniforms	9,393
Water and Sewer	50,939
Other Supplies and Materials	4,714

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Vehicle and Equipment Insurance	\$	8,000	
Workers' Compensation Insurance		12,000	
Other Charges		3,172	
Motor Vehicles		83,200	
Office Equipment		985	
Total Sheriff's Department			\$ 1,894,015

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	456	
Total Administration of the Sexual Offender Registry			456

Jail

Captain(s)	\$	42,654	
Lieutenant(s)		55,448	
Sergeant(s)		163,262	
Accountants/Bookkeepers		24,735	
Medical Personnel		41,310	
Salary Supplements		9,300	
Guards		437,507	
Cafeteria Personnel		32,510	
Part-time Personnel		18,927	
Overtime Pay		18,526	
Social Security		48,717	
State Retirement		57,578	
Employee and Dependent Insurance		107,508	
Employer Medicare		11,394	
Communication		4,002	
Medical and Dental Services		136,774	
Travel		953	
Other Contracted Services		31,088	
Custodial Supplies		17,756	
Drugs and Medical Supplies		39,824	
Food Preparation Supplies		20,745	
Food Supplies		184,816	
Office Supplies		7,363	
Prisoners Clothing		4,407	
Uniforms		6,592	
Other Supplies and Materials		19,720	
Workers' Compensation Insurance		11,599	
Liability Claims		259	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

In Service/Staff Development	\$	772	
Other Charges		13,770	
Office Equipment		2,089	
Total Jail			\$ 1,571,905

Fire Prevention and Control

Other Salaries and Wages	\$	5,502	
Social Security		320	
State Retirement		438	
Employee and Dependent Insurance		6	
Employer Medicare		75	
Contracts with Government Agencies		2,000	
Gasoline		3,359	
Utilities		2,550	
Other Supplies and Materials		7,977	
Building and Contents Insurance		238	
Vehicle and Equipment Insurance		5,948	
In Service/Staff Development		2,804	
Other Charges		11,364	
Total Fire Prevention and Control			42,581

Civil Defense

Other Equipment	\$	100,604	
Total Civil Defense			100,604

Rescue Squad

Contributions	\$	1,708	
Total Rescue Squad			1,708

Other Emergency Management

Supervisor/Director	\$	39,695	
Social Security		2,308	
State Retirement		3,160	
Employee and Dependent Insurance		5,328	
Employer Medicare		540	
Communication		2,976	
Dues and Memberships		50	
Maintenance and Repair Services - Vehicles		1,388	
Travel		265	
Gasoline		4,358	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Office Supplies	\$	828	
Other Supplies and Materials		1,197	
Vehicle and Equipment Insurance		662	
Total Other Emergency Management			\$ 62,755

Public Health and Welfare

Local Health Center

Communication	\$	2,788	
Maintenance and Repair Services - Buildings		16,761	
Postal Charges		189	
Other Contracted Services		17,862	
Drugs and Medical Supplies		1,865	
Office Supplies		238	
Utilities		16,636	
Total Local Health Center			56,339

Rabies and Animal Control

Part-time Personnel	\$	30,826	
Social Security		1,911	
Employer Medicare		447	
Communication		1,221	
Maintenance and Repair Services - Vehicles		707	
Veterinary Services		4,869	
Animal Food and Supplies		8,333	
Custodial Supplies		1,022	
Gasoline		4,762	
Utilities		5,669	
Other Supplies and Materials		1,643	
Total Rabies and Animal Control			61,410

Dental Health Program

Medical Personnel	\$	19,060	
Clerical Personnel		41,676	
Educational Assistants		43,838	
Part-time Personnel		2,355	
Overtime Pay		364	
Social Security		6,287	
State Retirement		6,165	
Employee and Dependent Insurance		8,927	
Unemployment Compensation		12,320	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Employer Medicare	\$	1,470	
Travel		4,281	
Other Contracted Services		7,532	
Drugs and Medical Supplies		1,658	
Workers' Compensation Insurance		595	
Total Dental Health Program			\$ 156,528

Other Local Health Services

Contracts with Government Agencies	\$	4,065	
Contracts with Other Public Agencies		29,950	
Other Contracted Services		18,912	
Total Other Local Health Services			52,927

Sanitation Education/Information

Guards	\$	24,500	
Clerical Personnel		2,658	
Social Security		1,430	
State Retirement		2,162	
Employee and Dependent Insurance		8,725	
Employer Medicare		334	
Contracts with Other Public Agencies		5,699	
Other Charges		3,774	
Total Sanitation Education/Information			49,282

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	23,308	
Total Libraries			23,308

Parks and Fair Boards

Contributions	\$	36,600	
Total Parks and Fair Boards			36,600

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	61,785	
Social Security		4,063	
State Retirement		8,433	
Employer Medicare		950	
Communication		2,932	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Maintenance and Repair Services - Equipment	\$	8,328	
Travel		3,124	
Other Contracted Services		24,264	
Total Agriculture Extension Service			\$ 113,879

Soil Conservation

Assessment Personnel	\$	57,979	
Secretary(ies)		21,187	
Social Security		4,706	
State Retirement		5,822	
Employee and Dependent Insurance		6,775	
Employer Medicare		1,101	
Total Soil Conservation			97,570

Other Operations

Housing and Urban Development

Remittance of Revenue Collected	\$	28,750	
Total Housing and Urban Development			28,750

Veterans' Services

Supervisor/Director	\$	13,079	
Social Security		811	
Employer Medicare		190	
Communication		868	
Travel		899	
Office Supplies		1,200	
Total Veterans' Services			17,047

Other Charges

Liability Insurance	\$	37,274	
Trustee's Commission		109,284	
Other Charges		9,587	
Total Other Charges			156,145

Contributions to Other Agencies

Contributions	\$	171,607	
Total Contributions to Other Agencies			171,607

Employee Benefits

Unemployment Compensation	\$	24,456	
Total Employee Benefits			24,456

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 2

Other Charges	\$ 2,459	
Total ARRA Grant # 2		\$ 2,459

ARRA Grant # 3

Building Improvements	\$ 71,529	
Total ARRA Grant # 3		71,529

ARRA Grant # 4

Building Construction	\$ 6,090	
Total ARRA Grant # 4		6,090

Miscellaneous

Advertising	\$ 1,195	
Dues and Memberships	756	
Other Contracted Services	3,970	
Other Supplies and Materials	271	
Medical Claims	158,249	
Other Charges	4,769	
Total Miscellaneous		<u>169,210</u>

Total General Fund		\$ 8,286,869
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Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$ 1,699	
Trustee's Commission	13	
Total Libraries		<u>\$ 1,712</u>

Total Law Library Fund		1,712
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Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries and Wages	\$ 53,660	
Social Security	3,935	
Medical Insurance	13,102	
Accounting Services	2,235	
Communication	2,752	
Maintenance and Repair Services - Buildings	10,469	

(Continued)

Exhibit K-7

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Library Books/Media	\$ 17,659	
Office Supplies	7,817	
Utilities	9,809	
Building and Contents Insurance	4,714	
Building Improvements	8,449	
Office Equipment	8,891	
Total Libraries		<u>\$ 143,492</u>

Total Public Library Fund \$ 143,492

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$ 701,048	
In-Service Training	3,374	
Social Security	54,356	
State Retirement	44,874	
Medical Insurance	120,091	
Bank Charges	224	
Communication	5,600	
Debt Collection Services	2,855	
Dues and Memberships	265	
Licenses	1,500	
Maintenance and Repair Services - Equipment	24,776	
Travel	1,652	
Other Contracted Services	4,150	
Data Processing Supplies	2,704	
Diesel Fuel	42,628	
Drugs and Medical Supplies	39,352	
Office Supplies	6,204	
Uniforms	110	
Utilities	6,635	
Liability Insurance	56,442	
Other Charges	2,195	
Total Ambulance/Emergency Medical Services		<u>\$ 1,121,035</u>

Total Ambulance Service Fund 1,121,035

(Continued)

Exhibit K-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	2,642	
Confidential Drug Enforcement Payments		9,000	
Maintenance and Repair Services - Equipment		380	
Maintenance and Repair Services - Vehicles		2,772	
Travel		69	
Uniforms		823	
Other Supplies and Materials		1,983	
Other Charges		2,297	
Law Enforcement Equipment		1,046	
Motor Vehicles		8,395	
Total Drug Enforcement			\$ 29,407

Total Drug Control Fund \$ 29,407

District Attorney General Fund

Administration of Justice

District Attorney General

Dues and Memberships	\$	345	
Travel		4,519	
Remittance of Revenue Collected		8,561	
Other Contracted Services		110	
Law Enforcement Supplies		393	
Office Supplies		125	
Uniforms		208	
Other Supplies and Materials		80	
Total District Attorney General			\$ 14,341

Total District Attorney General Fund 14,341

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	74	
Total Register of Deeds			\$ 74

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	1,250	
Total Chancery Court			1,250

Total Constitutional Officers - Fees Fund 1,324

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Accountants/Bookkeepers		55,706	
Communication		5,657	
Data Processing Services		13,773	
Dues and Memberships		3,542	
Legal Notices, Recording, and Court Costs		793	
Medical and Dental Services		395	
Postal Charges		650	
Printing, Stationery, and Forms		74	
Travel		452	
Other Contracted Services		7,018	
Data Processing Supplies		183	
Drugs and Medical Supplies		35	
Electricity		13,669	
Natural Gas		23,090	
Office Supplies		1,954	
Other Charges		3,187	
Total Administration			\$ 198,105

Highway and Bridge Maintenance

Foremen	\$	114,990	
Equipment Operators		402,367	
Truck Drivers		213,481	
Laborers		111,186	
Other Contracted Services		750	
Asphalt - Cold Mix		7,596	
Asphalt - Liquid		83,686	
Crushed Stone		47,368	
General Construction Materials		537	
Other Road Supplies		4,143	
Pipe - Metal		71,069	
Road Signs		10,054	
Sand		10	
Small Tools		426	
Wood Products		832	
Chemicals		19,839	
Other Supplies and Materials		1,550	
Total Highway and Bridge Maintenance			1,089,884

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	60,537	
Laundry Service		15,998	
Maintenance and Repair Services - Equipment		6,798	
Other Contracted Services		315	
Diesel Fuel		127,215	
Equipment and Machinery Parts		107,523	
Garage Supplies		6,162	
Gasoline		18,224	
Lubricants		13,576	
Small Tools		3,068	
Tires and Tubes		19,696	
Other Supplies and Materials		537	
Other Charges		4,844	
Total Operation and Maintenance of Equipment			\$ 384,493

Other Charges

Liability Insurance	\$	39,095	
Trustee's Commission		34,523	
Workers' Compensation Insurance		10,719	
Total Other Charges			84,337

Employee Benefits

Social Security	\$	70,410	
State Retirement		81,685	
Employee and Dependent Insurance		184,090	
Unemployment Compensation		1,599	
Other Fringe Benefits		1,475	
Medical Claims		65,805	
Total Employee Benefits			405,064

Capital Outlay

Engineering Services	\$	3,871	
Communication Equipment		9,477	
Highway Equipment		311,303	
State Aid Projects		133,566	
Total Capital Outlay			458,217

Total Highway/Public Works Fund \$ 2,620,100

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 370,000	
Principal on Notes	89,260	
Principal on Other Loans	50,000	
Total General Government		\$ 509,260

Education

Principal on Bonds	\$ 1,125,000	
Principal on Notes	99,062	
Total Education		1,224,062

Interest on Debt

General Government

Interest on Bonds	\$ 78,475	
Interest on Notes	5,215	
Interest on Other Loans	2,128	
Total General Government		85,818

Education

Interest on Bonds	\$ 534,682	
Interest on Notes	967	
Total Education		535,649

Other Debt Service

General Government

Trustee's Commission	\$ 19,611	
Other Debt Issuance Charges	2,983	
Other Debt Service	300,000	
Total General Government		322,594

Education

Other Debt Service	\$ 765	
Total Education		765

Total General Debt Service Fund \$ 2,678,148

General Capital Projects Fund

Capital Projects

General Administration Projects

Other Contracted Services	\$ 150,987	
Total General Administration Projects		\$ 150,987

(Continued)

Exhibit K-7

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Public Safety Projects</u>		
Consultants	<u>\$ 15,000</u>	
Total Public Safety Projects		<u>\$ 15,000</u>
 Total General Capital Projects Fund		 <u>\$ 165,987</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 15,062,415</u></u>

Exhibit K-8

Lauderdale County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Lauderdale County School Department
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,119,323	
Career Ladder Program	133,000	
Career Ladder Extended Contracts	78,500	
Educational Assistants	468,501	
Non-certified Substitute Teachers	217,900	
Social Security	656,847	
State Retirement	697,730	
Medical Insurance	2,065,460	
Unemployment Compensation	41,536	
Employer Medicare	153,652	
Other Contracted Services	204,686	
Instructional Supplies and Materials	102,792	
Textbooks	325,000	
Other Supplies and Materials	5,017	
Other Charges	823	
Regular Instruction Equipment	40,841	
Total Regular Instruction Program		\$ 15,311,608

Special Education Program

Teachers	\$ 1,641,606	
Career Ladder Program	25,000	
Career Ladder Extended Contracts	16,167	
Homebound Teachers	5,000	
Social Security	100,386	
State Retirement	108,243	
Medical Insurance	310,790	
Employer Medicare	23,477	
Instructional Supplies and Materials	21,093	
Other Supplies and Materials	2,389	
Total Special Education Program		2,254,151

Vocational Education Program

Teachers	\$ 625,331
Career Ladder Program	6,000
Career Ladder Extended Contracts	2,000
Social Security	37,137
State Retirement	39,909
Medical Insurance	95,595
Employer Medicare	8,685

(Continued)

Exhibit K-8

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.)

Instructional Supplies and Materials	\$ 8,424	
Total Vocational Education Program		\$ 823,081

Support Services

Attendance

Supervisor/Director	\$ 15,510	
Social Security	945	
State Retirement	996	
Medical Insurance	1,834	
Employer Medicare	221	
Travel	977	
Other Contracted Services	11,262	
Other Supplies and Materials	278	
Total Attendance		32,023

Health Services

Medical Personnel	\$ 134,512	
Other Salaries and Wages	21,002	
Social Security	8,709	
State Retirement	11,723	
Medical Insurance	34,868	
Employer Medicare	2,037	
Travel	3,178	
Other Supplies and Materials	6,865	
Other Charges	7,044	
Total Health Services		229,938

Other Student Support

Supervisor/Director	\$ 17,709	
Career Ladder Program	11,000	
Guidance Personnel	479,552	
Social Security	31,189	
State Retirement	33,504	
Medical Insurance	89,617	
Employer Medicare	7,294	
Evaluation and Testing	29,655	
Other Contracted Services	193,900	
Total Other Student Support		893,420

(Continued)

Exhibit K-8

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

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

Regular Instruction Program

Supervisor/Director	\$	70,835	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		8,000	
Librarians		307,235	
Materials Supervisor		67,374	
Instructional Computer Personnel		4,800	
Social Security		27,817	
State Retirement		29,933	
Medical Insurance		78,407	
Employer Medicare		6,506	
Travel		9,189	
Library Books/Media		11,901	
In Service/Staff Development		11,675	
Total Regular Instruction Program			\$ 641,672

Special Education Program

Supervisor/Director	\$	69,913	
Career Ladder Program		1,000	
Secretary(ies)		56,944	
Social Security		7,423	
State Retirement		9,085	
Medical Insurance		23,139	
Employer Medicare		1,736	
Travel		15,893	
Other Contracted Services		9,650	
Other Supplies and Materials		7,923	
In Service/Staff Development		13,624	
Other Charges		598	
Total Special Education Program			216,928

Vocational Education Program

Supervisor/Director	\$	70,835
Career Ladder Program		2,000
Career Ladder Extended Contracts		2,000
Clerical Personnel		14,750
Social Security		5,382
State Retirement		6,171
Medical Insurance		12,952
Employer Medicare		1,259

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

In Service/Staff Development	\$ 9,377	
Other Charges	<u>7,361</u>	
Total Vocational Education Program		\$ 132,087

Other Programs

On-Behalf Payments to OPEB	\$ <u>65,113</u>	
Total Other Programs		65,113

Board of Education

Board and Committee Members Fees	\$ 12,899	
Social Security	800	
State Retirement	818	
Employer Medicare	187	
Audit Services	4,120	
Dues and Memberships	17,253	
Legal Services	27,011	
Travel	15,275	
Liability Insurance	42,439	
Premiums on Corporate Surety Bonds	1,517	
Trustee's Commission	126,999	
Workers' Compensation Insurance	48,411	
Criminal Investigation of Applicants - TBI	3,580	
Other Charges	<u>4,060</u>	
Total Board of Education		305,369

Director of Schools

County Official/Administrative Officer	\$ 120,000	
Assistant(s)	68,876	
Career Ladder Program	1,000	
Social Security	10,377	
State Retirement	12,126	
Medical Insurance	23,107	
Employer Medicare	2,717	
Other Fringe Benefits	7,981	
Communication	48,456	
Postal Charges	4,874	
Travel	11,793	
Remittance of Revenue Collected	403	
Office Supplies	8,596	

(Continued)

Exhibit K-8

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.)

Director of Schools (Cont.)

Other Charges	\$	1,841	
Administration Equipment		6,036	
Total Director of Schools			\$ 328,183

Office of the Principal

Principals	\$	555,143	
Career Ladder Program		11,000	
Career Ladder Extended Contracts		4,000	
Assistant Principals		431,728	
Secretary(ies)		390,592	
Clerical Personnel		45,784	
Social Security		85,457	
State Retirement		99,254	
Medical Insurance		210,743	
Employer Medicare		19,986	
Travel		11,056	
Administration Equipment		171,870	
Total Office of the Principal			2,036,613

Fiscal Services

Supervisor/Director	\$	68,141	
Accountants/Bookkeepers		30,140	
Secretary(ies)		29,300	
Social Security		7,689	
State Retirement		10,156	
Medical Insurance		7,891	
Employer Medicare		1,798	
Travel		2,134	
Other Contracted Services		12,842	
Total Fiscal Services			170,091

Operation of Plant

Supervisor/Director	\$	43,040
Educational Assistants		5,260
Custodial Personnel		227,381
Other Salaries and Wages		18,368
Social Security		16,913
State Retirement		20,279
Medical Insurance		42,416

(Continued)

Exhibit K-8

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.)

Operation of Plant (Cont.)

Employer Medicare	\$	3,956	
Other Contracted Services		701,324	
Electricity		581,237	
Natural Gas		266,930	
Building and Contents Insurance		88,454	
Total Operation of Plant			\$ 2,015,558

Maintenance of Plant

Maintenance Personnel	\$	115,883	
Other Salaries and Wages		95,498	
Social Security		12,445	
State Retirement		16,482	
Medical Insurance		20,727	
Employer Medicare		2,910	
Maintenance and Repair Services - Buildings		60,505	
Maintenance and Repair Services - Equipment		73,025	
Travel		782	
Other Contracted Services		216,733	
Other Supplies and Materials		70,951	
Maintenance Equipment		14,512	
Total Maintenance of Plant			700,453

Transportation

Supervisor/Director	\$	53,126	
Mechanic(s)		91,458	
Bus Drivers		545,597	
Other Salaries and Wages		64,359	
Social Security		46,718	
State Retirement		17,575	
Medical Insurance		27,336	
Employer Medicare		10,947	
Other Fringe Benefits		6,225	
Gasoline		224,682	
Tires and Tubes		29,308	
Vehicle Parts		130,001	
Vehicle and Equipment Insurance		20,805	
Other Charges		7,233	
Transportation Equipment		404,994	
Total Transportation			1,680,364

(Continued)

Exhibit K-8

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.)

Central and Other

Clerical Personnel	\$	29,696	
Social Security		1,810	
State Retirement		2,364	
Employer Medicare		423	
Total Central and Other			\$ 34,293

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	5,903	
Teachers		101,501	
Other Salaries and Wages		40,918	
Social Security		9,055	
State Retirement		9,534	
Medical Insurance		3,343	
Employer Medicare		2,118	
Travel		2,800	
Other Supplies and Materials		28,313	
Refunds		10,000	
Other Charges		33,074	
Total Community Services			246,559

Early Childhood Education

Supervisor/Director	\$	46,931	
Teachers		343,326	
Clerical Personnel		2,478	
Educational Assistants		164,102	
Non-certified Substitute Teachers		5,000	
Social Security		33,304	
State Retirement		38,764	
Medical Insurance		95,635	
Employer Medicare		7,789	
Communication		963	
Instructional Supplies and Materials		60,050	
In Service/Staff Development		20,744	
Other Charges		101,374	
Total Early Childhood Education			920,460

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$ 972	
Building Construction	116,175	
Building Improvements	182,340	
Total Regular Capital Outlay		\$ 299,487

Principal on Debt

Education

Principal on Notes	\$ 9,556	
Principal on Capital Leases	355,802	
Total Education		365,358

Interest on Debt

Education

Interest on Capital Leases	\$ 40,009	
Total Education		40,009

Other Debt Service

Education

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

Total General Purpose School Fund \$ 30,942,818

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 811,378	
Educational Assistants	163,022	
Other Salaries and Wages	30,990	
Non-certified Substitute Teachers	25,000	
Social Security	59,268	
State Retirement	67,562	
Medical Insurance	209,515	
Employer Medicare	13,861	
Other Contracted Services	252,723	
Instructional Supplies and Materials	450,244	
Other Charges	1,384	
Regular Instruction Equipment	40,717	
Total Regular Instruction Program		\$ 2,125,664

(Continued)

Exhibit K-8

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

Teachers	\$	184,251	
Educational Assistants		611,981	
Speech Pathologist		47,115	
Other Salaries and Wages		20,000	
Non-certified Substitute Teachers		15,000	
Social Security		48,718	
State Retirement		61,836	
Medical Insurance		159,293	
Employer Medicare		11,394	
Instructional Supplies and Materials		83,755	
Other Supplies and Materials		60	
Total Special Education Program			\$ 1,243,403

Vocational Education Program

Clerical Personnel	\$	18,485	
Social Security		1,146	
State Retirement		1,471	
Medical Insurance		1,935	
Employer Medicare		268	
Other Contracted Services		10,000	
Instructional Supplies and Materials		18,119	
T&I Construction Materials		689	
Other Supplies and Materials		966	
Vocational Instruction Equipment		26,914	
Total Vocational Education Program			79,993

Support Services

Other Student Support

Travel	\$	23,768	
Other Contracted Services		2,818	
In Service/Staff Development		5,010	
Other Charges		5,567	
Total Other Student Support			37,163

Regular Instruction Program

Supervisor/Director	\$	135,674	
Instructional Computer Personnel		14,000	
Secretary(ies)		14,550	
Social Security		8,908	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	9,869	
Medical Insurance		21,843	
Employer Medicare		2,083	
Travel		8,364	
Other Contracted Services		14,000	
Other Supplies and Materials		6,079	
In Service/Staff Development		231,870	
Total Regular Instruction Program			\$ 467,240

Special Education Program

Psychological Personnel	\$	38,990	
Other Salaries and Wages		74,245	
Social Security		6,970	
State Retirement		7,350	
Medical Insurance		14,040	
Employer Medicare		1,630	
Consultants		74,566	
Travel		12,953	
Other Contracted Services		134,673	
Other Supplies and Materials		19,573	
In Service/Staff Development		24,087	
Other Equipment		16,371	
Total Special Education Program			425,448

Vocational Education Program

Travel	\$	4,179	
In Service/Staff Development		911	
Total Vocational Education Program			5,090

Transportation

Bus Drivers	\$	11,700	
Other Salaries and Wages		45,000	
Social Security		3,515	
Employer Medicare		822	
Contracts with Parents		95,402	
Other Supplies and Materials		120	
Total Transportation			156,559

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	65,000	
Teachers		100,275	
Other Salaries and Wages		6,065	
Social Security		10,566	
State Retirement		10,611	
Medical Insurance		4,680	
Employer Medicare		2,471	
Travel		10,905	
Other Supplies and Materials		31,935	
Total Community Services			\$ 242,508

Capital Outlay

Regular Capital Outlay

Other Equipment	\$	39,361	
Total Regular Capital Outlay			39,361

Principal on Debt

Education

Principal on Capital Leases	\$	58,900	
Total Education			58,900

Total School Federal Projects Fund \$ 4,881,329

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	57,751	
Accountants/Bookkeepers		30,151	
Cafeteria Personnel		855,693	
Other Salaries and Wages		3,439	
Social Security		56,872	
State Retirement		58,327	
Medical Insurance		101,325	
Unemployment Compensation		5,639	
Employer Medicare		13,301	
Legal Notices, Recording, and Court Costs		116	
Maintenance and Repair Services - Equipment		22,976	
Payments to Schools - Other		900	
Transportation - Other than Students		17,833	

(Continued)

Exhibit K-8

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.)

Travel	\$	5,579	
Other Contracted Services		41,504	
Food Supplies		988,080	
Uniforms		8,587	
Utilities		76,998	
USDA - Commodities		147,083	
Other Supplies and Materials		22,382	
Trustee's Commission		22	
Workers' Compensation Insurance		33,500	
In Service/Staff Development		2,746	
Food Service Equipment		35,176	
Total Food Service			<u>\$ 2,585,980</u>

Total Central Cafeteria Fund \$ 2,585,980

Total Governmental Funds - Lauderdale County School Department \$ 38,410,127

Exhibit K-9

Lauderdale County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2010

	<u>Local Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,110,059
Total Cash Receipts	<u>\$ 2,110,059</u>
<u>Cash Disbursements</u>	
Contributions:	
General Debt Service Fund	\$ 559,712
General Purpose School Fund	919,332
Remittance of Revenues Collected	937,060
Trustee's Commission	21,101
Total Cash Disbursements	<u>\$ 2,437,205</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ (327,146)
Cash Balance, July 1, 2009	<u>2,859,327</u>
Cash Balance, June 30, 2010	<u><u>\$ 2,532,181</u></u>

SINGLE AUDIT SECTION



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

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

January 25, 2011

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, 2010, which collectively comprise Lauderdale County's basic financial statements and have issued our report thereon dated January 25, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.02, and 10.15.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.03, 10.04, 10.05, 10.06, 10.08, 10.09, 10.11, 10.12, 10.13, and 10.14.

Compliance and Other Matters

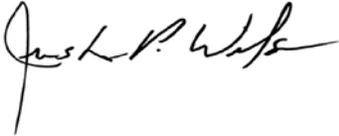
As part of obtaining reasonable assurance about whether Lauderdale County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 10.07 and 10.10.

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

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

This report is intended solely for the information and use of management, the county mayor, 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.

Yours very truly,

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



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

January 25, 2011

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, 2010. 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 of 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, 2010.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 10.08 and 10.16. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 as of and for the year ended June 30, 2010, and have issued our report thereon dated January 25, 2011. Our audit was

performed for the purpose of forming our opinions on the financial statements that collectively comprise Lauderdale County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, the county mayor, 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.

Yours very truly,

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

Lauderdale County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Community Facilities Loans and Grants	10.766	N/A	\$ 95,000 (2)
Environmental Quality Incentives Program	10.912	N/A	16,773 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	606,036
National School Lunch Program	10.555	N/A	1,334,677 (10)
Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579	N/A	4,400
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	147,083 (10)
Rural Business Enterprise Grants - ARRA	10.783	(4)	39,361
Total U.S. Department of Agriculture			<u>\$ 2,243,330</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Office of Economic and Community Development:			
Community Development Block Grant - State's Program	14.228	(5)	\$ 84,713
Passed-through State Housing Development Agency:			
Supportive Housing Program	14.235	TN37C707009	28,750
Total U.S. Department of Housing and Urban Development			<u>\$ 113,463</u>
U.S. Department of the Interior:			
Direct Payments:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 98,450
Total U.S. Department of the Interior			<u>\$ 98,450</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-08-233850-00	\$ 5,040
Passed-through State Administrative Office of the Courts:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(4)	2,459
Total U.S. Department of Justice			<u>\$ 7,499</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-09-214623-00	\$ 38,798
Total U.S. Department of Transportation			<u>\$ 38,798</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,671,540
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	519,557
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,114,914
Special Education - Preschool Grants	84.173	N/A	43,392
Special Education - Grants to States, Recovery Act	84.391	N/A	593,729
Special Education - Preschool Grants, Recovery Act	84.392	N/A	17,523
Career and Technical Education - Basic Grants to States	84.048	N/A	116,385
Safe and Drug-free Schools and Communities - State Grants	84.186	(4)	20,064
Twenty-first Century Community Learning Centers	84.287	(4)	243,874
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(4)	17,894
Education Technology State Grants, Recovery Act	84.386	N/A	39,437
Rural Education	84.358	N/A	128,198
Improving Teacher Quality State Grants	84.367	N/A	372,551

(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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	\$ 827,600
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	310,521
Total U.S. Department of Education			\$ 6,037,179
U.S. Department of Health and Human Services:			
Passed-through Dyersburg State Community College:			
Temporary Assistance for Needy Families	93.558	(4)	\$ 24,626
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	Z-10-219807-00	26,736
Total U.S. Department of Health and Human Services			\$ 51,362
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(6)	\$ 24,743
Homeland Security Grant Program	97.067	07UASI-LAUD	101,000
Total U.S. Department of Homeland Security			\$ 125,743
Total Expenditures of Federal Awards			\$ 8,715,824
		Contract Number	
<u>State Grants</u>			
Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	Z-10-29743-00	\$ 9,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(4)	6,679
Animal Friendly Grant - State Department of Agriculture	N/A	(4)	1,700
Local Health Services - State Department of Health	N/A	(7)	116,034
Litter Grant - State Department of Transportation	N/A	(8)	23,476
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(9)	93,261
Wage Reimbursement Incentive Program - State Department of Human Services - Division of Rehabilitation Services	N/A	(4)	2,320
Rural Technology Assistance - State Department of Economic and Community Development	N/A	GG-1030473	71,581
Lottery for Education: After School Programs - State Department of Education	N/A	(4)	160,000
Connect Tennessee - State Department of Education	N/A	(4)	3,083
ACT-E Connectivity - State Department of Education	N/A	(4)	4,798
High Schools That Work - State Department of Education	N/A	(4)	15,870
Early Childhood Education - State Department of Education	N/A	(4)	912,359
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-08-212993-02	8,722
Total State Grants			\$ 1,428,883

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) 00-07: \$50,000; 00-09: \$45,000.
- (3) 68-4741-9-792: \$7,188; 68-4741-0-928: \$9,585.
- (4) Information not available.
- (5) GG-10-31114-00: \$8,500; NSP 1-09-042: \$6,032; NSP 1-09-25.005: \$70,181.
- (6) DG-09-24430-00: \$9,031; 34101-00000003817: \$15,712.
- (7) Z-09-213743-00: \$15,988; Z-10-219870-00: \$100,046.
- (8) Z-09-212767-00: \$1,014; Z-10-220349-00: \$22,732.
- (9) GG-09-26154-00: \$14,959; GG-10-28464-00: \$78,302.
- (10) Total for CFDA No. 10.555 is \$1,481,760.

Lauderdale County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

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, 2009, which have not been corrected.

LAUDERDALE COUNTY AND LAUDERDALE COUNTY SCHOOL DEPARTMENT

Finding Number	Page Number	Subject
09.01	204	Lauderdale County and the Lauderdale County School Department do not have the resources to produce financial statements and notes to the financial statements

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
09.02	205	The Solid Waste Disposal Fund required material audit adjustments for proper financial statement presentation
09.03	205	The office had deficiencies in purchasing procedures

OFFICE OF HIGHWAY COMMISSIONER

Finding Number	Page Number	Subject
09.07	207	The office had deficiencies in purchasing procedures

OFFICE OF TRUSTEE

Finding Number	Page Number	Subject
09.11	209	The trustee's depository used an unauthorized method to pay warrants
09.12	210	The office did not implement adequate controls to protect its information resources
09.13	210	The trustee software did not have adequate application controls

OFFICE OF REGISTER

Finding Number	Page Number	Subject
09.14	211	The register allowed individuals unsupervised access to the office after business hours

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
09.16	212	Duties were not segregated adequately in the Office of Sheriff

LAUDERDALE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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 one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and the Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Lauderdale County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor and director of schools provided written responses on certain findings, which are paraphrased in this report.

LAUDERDALE COUNTY AND LAUDERDALE COUNTY SCHOOL DEPARTMENT

FINDING 10.01 **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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The county mayor understands the legal requirements of this finding, which address the resources to produce financial statements and the required notes. To do this properly, the county would need to assemble clerks and hire a chief financial officer into one office complex that is not currently available. The mayor will approach the County Commission Budget Committee by March 15, 2011, to discuss this finding.

AUDITOR'S COMMENT

As a best practice, we recommend the adoption of 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. This recommendation would include having at least one staff member trained to have sufficient accounting expertise to prepare the required statements and disclosures.

OFFICE OF COUNTY MAYOR

FINDING 10.02 **THE GENERAL DEBT SERVICE AND SOLID WASTE DISPOSAL FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, certain general ledger account balances in the General Debt Service and Solid Waste Disposal funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Lauderdale County 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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

As of January 11, 2011, the mayor's administrative assistant has been trained to address the problem in the Solid Waste Disposal Fund. The General Debt Service Fund

adjustments were made because of an unusual and complicated local sales tax referendum formula surrounding the schools. We do not have people capable of resolving this deficiency. I will confer with the County Commission about this deficiency.

FINDING 10.03 **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-year audit 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.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

Management will meet and train our staff concerning the necessity of listing costs on purchase orders. A record of this training will be filed in the deputies’ personnel file. We understand and will improve this issue.

FINDING 10.04 **SOME EMPLOYEES AND THEIR SUPERVISORS DID NOT SIGN EMPLOYEES’ TIME SHEETS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the office’s payroll procedures revealed some employees in the Sheriff’s Department, such as court bailiffs, 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. Also, in many instances, supervisors failed to sign employees’ time sheets as evidence of review and approval.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Personnel will receive training on the importance of this requirement. Time sheets without the appropriate signatures from county offices will be returned to employees for them to correct.

FINDING 10.05 **THE LANDFILL OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the Landfill Office generated a log that displayed changes made by users. This log provided the only audit trail of these changes and should be reviewed for inappropriate activity. Since they were not aware of its importance, management did not begin reviewing this log until March 2010. Procedures for reviewing this log are currently in place.

RECOMMENDATION

Management should ensure that the audit log is reviewed on a routine basis. Documentation of this review process should be maintained. Any unusual transactions should be investigated.

OFFICE OF HIGHWAY COMMISSIONER

FINDING 10.06 **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.

These deficiencies are the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.07 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

General Purpose School Fund expenditures exceeded appropriations approved by the County Commission in the Other Student Support and the Vocational Education Program major appropriation categories (the legal level of control) by \$8,801 and \$4,892, respectively. Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies." This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

County officials should ensure that expenditures are held within appropriations approved by the County Commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with the finding. The Other Student Support and the Vocational Education Program exceeded appropriations by \$8,801 and \$4,892 respectively. The Finance Department of Lauderdale County Schools is aware that expenditures and encumbrances should stay within the approved appropriations. Our office will review all budgets to ensure expenditures do not exceed appropriations, and we will file appropriate budget amendments with the County Commission to amend the budget when necessary.

FINDING 10.08

THE SCHOOL DEPARTMENT DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER SCHOOL FUNDS

(Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)

The Lauderdale County School Department comingled ARRA expenditures for the State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (CFDA No. 84.397) program with other local, state, and federal funds. U.S. Office of Management and Budget's (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the application (i.e., expenditure) of ARRA awards. In addition, grant agreements contain terms and conditions that require compliance with the Tennessee Office of Recovery Act Management (TRAM) Directives. TRAM Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from other revenues and expenditures in the county's financial accounting system. This comingling of funds violates OMB's compliance requirements and the grant agreement and increases the risks of preparing inaccurate reports required by ARRA. When ARRA grant requirements are not followed, the OMB can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, may apply civil or criminal penalties. School officials stated the grants involved three separate grants with a single payment each. Because they were single payments, officials felt this was sufficient separation. Other ARRA grant funds were properly separated.

RECOMMENDATION

School officials should separate the application (i.e., expenditure) of ARRA grant funds on the School Department's accounting records.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with the finding. The audit finding noted that the School Department properly separated all ARRA grant funds with the exception of three separate grants. The three separate grants were made in single payments for the following areas: Internet Connectivity, Safe Schools, and Student Management Systems. Revenue codes were appropriately marked for these grants; however, the department did not provide a cost center code for the expenditures. The School Department expended the ARRA funds in these grants for Internet Connectivity with Education Networks of America, School Resource Officers with Lauderdale County, and the Statewide Student Management System with Century Consultants, Ltd. In the future, the school's Finance Department will take the appropriate action to provide cost center codes for all ARRA accounts to separate the application (expenditure) on the School Department's accounting records.

FINDING 10.09

SCHOOL BUS DRIVERS WERE NOT REQUIRED TO PREPARE TIME SHEETS

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the office’s payroll procedures revealed school bus drivers were not required to prepare time sheets. The preparation of time sheets signed by employees and their supervisors attests to the accuracy of time sheets as a means of strengthening internal control.

RECOMMENDATION

Bus drivers should be required to prepare time sheets. Employees should sign their time sheets to attest to the accuracy of the time sheets. Supervisors should sign employees’ time sheets as evidence of review and approval.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with the finding. During the summer of 2010, a new bus garage supervisor was employed after the employment of the previous bus garage supervisor was not renewed. The new bus garage supervisor reports directly to the director of transportation at the central office. Management in this department now requires that employees and supervisors sign time sheets to attest to the accuracy of the time sheets. The school Finance Department is also reviewing internal controls to verify that this practice will continue to occur in all departments.

OFFICE OF TRUSTEE

FINDING 10.10

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. Beginning July 1, 2010, the trustee implemented a checking system for disbursing county funds as authorized by state statute.

FINDING 10.11 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 internal controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency is a result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 10.12 THE TRUSTEE'S 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 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 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. Because the office began using a new software program in July 2010, these deficiencies no longer exist.

OFFICE OF REGISTER

FINDING 10.13 **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.

OFFICE OF SHERIFF

FINDING 10.14 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE**
(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.

OTHER FINDING AND RECOMMENDATION

FINDING 10.15 **LAUDERDALE COUNTY HAS MATERIAL RECURRING AUDIT FINDINGS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Lauderdale County has material audit findings that have been reported in its annual financial reports for three or more consecutive years. These recurring material findings are listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	Lauderdale County and Lauderdale County School Department do not have the resources to produce financial statements and notes to the financial statements.
10.02, 09.02, 08.02	Several funds required material audit adjustments for proper financial statement presentation.

The recurring nature of the above-noted findings indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Lauderdale County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Lauderdale County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I will ask the County Commission to create an Audit Committee compiled of private citizens with proper financial backgrounds that would ultimately report and make recommendations to the County Commission.

AUDITOR'S COMMENT

The Audit Committee may consist of members of the County Commission, private citizens of Lauderdale County, or a combination of both. To insure the committee's independence and effectiveness, no Audit Committee member can be an elected official (with the exception of elected county commissioners), employee, spouse of an official/employee, or person that commingles assets with an official/employee of Lauderdale County. While committee members need not be accountants, they should possess sufficient knowledge and experience in finance, business, and accounting to discharge the committee's duties.

BEST PRACTICE

A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED

Lauderdale County does not have 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. 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. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Lauderdale County. Therefore, we recommend the adoption of 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**

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	10.16	84.397	<u>Circular A-133</u>	Significant deficiency in Internal Control - See Finding 10.08 - Lauderdale County did not account for American Recovery and Reinvestment Act (ARRA) grants separately from other county funds	\$ 0

**LAUDERDALE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010**

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

Director of Schools – Corrective Action Plan for Current-year's Findings

FINDINGS 10.08 and 10.16

Contact person:	Joel Hassell, Director of Schools.
Corrective action planned:	All ARRA funds will be cost centered in the 2010-11 budget.
Anticipated completion date:	2010-11 fiscal year-end.