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**ANNUAL FINANCIAL REPORT  
LAUDERDALE COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2011**



**ANNUAL FINANCIAL REPORT  
LAUDERDALE COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2011**

***COMPTROLLER OF THE TREASURY  
JUSTIN P. WILSON***

***DIVISION OF COUNTY AUDIT  
JAMES R. ARNETTE  
Director***

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ELISHA CROWELL, CFE  
State Auditors***

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

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# LAUDERDALE COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Lauderdale County, Tennessee  
For the Year Ended June 30, 2011

***Scope***

We have audited the basic financial statements of Lauderdale County as of and for the year ended June 30, 2011.

***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in 11 findings and recommendations, which we have reviewed with Lauderdale County management. Detailed findings and recommendations are included in the Single Audit section of this report.

***Findings and Best Practice***

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

**OFFICES OF COUNTY MAYOR AND HIGHWAY COMMISSIONER**

- ◆ The offices had deficiencies in purchasing procedures.
- 

**OFFICES OF HIGHWAY COMMISSIONER AND DIRECTOR OF SCHOOLS**

- ◆ Material audit adjustments were required for proper financial statement presentation.
- 

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Expenditures exceeded appropriations.
  - ◆ Competitive bids were not solicited for purchases made with federal grant funds.
-

## **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.
- 

## **OFFICE OF CLERK AND MASTER**

- ◆ The office did not review its software audit logs.
- 

## **OFFICE OF REGISTER**

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

## **OFFICE OF SHERIFF**

- ◆ Duties were not segregated adequately.
  - ◆ A cash shortage of at least \$4,102.70 existed in the office.
- 

## **LAUDERDALE COUNTY**

- ◆ Lauderdale County has a material recurring audit finding.
- 

## **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.

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## INTRODUCTORY SECTION

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# Lauderdale County Officials

## June 30, 2011

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### **Officials**

Rod Schuh, County Mayor  
Roland Henderson, Highway Commissioner  
Joel Hassell, Director of Schools  
Judy Conrad, 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	Monty McWilliams
Kathy Alston	Angie Phillips
Talmage Carihfield	Eugene Pugh
Todd Dunavant	Rob Reviere
Tommy Dunavant	Tommy Sanders
Gene Edwards	Dwight Shoemake, Sr.
Jesse Edwards	Lynnwood Shoemake
Ronnie Elder	Coy Summar
Don Fisher	Lowell Tillman, Jr.
John Gaines	Debora Tyus
Danny Hartsfield	Daniel Walker
Sandra Hughes	Garey Woodard
Dennis King	

### **Board of Education**

Melinda Hutcherson, Chairman	Roy Harkness, Sr.
Eva Drain	Robert Harris
Sheila Ferrell	Terry Sellers
Cynthia Glenn	Austin Thompson, Jr.

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## FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

February 6, 2012

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, 2011, 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 zero percent and .09 percent, respectively, of the assets and revenues of the aggregate remaining fund information and the Lauderdale County Ambulance Authority (nonmajor special revenue fund), which represent 7.9 percent and 74.9 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 19.8 percent and 2.9 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, and Lauderdale County Water System, 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.

The financial statements of the Lauderdale County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Lauderdale County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, based on our audit and the report of other auditors, and except for the effects of not including the financial statements of the Lauderdale County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Lauderdale County, Tennessee, as of June 30, 2011, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, 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, each major fund, and the aggregate remaining fund information of Lauderdale County, Tennessee, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

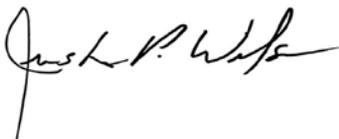
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 78 through 83 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 financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit B

Lauderdale County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2011

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					
Primary Government:														
Governmental Activities:														
General Government	\$ 1,530,434	\$ 97,226	\$ 16,574	\$ 0	\$ (1,416,634)	\$ 0	\$ (1,416,634)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	774,506	609,606	0	0	(164,900)	0	(164,900)	0	0	0	0	0	0	0
Administration of Justice	1,610,706	523,682	83,206	0	(1,003,818)	0	(1,003,818)	0	0	0	0	0	0	0
Public Safety	4,266,552	1,075,481	600,493	0	(2,590,578)	0	(2,590,578)	0	0	0	0	0	0	0
Public Health and Welfare	1,572,107	1,031,526	175,375	0	(365,206)	0	(365,206)	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	425,043	13,085	18,942	100,000	(293,016)	0	(293,016)	0	0	0	0	0	0	0
Agriculture and Natural Resources	210,086	0	48,185	5,993	(155,908)	0	(155,908)	0	0	0	0	0	0	0
Other Operations	702,603	0	16,848	570,318	(115,437)	0	(115,437)	0	0	0	0	0	0	0
Highways/Public Works	2,833,699	645	1,781,912	98,494	(952,648)	0	(952,648)	0	0	0	0	0	0	0
Education	1,137,523	0	0	0	(1,137,523)	0	(1,137,523)	0	0	0	0	0	0	0
Interest on Long-term Debt	659,870	871	1,807,043	0	1,148,044	0	1,148,044	0	0	0	0	0	0	0
Other Debt Service	36,037	0	0	0	(36,037)	0	(36,037)	0	0	0	0	0	0	0
Total Governmental Activities	\$ 15,759,166	\$ 3,352,122	\$ 4,548,578	\$ 774,805	\$ (7,083,661)	\$ 0	\$ (7,083,661)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:														
Solid Waste Disposal	\$ 569,959	\$ 583,478	\$ 10,528	\$ 0	\$ 0	\$ 24,047	\$ 24,047	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 16,329,125	\$ 3,935,600	\$ 4,559,106	\$ 774,805	\$ (7,083,661)	\$ 24,047	\$ (7,059,614)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:														
Lauderdale County School Department	\$ 42,088,815	\$ 588,969	\$ 10,947,646	\$ 1,177,807	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,374,393)	\$ 0	\$ 0
Lauderdale County Water System	1,225,554	1,211,413	0	0	0	0	0	0	0	0	0	0	(14,141)	0
Total Component Units	\$ 43,314,369	\$ 1,800,382	\$ 10,947,646	\$ 1,177,807	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,374,393)	\$ (14,141)	\$ 0

(Continued)

Exhibit B

Lauderdale County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Business-		Component Units		
				Capital Grants and Contributions	Governmental Activities	type Activities	Total	Lauderdale County School Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 5,080,592	\$ 0	\$ 5,080,592	\$ 2,952,746	\$ 0
Property Taxes Levied for Debt Service				925,112	0	925,112	0	0
Local Option Sales Taxes				0	0	0	1,753,983	0
Wheel Tax				961,103	0	961,103	174,684	0
Other Local Taxes				228,882	0	228,882	1,815	0
Grants and Contributions Not Restricted to Specific Programs				513,126	0	513,126	24,219,448	0
Unrestricted Investment Income				0	20,804	20,804	151,268	33,685
Miscellaneous				68,544	6,204	74,748	49,874	0
Total General Revenues				\$ 7,777,359	\$ 27,008	\$ 7,804,367	\$ 29,303,818	\$ 33,685
Change in Net Assets				\$ 693,698	\$ 51,055	\$ 744,753	\$ (70,575)	\$ 19,544
Net Assets, July 1, 2010				118,208	1,495,484	1,613,692	24,339,446	6,232,247
Prior-period Adjustment				2,370,900	0	2,370,900	0	0
Net Assets, June 30, 2011				\$ 3,182,806	\$ 1,546,539	\$ 4,729,345	\$ 24,268,871	\$ 6,251,791

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

Lauderdale County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds		
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152,646	\$ 152,646	
Equity in Pooled Cash and Investments	3,101,545	1,118,208	1,346,518	1,826,232	103,440	7,495,943	
Accounts Receivable	22,382	239	282	0	718,486	741,389	
Allowance for Uncollectibles	0	0	0	0	(540,414)	(540,414)	
Due from Other Governments	246,324	307,361	2,692,848	0	1,862	3,248,395	
Due from Other Funds	1,255	0	0	0	0	1,255	
Property Taxes Receivable	5,183,306	838,791	372,332	0	0	6,394,429	
Allowance for Uncollectible Property Taxes	(340,730)	(58,311)	(45,396)	0	0	(444,437)	
Total Assets	\$ 8,214,082	\$ 2,206,288	\$ 4,366,584	\$ 1,826,232	\$ 436,020	\$ 17,049,206	

ASSETS

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>							
Accounts Payable	\$ 4,052	\$ 0	\$ 0	\$ 0	\$ 7,876	\$ 11,928	
Accrued Payroll	0	0	0	0	21,000	21,000	
Due to Other Funds	0	0	0	0	1,255	1,255	
Due to Component Units	0	0	0	449,822	0	449,822	
Due to State of Tennessee	5,626	0	0	0	0	5,626	
Deferred Revenue - Current Property Taxes	4,638,946	743,048	282,767	0	0	5,664,761	
Deferred Revenue - Delinquent Property Taxes	186,268	34,240	40,403	0	0	260,911	
Other Deferred Revenues	45,850	149,020	0	0	0	194,870	
Health Insurance Payments	0	911	0	0	0	911	
Total Liabilities	\$ 4,880,742	\$ 927,219	\$ 323,170	\$ 449,822	\$ 30,131	\$ 6,611,084	
<u>Fund Balances</u>							
Restricted:							
Restricted for Administration of Justice	\$ 30,266	\$ 0	\$ 0	\$ 0	\$ 77,190	\$ 107,456	
Restricted for Public Safety	4,450	0	0	0	23,481	27,931	
Restricted for Public Health and Welfare	10,316	0	0	0	300,587	310,903	
Restricted for Social, Cultural, and Recreational Services	155,092	0	0	0	4,631	159,723	

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds	Governmental Funds	
\$	0	\$ 1,279,069	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,279,069
	0	0	1,350,566	0	0	0	1,350,566
	0	0	0	1,376,410	0	0	1,376,410
	0	0	2,692,848	0	0	0	2,692,848
	3,133,216	0	0	0	0	0	3,133,216
<u>\$</u>	<u>3,333,340</u>	<u>\$ 1,279,069</u>	<u>\$ 4,043,414</u>	<u>\$ 1,376,410</u>	<u>\$ 405,889</u>	<u>\$ 10,438,122</u>	
<u>\$</u>	<u>8,214,082</u>	<u>\$ 2,206,288</u>	<u>\$ 4,366,584</u>	<u>\$ 1,826,232</u>	<u>\$ 436,020</u>	<u>\$ 17,049,206</u>	

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)

Restricted (Cont.):  
 Restricted for Highways/Public Works  
 Restricted for Debt Service  
 Restricted for Capital Projects  
 Committed:  
 Committed for Debt Service  
 Unassigned  
 Total Fund Balances

Total Liabilities and Fund Balances

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, 2011

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)		\$	10,438,122
(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: buildings and improvements net of accumulated depreciation		5,968,681	
Add: infrastructure net of accumulated depreciation		1,706,099	
Add: other capital assets net of accumulated depreciation		<u>1,568,218</u>	10,144,870
(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	\$	(371,404)	
Less: other loans payable		(3,421,000)	
Less: bonds payable		(14,005,000)	
Less: accrued interest on bonds		(124,800)	
Less: other deferred revenue - premium on debt		(4,182)	
Add: deferred charges - debt issuance costs		56,803	
Add: deferred amount on refunding		<u>13,616</u>	(17,855,967)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>455,781</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>3,182,806</u></u>

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

Exhibit C-3

Lauderdale County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other			
					Governmental Funds	Other Funds		
<u>Revenues</u>								
Local Taxes	\$ 5,514,085	\$ 900,879	\$ 980,851	\$ 0	\$ 0	\$ 1,162	\$ 7,396,977	
Licenses and Permits	32,735	680	803	0	0	0	34,218	
Fines, Forfeitures, and Penalties	115,606	0	0	0	0	45,763	161,369	
Charges for Current Services	86,252	0	0	0	0	1,026,886	1,113,138	
Other Local Revenues	108,089	30,645	0	0	0	6,263	144,997	
Fees Received from County Officials	1,034,261	0	0	0	0	0	1,034,261	
State of Tennessee	1,383,709	1,920,291	0	0	0	0	3,304,000	
Federal Government	729,376	157,945	0	0	0	291,500	1,178,821	
Other Governments and Citizens Groups	248,552	0	1,807,043	0	0	0	2,055,595	
<u>Total Revenues</u>	<u>\$ 9,252,665</u>	<u>\$ 3,010,440</u>	<u>\$ 2,788,697</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,371,574</u>	<u>\$ 16,423,376</u>	
<u>Expenditures</u>								
Current:								
General Government	\$ 1,145,912	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,145,912	
Finance	717,116	0	0	0	0	0	717,116	
Administration of Justice	1,438,586	0	0	0	0	14,163	1,452,749	
Public Safety	3,804,456	0	0	0	0	26,192	3,830,648	
Public Health and Welfare	389,998	0	0	0	0	1,044,453	1,434,451	
Social, Cultural, and Recreational Services	782,661	0	0	0	0	1,220	783,881	
Agriculture and Natural Resources	190,296	0	0	0	0	0	190,296	
Other Operations	1,212,687	0	0	0	0	0	1,212,687	
Highways	0	2,968,504	0	0	0	0	2,968,504	
Instruction	13,399	0	0	0	0	0	13,399	
Debt Service:								
Principal on Debt	0	0	1,743,524	0	0	0	1,743,524	
Interest on Debt	0	0	675,333	0	0	0	675,333	
Other Debt Service	0	0	173,983	22,466	0	0	196,449	
Capital Projects	0	0	0	1,124,124	0	612,450	1,736,574	
<u>Total Expenditures</u>	<u>\$ 9,695,111</u>	<u>\$ 2,968,504</u>	<u>\$ 2,592,840</u>	<u>\$ 1,146,590</u>	<u>\$ 0</u>	<u>\$ 1,698,478</u>	<u>\$ 18,101,523</u>	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds Other	Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Education Capital Projects		
Excess (Deficiency) of Revenues Over Expenditures	\$ (442,446) \$	41,936 \$	195,857 \$	(1,146,590) \$	(326,904) \$	(1,678,147)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0 \$	0 \$	0 \$	2,523,000 \$	289,450 \$	2,812,450
Insurance Recovery	49,511	0	0	0	0	49,511
Transfers In	745,910	0	0	0	0	745,910
Transfers Out	0	0	0	0	(745,910)	(745,910)
Total Other Financing Sources (Uses)	\$ 795,421 \$	0 \$	0 \$	2,523,000 \$	(456,460) \$	2,861,961
Net Change in Fund Balances	\$ 352,975 \$	41,936 \$	195,857 \$	1,376,410 \$	(783,364) \$	1,183,814
Fund Balance, July 1, 2010	2,980,365	1,237,133	3,847,557	0	1,189,253	9,254,308
Fund Balance, June 30, 2011	\$ 3,333,340 \$	1,279,069 \$	4,043,414 \$	1,376,410 \$	405,889 \$	10,438,122

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, 2011

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,183,814
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,407,860	
Less: current-year depreciation expense	<u>(1,034,413)</u>	373,447
(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		(2,826)
(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, 2011	\$ 455,781	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(424,338)</u>	31,443
(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	\$ (2,812,450)	
Add: principal payments on notes	146,524	
Add: principal payments on other loans	52,000	
Add: principal payments on bonds	1,545,000	
Add: payments on judgments	150,000	
Add: change in premium on debt issuances	871	
Add: change in deferred debt issuance costs	15,312	
Less: change in deferred amount on refunding debt	<u>(4,900)</u>	(907,643)
(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>15,463</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 693,698</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, 2011

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal Fund
	<u>Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,084,561
Accounts Receivable	70,613
Due from Other Governments	6,194
Total Current Assets	<u>\$ 1,161,368</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 160,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	222,184
Other Capital Assets	170,764
Total Noncurrent Assets	<u>\$ 552,948</u>
Total Assets	<u>\$ 1,714,316</u>
<u>LIABILITIES</u>	
Noncurrent Liabilities:	
Due Within One Year	\$ 6,909
Due in More Than One Year	160,868
Total Liabilities	<u>\$ 167,777</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 552,948
Unrestricted	993,591
Total Net Assets	<u>\$ 1,546,539</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, 2011

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
Tipping Fees	\$ 582,878
Sale of Recycled Materials	6,204
Other General Service Charges	600
Total Operating Revenues	<u>\$ 589,682</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 26,713
Salary Supplements	5,000
Equipment Operators	46,548
Bonus Payments	1,500
Social Security	4,328
State Retirement	6,923
Employee and Dependent Insurance	19,758
Employer Medicare	1,012
Communication	862
Contracts with Private Agencies	357,710
Maintenance Agreements	5,500
Maintenance and Repair Services - Buildings	1,113
Maintenance and Repair Services - Equipment	20,270
Travel	1,441
Diesel Fuel	7,927
Gasoline	180
Office Supplies	677
Utilities	2,658
Other Supplies and Materials	707
Building and Contents Insurance	289
Medical Claims	10,143
Trustee's Commission	179
Vehicle and Equipment Insurance	500
Worker's Compensation Insurance	3,236
Depreciation	41,530
Landfill Closure/Postclosure Care Costs	1,662
Office Equipment	171
Total Operating Expenses	<u>\$ 568,537</u>
Operating Income (Loss)	<u>\$ 21,145</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 Fund
	<u>Fund</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 20,804
Solid Waste Grants	10,528
Interest on Capital Leases	(1,422)
Total Nonoperating Revenues (Expenses)	<u>\$ 29,910</u>
Change in Net Assets	\$ 51,055
Net Assets, July 1, 2010	<u>1,495,484</u>
Net Assets, June 30, 2011	<u><u>\$ 1,546,539</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, 2011

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 584,116
Receipts from Others	6,804
Payments for Waste Collections and Disposal Activity	(566,197)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 24,723</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from Grants	\$ 10,528
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 10,528</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Payments - Capital Lease	\$ (41,728)
Interest Payments - Capital Lease	(1,422)
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	\$ 20,804
Net Cash Provided By (Used In) Investing Activities	<u>\$ 20,804</u>
Increase (Decrease) in Cash	\$ 12,905
Cash, July 1, 2010	<u>1,071,656</u>
Cash, June 30, 2011	<u>\$ 1,084,561</u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 21,145
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	41,530
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	2,417
(Increase) Decrease in Due from Other Governments	(1,180)
Increase (Decrease) in Accounts Payable	(33,942)
Increase (Decrease) in Accrued Liability for Landfill Closure/Postclosure Care Costs	<u>(5,247)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 24,723</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash Per Net Assets	\$ 1,084,561
Cash, June 30, 2011	<u>\$ 1,084,561</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 596,375
Equity in Pooled Cash and Investments	2,772,352
Accounts Receivable	1,917
Due from Other Governments	<u>362,159</u>
Total Assets	<u>\$ 3,732,803</u>
<u>LIABILITIES</u>	
Due to Cities	\$ 159,554
Due to Other Taxing Units	2,692,848
Due to Litigants, Heirs, and Others	598,292
Due to Joint Ventures	<u>282,109</u>
Total Liabilities	<u>\$ 3,732,803</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, 2011**

**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 financial statements of the Lauderdale

County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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. Although required by GAAP, the financial statements of the Lauderdale County Emergency Communications District were not available from other auditors in time for inclusion, as previously mentioned. 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. Net debt issues of \$1,124,124 were contributed to the School Department during the year ended June 30, 2011.

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 funds 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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

**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.

**Education Capital Projects Fund** – This fund accounts for debt issued by Lauderdale County that is subsequently contributed to the discretely presented Lauderdale County School Department for construction and renovation projects.

Lauderdale County reports the following major proprietary fund:

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

Additionally, Lauderdale County reports the following fund type:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Lauderdale County, and state grants and other restricted revenues held for the benefit of the Twenty-fifth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Lauderdale County School Department reports the following major governmental funds:

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

**School Federal Projects Fund** – This special revenue 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.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

**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, 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. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

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 3.79 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 Ambulance Authority, special revenue fund) are defined by the government as assets with an initial, individual cost of \$5,000 or more 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 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, 2011, Lauderdale County had \$15,578,713 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget Committee

and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

**7. Prior-period Adjustments**

Capital assets were restated \$170,900 from the prior year because an ambulance had been recorded twice and a fire truck and civil defense vehicle had been omitted.

Claims and judgments were restated \$2,200,000 from the prior year. 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. Terms of the order provided that any remaining balance would be forgiven if the litigant died before the last payment was due. The litigant died during the current year, therefore the remaining judgment balance of \$2,200,000 has been written-off.

**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 capital projects funds, which adopt project length budgets. Also, the Public Library Fund (special revenue fund) was not budgeted as it was in transition during the year while the library closed its accounts into the county's General Fund. 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.

At June 30, 2011, Lauderdale County and the Lauderdale County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government		
Major Fund:		
Highway/Public Works	Bridge Construction	\$ 245,251
School Department:		
Major Fund:		
General Purpose School	School Renovations	1,563,597

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Capital Outlay: Regular Capital Outlay major appropriation category (the legal level of control) of the discretely presented Lauderdale County School Department's General Purpose School Fund by \$149,528. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Lauderdale County, 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.

**Investment Balances.** As of June 30, 2011, Lauderdale County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Lauderdale County and the discretely presented Lauderdale County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 1,883,291

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed.

Lauderdale County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Lauderdale County has no investment policy that would further limit its investment choices. As of June 30, 2011, Lauderdale County's investment in the State Treasurer's Investment Pool was unrated.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2011, was as follows:

**Primary Government**

**Governmental Activities:**

	*Restated Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 901,872	\$ 0	\$ 0	\$ 901,872
Construction in Progress	28,640	0	28,640	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 930,512</b>	<b>\$ 0</b>	<b>\$ 28,640</b>	<b>\$ 901,872</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,135,546	\$ 607,556	\$ 0	\$ 10,743,102
Infrastructure	2,162,230	0	0	2,162,230
Other Capital Assets	4,715,926	828,944	473,157	5,071,713
<b>Total Capital Assets Depreciated</b>	<b>\$ 17,013,702</b>	<b>\$ 1,436,500</b>	<b>\$ 473,157</b>	<b>\$ 17,977,045</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,374,250	\$ 400,171	\$ 0	\$ 4,774,421
Infrastructure	379,290	76,841	0	456,131
Other Capital Assets	3,416,425	557,401	470,331	3,503,495
<b>Total Accumulated Depreciation</b>	<b>\$ 8,169,965</b>	<b>\$ 1,034,413</b>	<b>\$ 470,331</b>	<b>\$ 8,734,047</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 8,843,737</b>	<b>\$ 402,087</b>	<b>\$ 2,826</b>	<b>\$ 9,242,998</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 9,774,249</b>	<b>\$ 402,087</b>	<b>\$ 31,466</b>	<b>\$ 10,144,870</b>

\*See Note I.D.7. for prior-period adjustments.

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

**Governmental Activities:**

General Government	\$	26,821
Finance		16,517
Administration of Justice		96,135
Public Safety		382,662
Public Health and Welfare		112,198
Social, Cultural, and Recreational Services		63,537
Highway/Public Works		<u>336,543</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u>1,034,413</u>

**Business-type Activities:**

	Balance 7-1-10	Increases	Balance 6-30-11
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	\$ 70,723	\$ 7,511	\$ 78,234
Other Capital Assets	420,819	34,019	454,838
Total Accumulated Depreciation	<u>\$ 491,542</u>	<u>\$ 41,530</u>	<u>\$ 533,072</u>

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

	Balance 7-1-10	Increases	Balance 6-30-11
Total Capital Assets			
Depreciated, Net	\$ 434,478	\$ (41,530)	\$ 392,948
Business-type Activities			
Capital Assets, Net	\$ 594,478	\$ (41,530)	\$ 552,948

Depreciation expense for the business-type activities was \$41,530. The business-type activities had no decreases in capital assets during the year.

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

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,378,648	\$ 0	\$ 0	\$ 1,378,648
Total Capital Assets Not Depreciated	\$ 1,378,648	\$ 0	\$ 0	\$ 1,378,648
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,765,137	\$ 0	\$ 0	\$ 35,765,137
Infrastructure	233,000	0	0	233,000
Other Capital Assets	6,296,857	197,178	205,736	6,288,299
Total Capital Assets Depreciated	\$ 42,294,994	\$ 197,178	\$ 205,736	\$ 42,286,436
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,351,414	\$ 893,406	\$ 0	\$ 18,244,820
Infrastructure	25,257	11,650	0	36,907
Other Capital Assets	3,803,072	358,892	205,736	3,956,228
Total Accumulated Depreciation	\$ 21,179,743	\$ 1,263,948	\$ 205,736	\$ 22,237,955
Total Capital Assets Depreciated, Net	\$ 21,115,251	\$ (1,066,770)	\$ 0	\$ 20,048,481
Governmental Activities Capital Assets, Net	\$ 22,493,899	\$ (1,066,770)	\$ 0	\$ 21,427,129

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

**Governmental Activities:**

Instruction	\$ 952,752
Support Services	263,670
Operation of Non-Instructional Services	<u>47,526</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,263,948</u></u>

**C. Construction Commitments**

At June 30, 2011, the Highway Department had uncompleted construction contracts of \$245,251 for bridge construction. Funding for these future expenditures is expected to be received from state grants. The discretely presented General Purpose School Fund had uncompleted construction contracts of \$1,563,597 for renovations to county school buildings. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2011, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,255

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.

**Due to/from Primary Government and Component Unit:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit: General Purpose School	Primary Government: Education Capital Projects	\$ 449,822

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

**Primary Government**

Transfer Out	Transfer In General Fund
Nonmajor governmental fund	\$ 745,910

**Discretely Presented Lauderdale County School Department**

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	\$ 25,277

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 Lease**

**Discretely Presented Lauderdale County School Department**

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 this agreement.

These computers estimated lives are less than five years and are individually below the department's capitalization threshold; therefore, they are not capitalized by the department.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

Year Ending June 30	School Funds*
2012	\$ 155,000
2013	<u>114,997</u>
Total Minimum Lease Payments	\$ 269,997
Less: Amount Representing Interest	<u>(22,280)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 247,717</u>

\* Paid by General Purpose School and School Federal Projects funds.

**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 17 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, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2 to 3.75 %	\$ 9,835,000	\$ 7,435,000
General Obligation Bonds - Refunding	3 to 4	14,445,000	6,570,000
Capital Outlay Notes	0 to 6	920,000	371,404
Other Loans	Variable	3,523,000	3,421,000

During the 2008-09 year, Lauderdale County entered into a loan agreement with the Montgomery County Public Building Authority. Under this agreement, the authority loaned \$1,000,000 to Lauderdale County for various renovation and improvement projects. This loan is repayable 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, 2011, the variable interest rate was .27 percent and other fees totaled approximately .29 percent of the outstanding loan principal with an annual \$1,020 trustee payment.

During the year, Lauderdale County entered into a loan agreement with the Tennessee State School Board Authority. Under this loan agreement, the authority loaned Lauderdale County \$2,523,000 for rehabilitation and repairs of county school buildings. This loan earns interest monthly based upon the local government investment pool rate, which is netted against the annual principal payment. The county pays an annual administrative fee of \$2,018 under this agreement. The loan retirement schedule also includes equal monthly payments of interest; however, the county will semi-annually receive a federal interest subsidy, which will offset these payments resulting in a zero percent interest rate.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2017-2021	5,480,000	712,635	6,192,635
2022	810,000	30,375	840,375
Total	\$ 14,005,000	\$ 2,674,835	\$ 16,679,835

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 115,453	\$ 304	\$ 115,757
2013	104,762	0	104,762
2014	79,762	0	79,762
2015	71,427	0	71,427
Total	<u>\$ 371,404</u>	<u>\$ 304</u>	<u>\$ 371,708</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 184,193	\$ 119,983	\$ 5,643	\$ 309,819
2013	212,431	124,597	5,489	342,517
2014	213,431	124,448	5,329	343,208
2015	215,431	124,297	5,167	344,895
2016	216,431	124,140	4,998	345,569
2017-2021	1,111,155	618,204	22,312	1,751,671
2022-2026	1,080,155	613,584	16,334	1,710,073
2027-2028	187,773	134,361	2,523	324,657
Total	<u>\$ 3,421,000</u>	<u>\$ 1,983,614</u>	<u>\$ 67,795</u>	<u>\$ 5,472,409</u>

There is \$4,043,414 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$504, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$640, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 15,550,000	\$ 517,928	\$ 660,550
Additions	0	0	2,812,450
Deductions	(1,545,000)	(146,524)	(52,000)
Balance, June 30, 2011	<u>\$ 14,005,000</u>	<u>\$ 371,404</u>	<u>\$ 3,421,000</u>
Balance Due Within One Year	<u>\$ 1,605,000</u>	<u>\$ 115,453</u>	<u>\$ 184,193</u>

Governmental Activities (Cont.):

	<u>Claims and Judgments</u>
Balance, July 1, 2010, Restated*	\$ 150,000
Deductions	<u>(150,000)</u>
Balance, June 30, 2011	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>

\*See Note I.D.7. for prior-period adjustments.

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 17,797,404
Less: Balance Due Within One Year	(1,904,646)
Add: Unamortized Premium on Debt	4,182
Less: Deferred Amount on Refunding	<u>(13,616)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 15,883,324</u>

**Lauderdale County Solid Waste Disposal Fund (enterprise fund)**

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2011, was as follows:

Business-type Activities:

	Postclosure Care Costs	Capital Lease
Balance, July 1, 2010	\$ 173,024	\$ 41,728
Additions	1,662	0
Deductions	<u>(6,909)</u>	<u>(41,728)</u>
Balance, June 30, 2011	<u>\$ 167,777</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 6,909</u>	<u>\$ 0</u>

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 167,777
Less: Balance Due Within One Year	<u>(6,909)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 160,868</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, 2011, will be retired from the General Purpose School Fund.

The capital outlay note and capital lease outstanding as of June 30, 2011, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>		<u>Original Amount of Issue</u>	<u>Balance 6-30-11</u>
Capital Outlay Note	0	%	\$ 172,013	\$ 4,780
Capital Lease	6.09		505,086	247,717

The annual requirements to amortize all notes outstanding as of June 30, 2011, are presented in the following table:

<u>Year Ending June 30</u>	<u>Note Principal</u>
2012	\$ 4,780

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Lauderdale County School Department for the year ended June 30, 2011, was as follows:

	Note	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2010	\$ 14,336	\$ 673,191	\$ 613,797
Additions	0	0	463,459
Deductions	(9,556)	(425,474)	(380,311)
Balance, June 30, 2011	\$ 4,780	\$ 247,717	\$ 696,945
Balance Due Within One Year	\$ 4,780	\$ 139,494	\$ 0

Analysis of the Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 949,442
Less: Balance Due Within One Year	<u>(144,274)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 805,168</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 \$7,088,416, 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 \$988,530 and \$1,056,354, 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 \$674,715 and \$1,200,000, respectively.

### **H. On-Behalf Payments**

#### **Primary Government**

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Lauderdale County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$1,410. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

#### **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, 2011, were \$77,592 and \$27,419, 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 discretely presented Lauderdale County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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 Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund

types. Lauderdale County and the Lauderdale County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Subsequent Event**

On September 30, 2011, Lauderdale County issued capital outlay notes totaling \$700,000 for improving and equipping an industrial development building.

**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, 2011, future principal requirements were \$710,570, and future interest requirements were \$542,828.

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, 2011, future principal requirements were \$4,830,000, and future interest requirements were \$1,451,089.

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

**E. Change in Administration**

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

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

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an

operating expense in each period based on landfill capacity used as of each balance sheet date. Lauderdale County closed its sanitary landfill in 2001. The \$167,777 reported as postclosure care liability at June 30, 2011, represents amounts based on what it would cost to perform all postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. 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, 2011.

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, 2011.

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 \$35,000 to the LCECD for the year ended June 30, 2011.

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

**H. Retirement Commitments**

**Plan Description**

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

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

### **Funding Policy**

Lauderdale County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 8.68 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2011, the county's annual pension cost of \$806,308 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the 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 2.5 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 ten-year period. The 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, 2009, was six 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
6-30-11	\$806,308	100%	\$0
6-30-10	738,931	100	0
6-30-09	717,493	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 million, and the actuarial value of assets was \$21 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

## **SCHOOL TEACHERS**

### **Plan Description**

The Lauderdale County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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 SETHEPP. 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](http://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 School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$1,590,370, \$1,097,088, and \$1,040,453, respectively, equal to the required contributions for each year.

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

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

##### **Plan Description**

The Lauderdale County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for local education employees. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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 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, 2011, the School Department contributed \$380,311 for postemployment health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 462,000
Interest on the NPO	27,621
Adjustment to the ARC	<u>(26,162)</u>
Annual OPEB cost	\$ 463,459
Amount of contribution	<u>(380,311)</u>
Increase/decrease in NPO	\$ 83,148
Net OPEB obligation, 7-1-10	<u>613,797</u>
 Net OPEB obligation, 6-30-11	 <u><u>\$ 696,945</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 519,296	45.72 %	\$ 527,546
6-30-10	"	450,254	80.84	613,797
6-30-11	"	463,459	82.06	696,945

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 4,219,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,219,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 16,026,588
UAAL as a % of covered payroll	26%

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, 2010, actuarial valuation for the Local Education Group Plan, 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 ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes 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.

**J. Purchasing Laws**

Office of County Mayor

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

Office of Highway Commissioner

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

Office of Director of Schools

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

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

**A. Summary of Significant Accounting Policies**

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

1. **Reporting Entity**

The library was a special revenue fund of Lauderdale County, Tennessee, which was used to record the general operations of the library. Due to a recent change in accounting standards, the library fund's budget and operations were incorporated as a department of the Lauderdale County General Fund as of June 30, 2011.

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. **Use of Estimates**

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

**B. Capital Assets**

All capital assets and related accumulated depreciation at June 30, 2010, were transferred to the Lauderdale County's General Fund effective July 1, 2011.

C. **Transfer of Funds**

Pursuant to the Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the library fund's budget and operations were incorporated as a department in the county's General Fund beginning with fiscal year 2010-11. However, due to the timing of actual transfers, the financial statements as reported reflect transactions that occurred in the fiscal year reported on. As of June 30, 2011, all funds have been transferred to the county's General Fund.

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 <u>6-30-11</u>
Cash in bank	\$ 151,335
Cash on hand	<u>56</u>
Total	<u><u>\$ 151,391</u></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 obligations 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, 2011, 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 seven 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 \$59,655 for the year ended June 30, 2011.

Capital assets are summarized as follows:

	Balance 7-1-10	Additions	Balance 6-30-11
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	\$ 135,422	\$ 48,587	\$ 184,009
Equipment	41,317	11,068	52,385
Total Depreciation	<u>\$ 176,739</u>	<u>\$ 59,655</u>	<u>\$ 236,394</u>
Total Capital Assets, Net of Depreciation	<u>\$ 180,631</u>	<u>\$ (59,655)</u>	<u>\$ 120,976</u>

**D. Allowance for Uncollectible Accounts**

The authority's allowance for estimated uncollectible receivables at June 30, 2011, was \$540,414.

**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 8.68 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.H.

**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, 2011, 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, 2011, consisted of the following:

Deposits:	
Cash on hand	\$ 225
Cash in bank	9,070
Cash on deposit with county trustee	<u>597,177</u>
 Total cash and cash equivalents	 <u>\$ 606,472</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, 2011, 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, 2011, is also reflected as deferred revenue.

**E. Capital Assets**

Capital assets are summarized as follows:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
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	\$ 8,140,039	\$ 124,309	\$ 69,585	\$ 8,194,763
Plant Equipment	104,882	21,198	38,760	87,320
Office Equipment	67,914	6,516	25,940	48,490
Equipment	266,234	21,897	0	288,131
Total Capital Assets Depreciated	<u>\$ 8,579,069</u>	<u>\$ 173,920</u>	<u>\$ 134,285</u>	<u>\$ 8,618,704</u>
Less Accumulated Depreciation:				
Water Plant	\$ 3,711,989	\$ 213,777	\$ 69,585	\$ 3,856,181
Plant Equipment	66,065	6,109	38,760	33,414
Office Equipment	49,906	4,514	25,940	28,480
Equipment	128,447	35,870	0	164,317
Total Accumulated Depreciation	<u>\$ 3,956,407</u>	<u>\$ 260,270</u>	<u>\$ 134,285</u>	<u>\$ 4,082,392</u>
Total Capital Assets Depreciated, Net	<u>\$ 4,622,662</u>	<u>\$ (86,350)</u>	<u>\$ 0</u>	<u>\$ 4,536,312</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,632,662</u>	<u>\$ (86,350)</u>	<u>\$ 0</u>	<u>\$ 4,546,312</u>

**F. Bonds Payable**

Bonds payable at June 30, 2011, consist of the following:

	<u>Current</u>	<u>Long- term</u>	<u>Total</u>
FHA, 5 percent; payable in annual installment of \$6,345 including interest	\$ 5,475	\$ 11,814	\$ 17,289
Rural Economic and Community Development 4.5 percent; payable in monthly installments of \$3,592	<u>12,165</u>	<u>681,116</u>	<u>693,281</u>
Total	<u>\$ 17,640</u>	<u>\$ 692,930</u>	<u>\$ 710,570</u>

The annual maturities of long-term bonds as of June 30, 2011, are:

<u>Year Ending June 30</u>	<u>Bonds</u>
2012	\$ 17,640
2013	18,473
2014	19,346
2015	13,951
2016	14,561
2017-2021	83,474
2022-2026	104,493
2027-2031	130,803
2032-2036	163,740
2037-2040	<u>144,089</u>
Total	<u>\$ 710,570</u>

Net changes for the year ended June 30, 2011, in bond balances are:

	<u>Bonds</u>
Balance, July 1, 2010	\$ 733,129
Deductions	<u>(22,559)</u>
Balance, June 30, 2011	<u>\$ 710,570</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, 2011, 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.H.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,514,085	\$ 5,318,368	\$ 5,318,368	\$ 195,717
Licenses and Permits	32,735	22,250	22,250	10,485
Fines, Forfeitures, and Penalties	115,606	126,350	127,345	(11,739)
Charges for Current Services	86,252	69,600	69,600	16,652
Other Local Revenues	108,089	14,750	26,255	81,834
Fees Received from County Officials	1,034,261	959,000	959,000	75,261
State of Tennessee	1,383,709	1,207,955	1,225,441	158,268
Federal Government	729,376	938,665	1,036,165	(306,789)
Other Governments and Citizens Groups	248,552	262,000	262,300	(13,748)
Total Revenues	<u>\$ 9,252,665</u>	<u>\$ 8,918,938</u>	<u>\$ 9,046,724</u>	<u>\$ 205,941</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 58,969	\$ 67,700	\$ 67,700	\$ 8,731
County Mayor/Executive	252,693	227,178	256,568	3,875
County Attorney	39,602	45,000	45,000	5,398
Election Commission	234,140	234,964	241,414	7,274
Register of Deeds	127,245	131,745	132,245	5,000
Development	97,032	112,000	112,000	14,968
Planning	25,975	31,000	31,200	5,225
County Buildings	306,370	291,707	311,294	4,924
Other General Administration	3,886	4,188	4,188	302
<u>Finance</u>				
Property Assessor's Office	215,886	222,678	224,178	8,292
Reappraisal Program	11,804	28,480	28,480	16,676
County Trustee's Office	191,651	184,575	193,012	1,361
County Clerk's Office	297,775	301,405	304,405	6,630
<u>Administration of Justice</u>				
Circuit Court	207,867	222,164	223,364	15,497
General Sessions Judge	93,058	96,175	96,175	3,117
General Sessions Court Clerk	265,920	268,851	273,051	7,131
Chancery Court	146,065	148,095	149,595	3,530
Juvenile Court	645,178	668,304	673,504	28,326
Other Administration of Justice	68,498	68,571	69,271	773
Victims Assistance Programs	12,000	12,000	12,000	0
<u>Public Safety</u>				
Sheriff's Department	1,948,957	1,959,786	1,999,510	50,553
Administration of the Sexual Offender Registry	4,642	1,000	4,642	0
Jail	1,598,777	1,606,225	1,627,125	28,348
Fire Prevention and Control	37,172	43,857	43,857	6,685
Civil Defense	145,599	100,000	197,500	51,901
Rescue Squad	2,524	2,596	2,596	72
Other Emergency Management	66,785	71,069	71,569	4,784

(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	\$ 56,166	\$ 58,112	\$ 58,112	\$ 1,946
Rabies and Animal Control	76,710	69,741	77,546	836
Dental Health Program	132,506	156,000	156,000	23,494
Other Local Health Services	74,782	72,015	74,782	0
Sanitation Education/Information	49,834	51,574	52,074	2,240
<u>Social, Cultural, and Recreational Services</u>				
Libraries	746,061	159,491	768,100	22,039
Parks and Fair Boards	36,600	36,600	36,600	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	86,964	116,175	116,175	29,211
Soil Conservation	103,332	102,615	104,115	783
<u>Other Operations</u>				
Housing and Urban Development	16,848	73,285	73,285	56,437
Other Economic and Community Development	558,376	0	723,000	164,624
Veterans' Services	17,395	17,307	17,507	112
Other Charges	159,043	167,596	167,596	8,553
Contributions to Other Agencies	173,607	173,607	173,607	0
Employee Benefits	271,535	140,000	286,410	14,875
ARRA Grant No. 3	0	361,740	0	0
ARRA Grant No. 4	0	361,260	0	0
Miscellaneous	15,883	20,757	20,757	4,874
<u>Instruction</u>				
Student Body Education Program	13,399	48,000	48,000	34,601
Total Expenditures	\$ 9,695,111	\$ 9,337,188	\$ 10,349,109	\$ 653,998
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (442,446)	\$ (418,250)	\$ (1,302,385)	\$ 859,939
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 49,511	\$ 0	\$ 32,981	\$ 16,530
Transfers In	745,910	100,000	100,000	645,910
Total Other Financing Sources (Uses)	\$ 795,421	\$ 100,000	\$ 132,981	\$ 662,440
Net Change in Fund Balance	\$ 352,975	\$ (318,250)	\$ (1,169,404)	\$ 1,522,379
Fund Balance, July 1, 2010	2,980,365	2,844,850	2,844,850	135,515
Fund Balance, June 30, 2011	\$ 3,333,340	\$ 2,526,600	\$ 1,675,446	\$ 1,657,894

Exhibit F-2

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 900,879	\$ 0	\$ 900,879	\$ 868,162	\$ 923,650	\$ (22,771)
Licenses and Permits	680	0	680	750	750	(70)
Other Local Revenues	30,645	0	30,645	3,500	33,500	(2,855)
State of Tennessee	1,920,291	0	1,920,291	2,627,248	2,627,248	(706,957)
Federal Government	157,945	0	157,945	0	123,982	33,963
Total Revenues	\$ 3,010,440	\$ 0	\$ 3,010,440	\$ 3,499,660	\$ 3,709,130	\$ (698,690)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 183,904	\$ 0	\$ 183,904	\$ 198,494	\$ 200,144	\$ 16,240
Highway and Bridge Maintenance	1,233,086	0	1,233,086	1,308,122	1,475,104	242,018
Operation and Maintenance of Equipment	504,191	0	504,191	465,470	516,970	12,779
Other Charges	113,425	0	113,425	120,440	120,440	7,015
Employee Benefits	398,347	0	398,347	460,794	435,794	37,447
Capital Outlay	535,551	245,251	780,802	1,481,200	1,711,200	930,398
Total Expenditures	\$ 2,968,504	\$ 245,251	\$ 3,213,755	\$ 4,034,520	\$ 4,459,652	\$ 1,245,897
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,936	\$ (245,251)	\$ (203,315)	\$ (534,860)	\$ (750,522)	\$ 547,207
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 41,936	\$ (245,251)	\$ (203,315)	\$ (534,860)	\$ (750,522)	\$ 547,207
	1,237,133	0	1,237,133	1,268,406	1,268,406	(31,273)
Fund Balance, June 30, 2011	\$ 1,279,069	\$ (245,251)	\$ 1,033,818	\$ 733,546	\$ 517,884	\$ 515,934

Exhibit F-3

Lauderdale County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Lauderdale County School Department  
June 30, 2011

(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 entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method went into effect during the 2007 valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Lauderdale County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Lauderdale County School Department  
June 30, 2011

(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	31 %
"	7-1-09	0	4,107	4,107	0	15,352	27
"	7-1-10	0	4,219	4,219	0	16,027	26

**LAUDERDALE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**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.

At June 30, 2011, Lauderdale County reported the following significant encumbrances in the Highway/Public Works Fund:

<u>Description</u>	<u>Amount</u>
Bridge Construction	\$ 245,251

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Public Library Fund – The Public Library Fund is used to account for transactions of the county library, which is jointly funded by Lauderdale County and the City of Ripley. This fund was closed during the 2010-11 year.

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

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

District Attorney General Fund – The District Attorney General Fund is used to account for revenues received for the benefit of the Office of District Attorney General.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

# Capital Projects Fund

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Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Exhibit G-1

Lauderdale County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Law Library	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
\$	0	151,391	0	0	1,255	152,646
4,631	0	23,481	75,328	0	0	103,440
0	718,486	0	0	0	0	718,486
0	(540,414)	0	0	0	0	(540,414)
0	0	0	1,862	0	0	1,862
\$	4,631	329,463	23,481	77,190	1,255	436,020

ASSETS

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

LIABILITIES AND FUND BALANCES

\$	0	7,876	0	0	0	7,876
0	21,000	0	0	0	0	21,000
0	0	0	0	1,255	1,255	1,255
\$	0	28,876	0	0	1,255	30,131
\$	0	0	0	77,190	0	77,190
0	0	23,481	0	0	0	23,481
0	300,587	0	0	0	0	300,587
4,631	0	0	0	0	0	4,631
\$	4,631	300,587	23,481	77,190	0	405,889
\$	4,631	329,463	23,481	77,190	1,255	436,020

Liabilities

Accounts Payable  
Accrued Payroll  
Due to Other Funds  
Total Liabilities

Fund Balances

Restricted:  
Restricted for Administration of Justice  
Restricted for Public Safety  
Restricted for Public Health and Welfare  
Restricted for Social, Cultural, and Recreational Services  
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, 2011

	Special Revenue Funds						Capital Projects Fund		Total Nonmajor Governmental Funds
	Law Library	Public Library	Ambulance Service	Drug Control	District Attorney General	Total	Capital Projects		
							General	Capital Projects	
<b>Revenues</b>									
Local Taxes	\$ 1,162	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,162	\$ 0	\$ 0	\$ 1,162
Fines, Forfeitures, and Penalties	0	0	0	10,421	35,342	45,763	0	0	45,763
Charges for Current Services	0	0	1,026,886	0	0	1,026,886	0	0	1,026,886
Other Local Revenues	0	1,275	63	4,925	0	6,263	0	0	6,263
Federal Government	0	0	0	0	0	0	291,500	0	291,500
<b>Total Revenues</b>	<b>\$ 1,162</b>	<b>\$ 1,275</b>	<b>\$ 1,026,949</b>	<b>\$ 15,346</b>	<b>\$ 35,342</b>	<b>\$ 1,080,074</b>	<b>\$ 291,500</b>	<b>\$ 0</b>	<b>\$ 1,371,574</b>
<b>Expenditures</b>									
Current:									
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,163	\$ 14,163	\$ 0	\$ 0	\$ 14,163
Public Safety	0	0	0	26,192	0	26,192	0	0	26,192
Public Health and Welfare	0	0	1,044,453	0	0	1,044,453	0	0	1,044,453
Social, Cultural, and Recreational Services	1,220	0	0	0	0	1,220	0	0	1,220
Capital Projects	0	0	0	0	0	0	612,450	0	612,450
<b>Total Expenditures</b>	<b>\$ 1,220</b>	<b>\$ 0</b>	<b>\$ 1,044,453</b>	<b>\$ 26,192</b>	<b>\$ 14,163</b>	<b>\$ 1,086,028</b>	<b>\$ 612,450</b>	<b>\$ 0</b>	<b>\$ 1,698,478</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (58)</b>	<b>\$ 1,275</b>	<b>\$ (17,504)</b>	<b>\$ (10,846)</b>	<b>\$ 21,179</b>	<b>\$ (5,954)</b>	<b>\$ (320,950)</b>	<b>\$ 0</b>	<b>\$ (326,904)</b>
<b>Other Financing Sources (Uses)</b>									
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 289,450	\$ 0	\$ 289,450
Transfers Out	0	(745,910)	0	0	0	(745,910)	0	0	(745,910)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ (745,910)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (745,910)</b>	<b>\$ 289,450</b>	<b>\$ 0</b>	<b>\$ (456,460)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (58)</b>	<b>\$ (744,635)</b>	<b>\$ (17,504)</b>	<b>\$ (10,846)</b>	<b>\$ 21,179</b>	<b>\$ (751,864)</b>	<b>\$ (31,500)</b>	<b>\$ 0</b>	<b>\$ (783,364)</b>
<b>Fund Balance, July 1, 2010</b>	<b>4,689</b>	<b>744,635</b>	<b>318,091</b>	<b>34,327</b>	<b>56,011</b>	<b>1,157,753</b>	<b>31,500</b>	<b>0</b>	<b>1,189,253</b>
<b>Fund Balance, June 30, 2011</b>	<b>\$ 4,631</b>	<b>\$ 0</b>	<b>\$ 300,587</b>	<b>\$ 23,481</b>	<b>\$ 77,190</b>	<b>\$ 405,889</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 405,889</b>

Exhibit G-3

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,162	\$ 1,300	\$ 1,300	\$ (138)
Total Revenues	\$ 1,162	\$ 1,300	\$ 1,300	\$ (138)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 1,220	\$ 2,030	\$ 2,030	\$ 810
Total Expenditures	\$ 1,220	\$ 2,030	\$ 2,030	\$ 810
Excess (Deficiency) of Revenues Over Expenditures	\$ (58)	\$ (730)	\$ (730)	\$ 672
Net Change in Fund Balance	\$ (58)	\$ (730)	\$ (730)	\$ 672
Fund Balance, July 1, 2010	4,689	5,207	5,207	(518)
Fund Balance, June 30, 2011	\$ 4,631	\$ 4,477	\$ 4,477	\$ 154

Exhibit G-4

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,026,886	\$ 1,040,000	\$ 1,040,000	\$ (13,114)
Other Local Revenues	63	0	0	63
Total Revenues	<u>\$ 1,026,949</u>	<u>\$ 1,040,000</u>	<u>\$ 1,040,000</u>	<u>\$ (13,051)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,044,453	\$ 1,144,850	\$ 1,144,850	\$ 100,397
Total Expenditures	<u>\$ 1,044,453</u>	<u>\$ 1,144,850</u>	<u>\$ 1,144,850</u>	<u>\$ 100,397</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,504)</u>	<u>\$ (104,850)</u>	<u>\$ (104,850)</u>	<u>\$ 87,346</u>
Net Change in Fund Balance	\$ (17,504)	\$ (104,850)	\$ (104,850)	\$ 87,346
Fund Balance, July 1, 2010	<u>318,091</u>	<u>318,092</u>	<u>318,092</u>	<u>(1)</u>
Fund Balance, June 30, 2011	<u>\$ 300,587</u>	<u>\$ 213,242</u>	<u>\$ 213,242</u>	<u>\$ 87,345</u>

Exhibit G-5

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,421	\$ 18,850	\$ 18,850	\$ (8,429)
Other Local Revenues	4,925	0	0	4,925
Total Revenues	<u>\$ 15,346</u>	<u>\$ 18,850</u>	<u>\$ 18,850</u>	<u>\$ (3,504)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 26,192	\$ 28,500	\$ 36,000	\$ 9,808
Total Expenditures	<u>\$ 26,192</u>	<u>\$ 28,500</u>	<u>\$ 36,000</u>	<u>\$ 9,808</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,846)</u>	<u>\$ (9,650)</u>	<u>\$ (17,150)</u>	<u>\$ 6,304</u>
Net Change in Fund Balance	\$ (10,846)	\$ (9,650)	\$ (17,150)	\$ 6,304
Fund Balance, July 1, 2010	<u>34,327</u>	<u>36,216</u>	<u>36,216</u>	<u>(1,889)</u>
Fund Balance, June 30, 2011	<u><u>\$ 23,481</u></u>	<u><u>\$ 26,566</u></u>	<u><u>\$ 19,066</u></u>	<u><u>\$ 4,415</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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Exhibit H

Lauderdale County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 980,851	\$ 940,119	\$ 940,119	\$ 40,732
Licenses and Permits	803	800	800	3
Other Governments and Citizens Groups	1,807,043	1,658,563	1,766,955	40,088
Total Revenues	<u>\$ 2,788,697</u>	<u>\$ 2,599,482</u>	<u>\$ 2,707,874</u>	<u>\$ 80,823</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 507,095	\$ 507,095	\$ 507,095	\$ 0
Education	1,236,429	1,236,429	1,236,429	0
<u>Interest on Debt</u>				
General Government	69,583	110,720	110,720	41,137
Education	605,750	421,134	605,796	46
<u>Other Debt Service</u>				
General Government	172,420	325,600	325,600	153,180
Education	1,563	2,000	2,841	1,278
Total Expenditures	<u>\$ 2,592,840</u>	<u>\$ 2,602,978</u>	<u>\$ 2,788,481</u>	<u>\$ 195,641</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 195,857</u>	<u>\$ (3,496)</u>	<u>\$ (80,607)</u>	<u>\$ 276,464</u>
Net Change in Fund Balance	\$ 195,857	\$ (3,496)	\$ (80,607)	\$ 276,464
Fund Balance, July 1, 2010	<u>3,847,557</u>	<u>4,164,674</u>	<u>4,164,674</u>	<u>(317,117)</u>
Fund Balance, June 30, 2011	<u>\$ 4,043,414</u>	<u>\$ 4,161,178</u>	<u>\$ 4,084,067</u>	<u>\$ (40,653)</u>

# Fiduciary Funds

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

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

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

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

Exhibit I-1

Lauderdale County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>			Total
	Local Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>				
Cash	\$ 0	\$ 596,375	\$ 0	\$ 596,375
Equity in Pooled Cash and Investments	2,497,980	0	274,372	2,772,352
Accounts Receivable	0	1,917	0	1,917
Due from Other Governments	354,422	0	7,737	362,159
Total Assets	<u>\$ 2,852,402</u>	<u>\$ 598,292</u>	<u>\$ 282,109</u>	<u>\$ 3,732,803</u>
<u>LIABILITIES</u>				
Due to Cities	\$ 159,554	\$ 0	\$ 0	\$ 159,554
Due to Other Taxing Units	2,692,848	0	0	2,692,848
Due to Litigants, Heirs, and Others	0	598,292	0	598,292
Due to Joint Ventures	0	0	282,109	282,109
Total Liabilities	<u>\$ 2,852,402</u>	<u>\$ 598,292</u>	<u>\$ 282,109</u>	<u>\$ 3,732,803</u>

Exhibit I-2

Lauderdale County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Local Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,532,181	\$ 1,760,467	\$ 1,794,668	\$ 2,497,980
Due from Other Governments	361,837	354,422	361,837	354,422
<b>Total Assets</b>	<b>\$ 2,894,018</b>	<b>\$ 2,114,889</b>	<b>\$ 2,156,505</b>	<b>\$ 2,852,402</b>
<u>Liabilities</u>				
Due to Cities	\$ 164,148	\$ 159,554	\$ 164,148	\$ 159,554
Due to Other Taxing Units	2,729,870	1,955,335	1,992,357	2,692,848
<b>Total Liabilities</b>	<b>\$ 2,894,018</b>	<b>\$ 2,114,889</b>	<b>\$ 2,156,505</b>	<b>\$ 2,852,402</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 527,449	\$ 4,712,612	\$ 4,643,686	\$ 596,375
Accounts Receivable	1,245	1,917	1,245	1,917
<b>Total Assets</b>	<b>\$ 528,694</b>	<b>\$ 4,714,529</b>	<b>\$ 4,644,931</b>	<b>\$ 598,292</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 528,694	\$ 4,714,529	\$ 4,644,931	\$ 598,292
<b>Total Liabilities</b>	<b>\$ 528,694</b>	<b>\$ 4,714,529</b>	<b>\$ 4,644,931</b>	<b>\$ 598,292</b>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 170,802	\$ 330,773	\$ 227,203	\$ 274,372
Due from Other Governments	2,420	7,737	2,420	7,737
<b>Total Assets</b>	<b>\$ 173,222</b>	<b>\$ 338,510</b>	<b>\$ 229,623</b>	<b>\$ 282,109</b>
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 891	\$ 0	\$ 891	\$ 0
Due to Joint Ventures	172,331	338,510	228,732	282,109
<b>Total Liabilities</b>	<b>\$ 173,222</b>	<b>\$ 338,510</b>	<b>\$ 229,623</b>	<b>\$ 282,109</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 527,449	\$ 4,712,612	\$ 4,643,686	\$ 596,375
Equity in Pooled Cash and Investments	2,702,983	2,091,240	2,021,871	2,772,352
Accounts Receivable	1,245	1,917	1,245	1,917
Due from Other Governments	364,257	362,159	364,257	362,159
<b>Total Assets</b>	<b>\$ 3,595,934</b>	<b>\$ 7,167,928</b>	<b>\$ 7,031,059</b>	<b>\$ 3,732,803</b>
<u>Liabilities</u>				
Due to Cities	\$ 164,148	\$ 159,554	\$ 164,148	\$ 159,554
Payroll Deductions Payable	891	0	891	0
Due to Other Taxing Units	2,729,870	1,955,335	1,992,357	2,692,848
Due to Litigants, Heirs, and Others	528,694	4,714,529	4,644,931	598,292
Due to Joint Ventures	172,331	338,510	228,732	282,109
<b>Total Liabilities</b>	<b>\$ 3,595,934</b>	<b>\$ 7,167,928</b>	<b>\$ 7,031,059</b>	<b>\$ 3,732,803</b>

# Lauderdale County School Department

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

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

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

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

Exhibit J-1

Lauderdale County, Tennessee  
Statement of Activities  
Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Net Assets	Governmental Activities
Governmental Activities:						
Instruction	\$ 24,298,373	\$ 3,656	\$ 6,631,359	\$ 0	\$ (17,663,358)	
Support Services	12,476,768	73,450	814,855	1,177,807	(10,410,656)	
Operation of Non-Instructional Services	4,091,259	511,863	3,501,432	0	(77,964)	
Interest on Long-term Debt	22,415	0	0	0	(22,415)	
Other Debt Service	1,200,000	0	0	0	(1,200,000)	
Total Governmental Activities	\$ 42,088,815	\$ 588,969	\$ 10,947,646	\$ 1,177,807	\$ (29,374,393)	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,952,746	
Local Option Sales Taxes					1,753,983	
Wheel Tax					174,684	
Other Local Taxes					1,815	
Grants and Contributions Not Restricted for Specific Programs					24,219,448	
Unrestricted Investment Income					151,268	
Miscellaneous					49,874	
Total General Revenues					\$ 29,303,818	
Change in Net Assets					\$ (70,575)	
Net Assets, July 1, 2010					24,339,446	
Net Assets, June 30, 2011					\$ 24,268,871	

Exhibit J-2

Lauderdale County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Lauderdale County School Department  
June 30, 2011

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,353,148	\$ 386,183	\$ 522,939	\$ 2,262,270
Accounts Receivable	18,464	0	0	18,464
Due from Other Governments	1,137,752	510,818	187,677	1,836,247
Due from Primary Government	449,822	0	0	449,822
Property Taxes Receivable	3,172,035	0	0	3,172,035
Allowance for Uncollectible Property Taxes	(220,468)	0	0	(220,468)
Accrued Interest Receivable	13,569	0	0	13,569
<b>Total Assets</b>	<b>\$ 5,924,322</b>	<b>\$ 897,001</b>	<b>\$ 710,616</b>	<b>\$ 7,531,939</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 288,279	\$ 0	\$ 288,279
Payroll Deductions Payable	536,177	98,208	0	634,385
Deferred Revenue - Current Property Taxes	2,810,073	0	0	2,810,073
Deferred Revenue - Delinquent Property Taxes	129,429	0	0	129,429
Other Deferred Revenues	393,126	0	0	393,126
<b>Total Liabilities</b>	<b>\$ 3,868,805</b>	<b>\$ 386,487</b>	<b>\$ 0</b>	<b>\$ 4,255,292</b>
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 10,520	\$ 410,514	\$ 0	\$ 421,034
Restricted for Instruction	23,223	0	0	23,223
Restricted for Operation of Non-Instructional Services	0	0	710,616	710,616
Restricted for Capital Outlay	1,563,597	0	0	1,563,597
Assigned:				
Assigned for Education	53,175	100,000	0	153,175
Unassigned	405,002	0	0	405,002
<b>Total Fund Balances</b>	<b>\$ 2,055,517</b>	<b>\$ 510,514</b>	<b>\$ 710,616</b>	<b>\$ 3,276,647</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,924,322</b>	<b>\$ 897,001</b>	<b>\$ 710,616</b>	<b>\$ 7,531,939</b>

Exhibit J-3

Lauderdale County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Lauderdale County School Department  
June 30, 2011

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)		\$	3,276,647
(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		17,520,317	
Add: infrastructure net of accumulated depreciation		196,093	
Add: other capital assets net of accumulated depreciation		<u>2,332,071</u>	21,427,129
(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	\$	(4,780)	
Less: capital leases payable		(247,717)	
Less: accrued interest on capital leases		(8,018)	
Less: other postemployment benefits liability		<u>(696,945)</u>	(957,460)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>522,555</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>24,268,871</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, 2011

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 4,986,190	\$ 0	\$ 0	\$ 4,986,190
Licenses and Permits	4,396	0	0	4,396
Fines, Forfeitures, and Penalties	659	0	0	659
Charges for Current Services	73,875	0	511,863	585,738
Other Local Revenues	231,241	0	2,358	233,599
State of Tennessee	24,634,313	0	25,255	24,659,568
Federal Government	213,250	7,271,051	2,174,861	9,659,162
Other Governments and Citizens Groups	1,681,903	0	0	1,681,903
<b>Total Revenues</b>	<b>\$ 31,825,827</b>	<b>\$ 7,271,051</b>	<b>\$ 2,714,337</b>	<b>\$ 41,811,215</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 18,050,526	\$ 5,299,285	\$ 0	\$ 23,349,811
Support Services	9,716,760	1,457,851	0	11,174,611
Operation of Non-Instructional Services	1,182,729	237,080	2,603,321	4,023,130
Capital Outlay	1,198,312	6,644	0	1,204,956
Debt Service:				
Principal on Debt	371,030	64,000	0	435,030
Interest on Debt	29,420	0	0	29,420
Other Debt Service	1,200,000	0	0	1,200,000
<b>Total Expenditures</b>	<b>\$ 31,748,777</b>	<b>\$ 7,064,860</b>	<b>\$ 2,603,321</b>	<b>\$ 41,416,958</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 77,050	\$ 206,191	\$ 111,016	\$ 394,257
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 36,026	\$ 0	\$ 0	\$ 36,026
Transfers In	25,277	0	0	25,277
Transfers Out	0	(25,277)	0	(25,277)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 61,303</b>	<b>\$ (25,277)</b>	<b>\$ 0</b>	<b>\$ 36,026</b>
Net Change in Fund Balances	\$ 138,353	\$ 180,914	\$ 111,016	\$ 430,283
Fund Balance, July 1, 2010	1,917,164	329,600	599,600	2,846,364
<b>Fund Balance, June 30, 2011</b>	<b>\$ 2,055,517</b>	<b>\$ 510,514</b>	<b>\$ 710,616</b>	<b>\$ 3,276,647</b>

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, 2011

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)		\$ 430,283
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 197,178	
Less: current-year depreciation expense	<u>(1,263,948)</u>	(1,066,770)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 522,555	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(315,530)</u>	207,025
<p>(3) The issuance of long-term debt (e.g. notes, capital leases) 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.</p>		
Add: principal payments on notes	\$ 9,556	
Add: principal payments on capital leases	<u>425,474</u>	435,030
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 7,005	
Change in other postemployment benefits liability	<u>(83,148)</u>	<u>(76,143)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (70,575)</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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,986,190	\$ 0	\$ 0	\$ 4,986,190	\$ 4,950,000	\$ 4,950,000	\$ 36,190
Licenses and Permits	4,396	0	0	4,396	3,800	3,800	596
Fines, Forfeitures, and Penalties	659	0	0	659	1,000	1,000	(341)
Charges for Current Services	73,875	0	0	73,875	22,000	86,122	(12,247)
Other Local Revenues	231,241	0	0	231,241	305,000	345,326	(114,085)
State of Tennessee	24,634,313	0	0	24,634,313	23,594,779	25,012,552	(378,239)
Federal Government	213,250	0	0	213,250	60,000	156,498	56,752
Other Governments and Citizens Groups	1,681,903	0	0	1,681,903	550,000	3,083,711	(1,401,808)
Total Revenues	\$ 31,825,827	\$ 0	\$ 0	\$ 31,825,827	\$ 29,486,579	\$ 33,639,009	\$ (1,813,182)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,883,395	\$ (2,502)	\$ 13,955	\$ 14,894,848	\$ 15,562,435	\$ 15,374,421	\$ 479,573
Special Education Program	2,336,987	(1,060)	0	2,335,927	2,363,441	2,389,786	53,859
Vocational Education Program	830,144	0	974	831,118	826,683	847,436	16,318
<u>Support Services</u>							
Attendance	34,697	0	0	34,697	23,184	34,697	0
Health Services	232,706	0	960	233,666	139,099	239,692	6,026
Other Student Support	877,704	0	0	877,704	933,559	981,755	104,051
Regular Instruction Program	666,650	0	9,408	676,058	698,579	725,968	49,910
Special Education Program	313,059	0	0	313,059	265,430	320,539	7,480
Vocational Education Program	113,049	0	0	113,049	99,558	116,534	3,485
Other Programs	105,011	0	0	105,011	60,000	105,011	0
Board of Education	349,703	(100)	0	349,603	325,663	359,663	10,060

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 330,955	\$ 0	\$ 0	\$ 330,955	\$ 342,438	\$ 345,888	\$ 14,933
Office of the Principal	2,054,166	(64,000)	58	1,990,224	1,916,813	2,074,665	84,441
Fiscal Services	186,983	0	0	186,983	190,142	190,142	3,159
Operation of Plant	2,151,502	0	0	2,151,502	2,049,328	2,158,431	6,929
Maintenance of Plant	776,912	(12,732)	0	764,180	684,908	771,174	6,994
Transportation	1,482,947	(1,584)	962	1,482,325	1,578,635	1,547,661	65,336
Central and Other	40,716	0	0	40,716	34,537	40,997	281
<u>Operation of Non-Instructional Services</u>							
Community Services	258,333	(7,752)	575	251,156	60,437	259,686	8,530
Early Childhood Education	924,396	(2,953)	7,172	928,615	0	929,882	1,267
<u>Capital Outlay</u>							
Regular Capital Outlay	1,198,312	(19,557)	1,582,708	2,761,463	105,700	2,611,935	(149,528)
<u>Principal on Debt</u>							
Education	371,030	0	0	371,030	380,783	377,031	6,001
<u>Interest on Debt</u>							
Education	29,420	0	0	29,420	25,668	29,420	0
<u>Other Debt Service</u>							
Education	1,200,000	0	0	1,200,000	1,200,000	1,200,000	0
Total Expenditures	\$ 31,748,777	\$ (112,240)	\$ 1,616,772	\$ 33,253,309	\$ 29,867,020	\$ 34,032,414	\$ 779,105
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 77,050	\$ 112,240	\$ (1,616,772)	\$ (1,427,482)	\$ (380,441)	\$ (393,405)	\$ (1,034,077)

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 36,026	\$ 0	\$ 0	\$ 36,026	\$ 0	\$ 0	\$ 36,026
Transfers In	25,277	0	0	25,277	30,000	30,000	(4,723)
Transfers Out	0	0	0	0	0	(736)	736
Total Other Financing Sources (Uses)	\$ 61,303	\$ 0	\$ 0	\$ 61,303	\$ 30,000	\$ 29,264	\$ 32,039
Net Change in Fund Balance	\$ 138,353	\$ 112,240	\$ (1,616,772)	\$ (1,366,179)	\$ (350,441)	\$ (364,141)	\$ (1,002,038)
Fund Balance, July 1, 2010	1,917,164	(112,240)	0	1,804,924	1,971,969	1,971,969	(167,045)
Fund Balance, June 30, 2011	\$ 2,055,517	\$ 0	\$ (1,616,772)	\$ 438,745	\$ 1,621,528	\$ 1,607,828	\$ (1,169,083)

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,271,051	\$ 0	\$ 0	\$ 7,271,051	\$ 8,756,381	\$ 9,199,262	\$ (1,928,211)
Total Revenues	\$ 7,271,051	\$ 0	\$ 0	\$ 7,271,051	\$ 8,756,381	\$ 9,199,262	\$ (1,928,211)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,001,895	\$ (13,708)	\$ 32,028	\$ 4,020,215	\$ 4,916,408	\$ 5,200,768	\$ 1,180,553
Special Education Program	1,171,515	0	1,655	1,173,170	1,216,631	1,183,196	10,026
Vocational Education Program	125,875	(609)	2,825	128,091	127,132	128,319	228
<u>Support Services</u>							
Other Student Support	121,635	(259)	0	121,376	406,562	393,959	272,583
Regular Instruction Program	719,795	0	4,901	724,696	964,844	1,196,719	472,023
Special Education Program	450,450	0	0	450,450	427,189	468,265	17,815
Vocational Education Program	3,949	0	0	3,949	4,300	3,949	0
Office of the Principal	68,367	0	0	68,367	285,000	300,000	231,633
Transportation	93,655	0	0	93,655	149,007	95,409	1,754
<u>Operation of Non-Instructional Services</u>							
Community Services	237,080	(2,017)	2,229	237,292	235,778	238,777	1,485
<u>Capital Outlay</u>							
Regular Capital Outlay	6,644	0	0	6,644	6,644	6,644	0
Principal on Debt	64,000	0	0	64,000	0	64,000	0
Total Expenditures	\$ 7,064,860	\$ (16,593)	\$ 43,638	\$ 7,091,905	\$ 8,739,495	\$ 9,280,005	\$ 2,188,100
Excess (Deficiency) of Revenues Over Expenditures	\$ 206,191	\$ 16,593	\$ (43,638)	\$ 179,146	\$ 16,886	\$ (80,743)	\$ 259,889

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (25,277)	\$ 0	\$ 0	(25,277)	(20,655)	(35,507)	10,230
Total Other Financing Sources (Uses)	\$ (25,277)	\$ 0	\$ 0	(25,277)	(20,655)	(35,507)	10,230
Net Change in Fund Balance	\$ 180,914	\$ 16,593	\$ (43,638)	153,869	(3,769)	(116,250)	270,119
Fund Balance, July 1, 2010	329,600	(16,593)	0	313,007	124,712	124,712	188,295
Fund Balance, June 30, 2011	\$ 510,514	\$ 0	\$ (43,638)	466,876	120,943	8,462	458,414

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 511,863	\$ 600,405	\$ 600,405	\$ (88,542)
Other Local Revenues	2,358	2,500	2,500	(142)
State of Tennessee	25,255	25,500	25,500	(245)
Federal Government	2,174,861	2,124,135	2,281,030	(106,169)
Total Revenues	<u>\$ 2,714,337</u>	<u>\$ 2,752,540</u>	<u>\$ 2,909,435</u>	<u>\$ (195,098)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 0	\$ 35,540	\$ 0	\$ 0
<u>Operation of Non-Instructional Services</u>				
Food Service	2,603,321	2,636,857	2,829,292	225,971
Total Expenditures	<u>\$ 2,603,321</u>	<u>\$ 2,672,397</u>	<u>\$ 2,829,292</u>	<u>\$ 225,971</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 111,016</u>	<u>\$ 80,143</u>	<u>\$ 80,143</u>	<u>\$ 30,873</u>
Net Change in Fund Balance	\$ 111,016	\$ 80,143	\$ 80,143	\$ 30,873
Fund Balance, July 1, 2010	<u>599,600</u>	<u>562,831</u>	<u>562,831</u>	<u>36,769</u>
Fund Balance, June 30, 2011	<u>\$ 710,616</u>	<u>\$ 642,974</u>	<u>\$ 642,974</u>	<u>\$ 67,642</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Lauderdale County, Tennessee  
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
 Primary Government and Discretely Presented Lauderdale County School Department  
 For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT</u>								
<u>GOVERNMENTAL ACTIVITIES:</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Health Department Construction	\$ 300,000	0 %	11-7-04	9-1-13	\$ 108,334	\$ 0	\$ 33,334	\$ 75,000
School Energy Efficiency Loan	500,000	0	8-21-07	8-15-14	357,142	0	71,429	285,713
Law Enforcement Vehicles	120,000	6	10-9-08	9-30-11	52,452	0	41,761	10,691
Total Notes Payable					\$ 517,928	\$ 0	\$ 146,524	\$ 371,404
<u>OTHER LOANS PAYABLE</u>								
Payable through General Debt Service Fund								
Public Works Projects	1,000,000	Variable	1-28-09	5-25-22	\$ 660,550	\$ 289,450	\$ 52,000	\$ 898,000
Qualified School Construction Bonds, Series 2010	2,523,000	(1)	10-7-10	9-15-27	0	2,523,000	0	2,523,000
Total Other Loans Payable					\$ 660,550	\$ 2,812,450	\$ 52,000	\$ 3,421,000
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
G.O. School, Series 2003	9,835,000	2 to 3.75	5-1-03	4-1-22	\$ 7,735,000	\$ 0	\$ 300,000	\$ 7,435,000
G.O. School Refunding, Series 2003	9,840,000	3 to 4	6-1-03	4-1-18	4,740,000	0	835,000	3,905,000
G.O. Refunding, Series 2006	4,605,000	3.75 to 4	5-10-06	4-1-16	3,075,000	0	410,000	2,665,000
Total Bonds Payable					\$ 15,550,000	\$ 0	\$ 1,545,000	\$ 14,005,000
<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	\$ 41,728	\$ 0	\$ 41,728	\$ 0

(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 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>DISCRETELY PRESENTED LAUDERDALE COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>	\$ 172,013	0	% 4-17-1992	5-30-12	\$ 14,336	\$ 0	\$ 9,556	\$ 4,780
<u>Asbestos Abatement</u>					\$ 14,336	\$ 0	\$ 9,556	\$ 4,780
Total Notes Payable					\$ 14,336	\$ 0	\$ 9,556	\$ 4,780
<u>CAPITAL LEASES</u>								
<u>Payable through General Purpose School and School Federal Projects Funds</u>	1,156,550	1.92	1-3-08	1-3-11	\$ 294,197	\$ 0	\$ 294,197	\$ 0
Computers	505,086	6.09	12-18-08	11-18-12	378,994	0	131,277	247,717
Total Capital Leases					\$ 673,191	\$ 0	\$ 425,474	\$ 247,717

(1) Interest rate of approximately 4.85 percent is offset by a federal interest subsidy, resulting in a net interest rate of zero percent.

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 115,453	\$ 304	\$ 115,757
2013	104,762	0	104,762
2014	79,762	0	79,762
2015	71,427	0	71,427
Total	\$ 371,404	\$ 304	\$ 371,708

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2012	\$ 184,193	\$ 119,983	\$ 5,643	\$ 309,819
2013	212,431	124,597	5,489	342,517
2014	213,431	124,448	5,329	343,208
2015	215,431	124,297	5,167	344,895
2016	216,431	124,140	4,998	345,569
2017	218,431	123,981	4,828	347,240
2018	220,431	123,816	4,651	348,898
2019	222,431	123,646	4,468	350,545
2020	224,431	123,471	4,280	352,182
2021	225,431	123,290	4,085	352,806
2022	227,431	123,106	3,888	354,425
2023	229,431	122,917	3,685	356,033
2024	231,431	122,723	3,476	357,630
2025	234,431	122,523	3,262	360,216
2026	157,431	122,315	2,023	281,769
2027	172,928	122,315	2,018	297,261
2028	14,845	12,046	505	27,396
Total	\$ 3,421,000	\$ 1,983,614	\$ 67,795	\$ 5,472,409

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 14,005,000	\$ 2,674,835	\$ 16,679,835

(Continued)

Exhibit K-2

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

DISCRETELY PRESENTED LAUDERDALE  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 4,780	\$ 0	\$ 4,780
Total	\$ 4,780	\$ 0	\$ 4,780

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2012	\$ 139,494	\$ 15,506	\$ 155,000
2013	108,223	6,774	114,997
Total	\$ 247,717	\$ 22,280	\$ 269,997

(1) Includes interest requirements on Qualified School Construction Bonds, Series 2010, before federal interest rate subsidy.

Exhibit K-3

Lauderdale County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Lauderdale County School Department  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Public Library	General	Close fund	\$ 745,910
Total Transfers Primary Government			<u>\$ 745,910</u>
<u>DISCRETELY PRESENTED LAUDERDALE</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 25,277
Total Transfers Discretely Presented Lauderdale County School Department			<u>\$ 25,277</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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission Chapter 304, Private Acts of 1929, as amended, and County Commission	\$ 77,304	\$ 50,000	RLI Insurance Company
Highway Commissioner	State Board of Education and County Board of Education	67,927	100,000	"
Director of Schools		121,000 (1)	150,000	Tennessee Risk Management Trust
Trustee:				
Steve Carmack (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,292	983,000	RLI Insurance Company
Judy Conrad (9-1-10 through 6-30-11)	Section 8-24-102, TCA	51,459	1,162,100	"
Assessor of Property	Section 8-24-102, TCA	61,751	10,000	"
County Clerk	Section 8-24-102, TCA	61,751	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	61,751 (2)	300,000	"
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff	Section 8-24-102, TCA	68,527 (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. Does not include a travel allowance of \$7,200.

(2) Does not include special commissioner fees of \$500.

(3) Includes 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, 2011

	Special Revenue Funds					
	General	Law Library	Public Library	Ambulance Service	Drug Control	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,820,400	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	163,631	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	269,850	0	0	0	0	0
Interest and Penalty	30,770	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	498	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	41,417	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	92,060	0	0	0	0	0
<u>County Local Option Taxes</u>						
Hotel/Motel Tax	24,933	0	0	0	0	0
Wheel Tax	873,647	0	0	0	0	0
Litigation Tax - General	57,371	0	0	0	0	0
Litigation Tax - Special Purpose	11,962	1,162	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	5,071	0	0	0	0	0
Litigation Tax - Courtroom Security	395	0	0	0	0	0
Business Tax	50,413	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	14,878	0	0	0	0	0
Wholesale Beer Tax	54,542	0	0	0	0	0
Interstate Telecommunications Tax	2,247	0	0	0	0	0
Total Local Taxes	\$ 5,514,085	\$ 1,162	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 4,640	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	4,515	0	0	0	0	0
<u>Permits</u>						
Beer Permits	2,138	0	0	0	0	0
Building Permits	19,927	0	0	0	0	0
Other Permits	1,515	0	0	0	0	0
Total Licenses and Permits	\$ 32,735	\$ 0	\$ 0	\$ 0	\$ 0	0

(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>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 4,531	\$ 0	\$ 0	\$ 0	0
Officers Costs	3,860	0	0	0	0
Drug Control Fines	1,532	0	0	0	1,912
Drug Court Fees	887	0	0	0	0
Jail Fees	2,652	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	570	0	0	0	0
Data Entry Fee - Circuit Court	396	0	0	0	0
Victims Assistance Assessments	2,088	0	0	0	0
<u>General Sessions Court</u>					
Fines	29,328	0	0	0	0
Fines for Littering	95	0	0	0	0
Officers Costs	13,213	0	0	0	0
Game and Fish Fines	307	0	0	0	0
Drug Control Fines	1,144	0	0	0	1,809
Drug Court Fees	4,739	0	0	0	0
Jail Fees	16,879	0	0	0	0
District Attorney General Fees	0	0	0	0	0
DUI Treatment Fines	3,515	0	0	0	0
Data Entry Fee - General Sessions Court	4,099	0	0	0	0
Victims Assistance Assessments	18,711	0	0	0	0
<u>Juvenile Court</u>					
Fines	3,331	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,255	0	0	0	0
Data Entry Fee - Chancery Court	2,358	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	116	0	0	0	6,700
Total Fines, Forfeitures, and Penalties	\$ 115,606	\$ 0	\$ 0	\$ 0	\$ 10,421

(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>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 1,026,836	\$ 0
<u>Fees</u>					
Subdivision Lot Fees	475	0	0	0	0
Copy Fees	1,613	0	0	0	0
Library Fees	11,841	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0
Telephone Commissions	53,917	0	0	0	0
Vending Machine Collections	46	0	0	0	0
Data Processing Fee - Register	6,256	0	0	0	0
Data Processing Fee - Sheriff	1,348	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,615	0	0	0	0
Data Processing Fee - County Clerk	1,286	0	0	0	0
<u>Education Charges</u>					
Tuition - Other	5,306	0	0	0	0
TBI Criminal Background Fees	499	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	0	50	0
<u>Total Charges for Current Services</u>	\$ 86,252	\$ 0	\$ 0	\$ 1,026,886	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	7,600	0	31	63	0
Lease/Rentals	222	0	0	0	0
Commissary Sales	15,972	0	0	0	0
Sale of Maps	45	0	0	0	0
Sale of Recycled Materials	328	0	0	0	0
Refund of Telecommunication and Internet Fees (E-Rate)	2,171	0	0	0	0
Miscellaneous Refunds	52,226	0	1,244	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	11,260	0	0	0	4,925

(Continued)

Exhibit K-5

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>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items (Cont.)</u>					
Damages Recovered from Individuals	765 \$	0 \$	0 \$	0 \$	0
Contributions and Gifts	17,500	0	0	0	0
Total Other Local Revenues	\$ 108,089	\$ 0	\$ 1,275	\$ 63	\$ 4,925
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	281,814 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	88,852	0	0	0	0
General Sessions Court Clerk	136,343	0	0	0	0
Clerk and Master	131,812	0	0	0	0
Register	60,722	0	0	0	0
Sheriff	8,307	0	0	0	0
Trustee	326,411	0	0	0	0
Total Fees Received from County Officials	\$ 1,034,261	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	13,635 \$	0 \$	0 \$	0 \$	0
On-Behalf Contributions for OPEB	1,410	0	0	0	0
Other General Government Grants	11,311	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	15,000	0	0	0	0
Health and Welfare Grants	151,461	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	23,326	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	16,100	0	0	0	0
Beer Tax	18,724	0	0	0	0

(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>					
Alcoholic Beverage Tax	\$ 50,874	\$ 0	\$ 0	\$ 0	\$ 0
Mixed Drink Tax	1,039	0	0	0	0
State Revenue Sharing - T.V.A.	131,169	0	0	0	0
Board of Jurors	1,050	0	0	0	0
Contracted Prisoner Boarding	735,280	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	97,166	0	0	0	0
Other State Revenues	101,000	0	0	0	0
Total State of Tennessee	\$ 1,383,709	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 19,590	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	5,993	0	0	0	0
Civil Defense Reimbursement	10,288	0	0	0	0
Disaster Relief	0	0	0	0	0
Homeland Security Grants	99,999	0	0	0	0
Medicaid	40	0	0	0	0
Other Federal through State	570,318	0	0	0	0
Direct Federal Revenue					
FHA Grant	16,848	0	0	0	0
Other Direct Federal Revenue	6,300	0	0	0	0
Total Federal Government	\$ 729,376	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
Other Governments					
Prisoner Board	\$ 1,229	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	201,023	0	0	0	0

(Continued)

Exhibit K-5

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>Other Governments and Citizens Groups (Cont.)</u>					
<u>Other Governments (Cont.)</u>					
Contracted Services	\$ 46,000	\$ 0	\$ 0	\$ 0	\$ 0
Citizens Groups	300	0	0	0	0
Donations	\$ 248,552	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 9,252,665	\$ 1,162	\$ 1,275	\$ 1,026,949	\$ 15,346
Total					

(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	Highway / Public Works	General		Debt Service	Capital Projects		
			Attorney General	Highway / Public Works			Debt Service	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 0	\$ 702,276	\$ 828,691	\$ 0	\$ 0	\$ 5,351,367		
Trustee's Collections - Prior Year	0	33,468	39,048	0	0	236,147		
Circuit/Clerk & Master Collections - Prior Years	0	44,141	51,506	0	0	365,497		
Interest and Penalty	0	6,181	7,192	0	0	44,143		
Payments in-Lieu-of Taxes - T.V.A.	0	92	108	0	0	698		
Payments in-Lieu-of Taxes - Local Utilities	0	7,612	8,983	0	0	58,012		
Payments in-Lieu-of Taxes - Other	0	16,919	19,967	0	0	128,946		
<u>County Local Option Taxes</u>								
Hotel/Motel Tax	0	0	0	0	0	24,933		
Wheel Tax	0	87,456	0	0	0	961,103		
Litigation Tax - General	0	0	0	0	0	57,371		
Litigation Tax - Special Purpose	0	0	0	0	0	13,124		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	22,129	0	0	27,200		
Litigation Tax - Courtroom Security	0	0	0	0	0	395		
Business Tax	0	0	0	0	0	50,413		
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	2,734	3,227	0	0	20,839		
Wholesale Beer Tax	0	0	0	0	0	54,542		
Interstate Telecommunications Tax	0	0	0	0	0	2,247		
Total Local Taxes	\$ 0	\$ 900,879	\$ 980,851	\$ 0	\$ 0	\$ 7,396,977		
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	0	0	0	0	0	4,640		
Cable TV Franchise	0	680	803	0	0	5,998		
<u>Permits</u>								
Beer Permits	0	0	0	0	0	2,138		
Building Permits	0	0	0	0	0	19,927		
Other Permits	0	0	0	0	0	1,515		
Total Licenses and Permits	\$ 0	\$ 680	\$ 803	\$ 0	\$ 0	\$ 34,218		

(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	Highway / Public Works	General	Debt Service	General	Capital Projects		
						General	Projects	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	4,531
Officers Costs		0	0	0	0	0	0	3,860
Drug Control Fines		0	0	0	0	0	0	3,444
Drug Court Fees		0	0	0	0	0	0	887
Jail Fees		0	0	0	0	0	0	2,652
District Attorney General Fees		672	0	0	0	0	0	672
DUI Treatment Fines		0	0	0	0	0	0	570
Data Entry Fee - Circuit Court		0	0	0	0	0	0	396
Victims Assistance Assessments		0	0	0	0	0	0	2,088
<u>General Sessions Court</u>								
Fines		0	0	0	0	0	0	29,328
Fines for Littering		0	0	0	0	0	0	95
Officers Costs		0	0	0	0	0	0	13,213
Game and Fish Fines		0	0	0	0	0	0	307
Drug Control Fines		0	0	0	0	0	0	2,953
Drug Court Fees		0	0	0	0	0	0	4,739
Jail Fees		0	0	0	0	0	0	16,879
District Attorney General Fees		3,195	0	0	0	0	0	3,195
DUI Treatment Fines		0	0	0	0	0	0	3,515
Data Entry Fee - General Sessions Court		0	0	0	0	0	0	4,099
Victims Assistance Assessments		0	0	0	0	0	0	18,711
<u>Juvenile Court</u>								
Fines		0	0	0	0	0	0	3,331
<u>Chancery Court</u>								
Officers Costs		0	0	0	0	0	0	1,255
Data Entry Fee - Chancery Court		0	0	0	0	0	0	2,358
<u>Courts in Other District Counties</u>								
District Attorney General Fees		31,475	0	0	0	0	0	31,475
<u>Judicial District Drug Program</u>								
Drug Task Force Forfeitures and Seizures		0	0	0	0	0	0	6,816
Total Fines, Forfeitures, and Penalties	\$	35,342 \$	0 \$	0 \$	0 \$	0 \$	0 \$	161,369

(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	Highway / Public Works	General	Debt Service Fund		Capital Projects Fund		
				Debt	Service	General	Projects	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,026,836
Fees								
Subdivision Lot Fees	0	0	0	0	0	0	0	475
Copy Fees	0	0	0	0	0	0	0	1,613
Library Fees	0	0	0	0	0	0	0	11,841
Greenbelt Late Application Fee	0	0	0	0	0	0	0	50
Telephone Commissions	0	0	0	0	0	0	0	53,917
Vending Machine Collections	0	0	0	0	0	0	0	46
Data Processing Fee - Register	0	0	0	0	0	0	0	6,256
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	1,348
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	3,615
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	1,286
<u>Education Charges</u>								
Tuition - Other	0	0	0	0	0	0	0	5,306
TBI Criminal Background Fees	0	0	0	0	0	0	0	499
<u>Other Charges for Services</u>								
Other Charges for Services	0	0	0	0	0	0	0	50
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,113,138
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0	0	0	0	0	0	0	7,694
Lease/Rentals	0	0	0	0	0	0	0	222
Commissary Sales	0	0	0	0	0	0	0	15,972
Sale of Maps	0	0	0	0	0	0	0	45
Sale of Recycled Materials	0	0	0	0	0	0	0	328
Refund of Telecommunication and Internet Fees (E-Rate)	0	0	0	0	0	0	0	2,171
Miscellaneous Refunds	0	645	0	0	0	0	0	54,115
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	0	0	0	16,185

(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	Highway / Public Works	General	Debt Service		Capital Projects		
				Debt	Service	General	Projects	
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items (Cont.)</u>								
Damages Recovered from Individuals	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	765
Contributions and Gifts	0	30,000	0	0	0	0	0	47,500
Total Other Local Revenues	\$ 0	\$ 30,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	144,997
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	281,814
Circuit Court Clerk	0	0	0	0	0	0	0	88,852
General Sessions Court Clerk	0	0	0	0	0	0	0	136,343
Clerk and Master	0	0	0	0	0	0	0	131,812
Register	0	0	0	0	0	0	0	60,722
Sheriff	0	0	0	0	0	0	0	8,307
Trustee	0	0	0	0	0	0	0	326,411
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,034,261
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,635
On-Behalf Contributions for OPEB	0	0	0	0	0	0	0	1,410
Other General Government Grants	0	0	0	0	0	0	0	11,311
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	0	15,000
<u>Health and Welfare Grants</u>								
Health Department Programs	0	0	0	0	0	0	0	151,461
<u>Public Works Grants</u>								
State Aid Program	0	98,494	0	0	0	0	0	98,494
Litter Program	0	0	0	0	0	0	0	23,326
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	0	16,100
Beer Tax	0	0	0	0	0	0	0	18,724

(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	Highway / Public Works	General		Capital Projects		
			Debt Service	General	Capital Projects	Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	50,874
Mixed Drink Tax	0	0	0	0	0	0	1,039
State Revenue Sharing - T.V.A.	0	68,707	0	0	0	0	199,876
Board of Jurors	0	0	0	0	0	0	1,050
Contracted Prisoner Boarding	0	0	0	0	0	0	735,280
Gasoline and Motor Fuel Tax	0	1,731,325	0	0	0	0	1,731,325
Petroleum Special Tax	0	21,765	0	0	0	0	21,765
Registrar's Salary Supplement	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	0	97,166
Other State Revenues	0	0	0	0	0	0	101,000
Total State of Tennessee	\$ 0	\$ 1,920,291	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,304,000
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,590
Community Development	0	0	0	0	291,500	0	297,493
Civil Defense Reimbursement	0	0	0	0	0	0	10,288
Disaster Relief	0	157,945	0	0	0	0	157,945
Homeland Security Grants	0	0	0	0	0	0	99,999
Medicaid	0	0	0	0	0	0	40
Other Federal through State	0	0	0	0	0	0	570,318
<u>Direct Federal Revenue</u>							
FHA Grant	0	0	0	0	0	0	16,848
Other Direct Federal Revenue	0	0	0	0	0	0	6,300
Total Federal Government	\$ 0	\$ 157,945	\$ 0	\$ 0	\$ 291,500	\$ 0	\$ 1,178,821
<u>Other Governments and Citizens Groups</u>							
Other Governments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,229
Prisoner Board	0	0	1,807,043	0	0	0	2,008,066
Contributions							

(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	Highway / Public Works	General		General		
			Debt Service	Debt Service	Capital Projects	Capital Projects	
Other Governments and Citizens Groups (Cont.)							
Other Governments (Cont.)							
Contracted Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,000
Citizens Groups	0	0	0	0	0	0	300
Donations	0	0	1,807,043	0	0	0	2,055,595
Total Other Governments and Citizens Groups	\$ 35,342	\$ 3,010,440	\$ 2,788,697	\$ 291,500	\$ 16,423,376		
Total							

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,654,618	\$ 0	\$ 0	\$ 2,654,618
Trustee's Collections - Prior Year	117,410	0	0	117,410
Circuit/Clerk & Master Collections - Prior Years	154,563	0	0	154,563
Interest and Penalty	21,913	0	0	21,913
Payments in-Lieu-of Taxes - T.V.A.	346	0	0	346
Payments in-Lieu-of Taxes - Local Utilities	28,780	0	0	28,780
Payments in-Lieu-of Taxes - Other	63,971	0	0	63,971
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,756,244	0	0	1,756,244
Wheel Tax	174,684	0	0	174,684
<u>Statutory Local Taxes</u>				
Bank Excise Tax	10,339	0	0	10,339
Interstate Telecommunications Tax	1,892	0	0	1,892
Other Statutory Local Taxes	1,430	0	0	1,430
Total Local Taxes	\$ 4,986,190	\$ 0	\$ 0	\$ 4,986,190
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,824	\$ 0	\$ 0	\$ 1,824
Cable TV Franchise	2,572	0	0	2,572
Total Licenses and Permits	\$ 4,396	\$ 0	\$ 0	\$ 4,396
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 659	\$ 0	\$ 0	\$ 659
Total Fines, Forfeitures, and Penalties	\$ 659	\$ 0	\$ 0	\$ 659
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 425	\$ 0	\$ 0	\$ 425
Lunch Payments - Children	0	0	209,642	209,642
Lunch Payments - Adults	0	0	65,516	65,516
Income from Breakfast	0	0	22,280	22,280
Special Milk Sales	0	0	6,220	6,220
A la carte Sales	0	0	166,316	166,316
Contract for Instructional Services with Other LEAs	44,313	0	0	44,313
<u>Other Charges for Services</u>				
Other Charges for Services	29,137	0	41,889	71,026
Total Charges for Current Services	\$ 73,875	\$ 0	\$ 511,863	\$ 585,738
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 177,387	\$ 0	\$ 1,775	\$ 179,162
Refund of Telecommunication and Internet Fees (E-Rate)	32,141	0	0	32,141
Miscellaneous Refunds	8,201	0	583	8,784
<u>Nonrecurring Items</u>				
Sale of Equipment	5,176	0	0	5,176
Sale of Property	120	0	0	120

(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 (Cont.)</u>				
Damages Recovered from Individuals	\$ 3,653	\$ 0	\$ 0	\$ 3,653
Contributions and Gifts	4,073	0	0	4,073
<u>Other Local Revenues</u>				
Other Local Revenues	490	0	0	490
Total Other Local Revenues	\$ 231,241	\$ 0	\$ 2,358	\$ 233,599
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 105,011	\$ 0	\$ 0	\$ 105,011
<u>State Education Funds</u>				
Basic Education Program	20,273,295	0	0	20,273,295
Basic Education Program - ARRA	2,434,705	0	0	2,434,705
Early Childhood Education	908,081	0	0	908,081
School Food Service	0	0	25,255	25,255
Energy Efficient School Initiative	26,250	0	0	26,250
Driver Education	4,277	0	0	4,277
Other State Education Funds	74,421	0	0	74,421
Coordinated School Health - ARRA	79,641	0	0	79,641
Internet Connectivity - ARRA	13,486	0	0	13,486
Family Resource Centers - ARRA	33,850	0	0	33,850
Statewide Student Management System (SSMS) - ARRA	11,513	0	0	11,513
Career Ladder Program	191,156	0	0	191,156
Career Ladder - Extended Contract - ARRA	1,167	0	0	1,167
<u>Other State Revenues</u>				
Mixed Drink Tax	1,039	0	0	1,039
State Revenue Sharing - T.V.A.	424,736	0	0	424,736
Other State Grants	517	0	0	517
Safe Schools - ARRA	28,300	0	0	28,300
Other State Revenues	22,868	0	0	22,868
Total State of Tennessee	\$ 24,634,313	\$ 0	\$ 25,255	\$ 24,659,568
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,348,576	\$ 1,348,576
USDA - Commodities	0	0	156,895	156,895
Breakfast	0	0	657,543	657,543
USDA - Other	0	0	11,847	11,847
Vocational Education - Basic Grants to States	0	159,086	0	159,086
Title I Grants to Local Education Agencies	0	2,841,392	0	2,841,392
Special Education - Grants to States	37,236	1,594,422	0	1,631,658
Special Education Preschool Grants	6,463	42,238	0	48,701
Safe and Drug-free Schools - State Grants	0	114,206	0	114,206
Rural Education	0	112,548	0	112,548
Eisenhower Professional Development State Grants	0	285,704	0	285,704
Race to the Top - ARRA	0	524,000	0	524,000
Other Federal through State	52,799	1,589,705	0	1,642,504
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	63,069	0	0	63,069

(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 (Cont.)</u>				
Tax Credit Bond Rebate	\$ 53,683	\$ 0	\$ 0	\$ 53,683
Other Direct Federal Revenue	0	7,750	0	7,750
Total Federal Government	<u>\$ 213,250</u>	<u>\$ 7,271,051</u>	<u>\$ 2,174,861</u>	<u>\$ 9,659,162</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,674,124	\$ 0	\$ 0	\$ 1,674,124
<u>Citizens Groups</u>				
Donations	7,779	0	0	7,779
Total Other Governments and Citizens Groups	<u>\$ 1,681,903</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,681,903</u>
Total	<u>\$ 31,825,827</u>	<u>\$ 7,271,051</u>	<u>\$ 2,714,337</u>	<u>\$ 41,811,215</u>

Exhibit K-7

Lauderdale County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	37,638	
Social Security		2,320	
State Retirement		1,776	
Employer Medicare		542	
Audit Services		8,130	
Dues and Memberships		2,098	
Travel		6,465	
Total County Commission			\$ 58,969

County Mayor/Executive

County Official/Administrative Officer	\$	77,304	
Accountants/Bookkeepers		59,840	
Salary Supplements		1,500	
Part-time Personnel		1,998	
Bonus Payments		1,000	
Social Security		8,009	
State Retirement		12,121	
Employee and Dependent Insurance		19,758	
Employer Medicare		1,873	
Communication		3,255	
Contracts with Private Agencies		5,483	
Dues and Memberships		1,400	
Postal Charges		16,799	
Travel		2,405	
Office Supplies		2,848	
Other Supplies and Materials		1,500	
Premiums on Corporate Surety Bonds		348	
Workers' Compensation Insurance		217	
Land		29,147	
Office Equipment		5,888	
Total County Mayor/Executive			252,693

County Attorney

Legal Services	\$	39,602	
Total County Attorney			39,602

Election Commission

County Official/Administrative Officer	\$	55,576	
Deputy(ies)		48,883	
Clerical Personnel		12,361	

(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.)

Bonus Payments	\$	1,200	
Other Salaries and Wages		2,309	
Election Commission		4,350	
Election Workers		20,113	
Social Security		7,100	
State Retirement		9,354	
Employee and Dependent Insurance		16,565	
Employer Medicare		1,694	
Audit Services		2,000	
Communication		4,020	
Data Processing Services		24,381	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		5,289	
Printing, Stationery, and Forms		1,484	
Travel		3,352	
Data Processing Supplies		784	
Electricity		4,196	
Natural Gas		1,376	
Office Supplies		3,793	
Water and Sewer		919	
Other Supplies and Materials		836	
Workers' Compensation Insurance		177	
Office Equipment		1,828	
Total Election Commission			\$ 234,140

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		27,275	
Bonus Payments		500	
Social Security		5,384	
State Retirement		7,771	
Employee and Dependent Insurance		3,287	
Employer Medicare		1,259	
Communication		636	
Contracts with Other Public Agencies		13,989	
Dues and Memberships		850	
Travel		102	
Office Supplies		4,028	
Premiums on Corporate Surety Bonds		266	
Workers' Compensation Insurance		147	
Total Register of Deeds			127,245

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Development

Consultants	\$	51,960	
Contracts with Government Agencies		35,500	
Other Charges		9,572	
Total Development			\$ 97,032

Planning

Materials Supervisor	\$	10,452	
Bonus Payments		200	
Board and Committee Members Fees		1,380	
Social Security		746	
Employer Medicare		174	
Advertising		351	
Communication		738	
Gasoline		2,400	
Office Supplies		2	
Workers' Compensation Insurance		260	
Other Charges		9,272	
Total Planning			25,975

County Buildings

Custodial Personnel	\$	23,400	
Maintenance Personnel		37,740	
Part-time Personnel		8,697	
Bonus Payments		1,200	
Social Security		4,075	
State Retirement		5,394	
Employee and Dependent Insurance		11,487	
Employer Medicare		953	
Maintenance and Repair Services - Buildings		154,111	
Custodial Supplies		4,858	
Electricity		30,011	
Natural Gas		1,820	
Water and Sewer		7,328	
Other Supplies and Materials		30	
Building and Contents Insurance		13,980	
Workers' Compensation Insurance		1,286	
Total County Buildings			306,370

Other General Administration

Other Salaries and Wages	\$	3,610	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Social Security	\$	224	
Employer Medicare		52	
Total Other General Administration			\$ 3,886

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		55,456	
Secretary(ies)		25,982	
Bonus Payments		1,500	
Board and Committee Members Fees		1,535	
Social Security		8,248	
State Retirement		12,559	
Employee and Dependent Insurance		22,478	
Employer Medicare		1,929	
Communication		636	
Contracts with Private Agencies		9,875	
Dues and Memberships		1,259	
Travel		1,111	
Data Processing Supplies		7,868	
Office Supplies		2,000	
Workers' Compensation Insurance		1,699	
Total Property Assessor's Office			215,886

Reappraisal Program

Part-time Personnel	\$	1,984	
Social Security		115	
State Retirement		101	
Employee and Dependent Insurance		209	
Employer Medicare		27	
Data Processing Services		6,283	
Postal Charges		1,200	
Travel		1,885	
Total Reappraisal Program			11,804

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		56,528	
Part-time Personnel		400	
Bonus Payments		1,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Board and Committee Members Fees	\$	225	
Social Security		6,841	
State Retirement		10,353	
Employee and Dependent Insurance		15,988	
Employer Medicare		1,601	
Communication		1,042	
Contracts with Private Agencies		3,338	
Dues and Memberships		725	
Legal Notices, Recording, and Court Costs		66	
Travel		4,056	
Office Supplies		7,415	
Premiums on Corporate Surety Bonds		12,816	
Workers' Compensation Insurance		186	
Office Equipment		7,320	
Total County Trustee's Office			\$ 191,651

County Clerk's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		147,444	
Bonus Payments		3,000	
Social Security		12,137	
State Retirement		18,419	
Employee and Dependent Insurance		23,211	
Employer Medicare		2,839	
Communication		2,326	
Contracts with Other Public Agencies		15,343	
Dues and Memberships		590	
Travel		327	
Office Supplies		6,431	
Premiums on Corporate Surety Bonds		348	
Workers' Compensation Insurance		327	
Office Equipment		3,282	
Total County Clerk's Office			297,775

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		50,862	
Attendants		5,508	
Bonus Payments		1,200	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Jury and Witness Expense	\$	15,082	
Social Security		6,256	
State Retirement		9,862	
Employee and Dependent Insurance		19,757	
Employer Medicare		1,549	
Communication		790	
Dues and Memberships		535	
Maintenance and Repair Services - Equipment		6,049	
Postal Charges		3,300	
Travel		2,647	
Remittance of Revenue Collected		887	
Data Processing Supplies		8,497	
Office Supplies		9,222	
Premiums on Corporate Surety Bonds		348	
Workers' Compensation Insurance		275	
Other Charges		356	
Office Equipment		3,134	
Total Circuit Court			\$ 207,867

General Sessions Judge

Judge(s)	\$	75,953	
Other Per Diem and Fees		600	
Social Security		4,578	
State Retirement		6,593	
Employee and Dependent Insurance		3,258	
Employer Medicare		1,071	
Dues and Memberships		300	
Travel		586	
Workers' Compensation Insurance		119	
Total General Sessions Judge			93,058

General Sessions Court Clerk

Clerical Personnel	\$	149,275	
Attendants		61,795	
Bonus Payments		4,200	
Social Security		11,931	
State Retirement		11,183	
Employee and Dependent Insurance		17,288	
Employer Medicare		2,954	
Communication		1,532	

(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 (Cont.)

Remittance of Revenue Collected	\$	4,739	
Workers' Compensation Insurance		1,023	
Total General Sessions Court Clerk			\$ 265,920

Chancery Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		24,240	
Attendants		11,790	
Part-time Personnel		13,770	
Bonus Payments		1,500	
Social Security		6,359	
State Retirement		7,508	
Employee and Dependent Insurance		3,263	
Employer Medicare		1,583	
Communication		1,449	
Contracts with Private Agencies		5,323	
Legal Notices, Recording, and Court Costs		3,703	
Office Supplies		3,496	
Workers' Compensation Insurance		330	
Total Chancery Court			146,065

Juvenile Court

County Official/Administrative Officer	\$	44,961	
Judge(s)		75,953	
Deputy(ies)		188,685	
Probation Officer(s)		26,500	
Youth Service Officer(s)		33,264	
Salary Supplements		900	
Secretary(ies)		24,335	
Attendants		18,466	
Bonus Payments		5,200	
In-Service Training		1,590	
Other Per Diem and Fees		127	
Social Security		23,878	
State Retirement		34,685	
Employee and Dependent Insurance		53,602	
Employer Medicare		5,680	
Communication		6,136	
Contracts with Private Agencies		21,526	
Dues and Memberships		540	

(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.)

Evaluation and Testing	\$	4,650	
Maintenance and Repair Services - Equipment		2,539	
Maintenance and Repair Services - Vehicles		5,560	
Travel		8,090	
Gasoline		14,027	
Office Supplies		1,437	
Other Supplies and Materials		9,117	
Vehicle and Equipment Insurance		1,700	
Workers' Compensation Insurance		4,780	
Motor Vehicles		27,250	
Total Juvenile Court			\$ 645,178

Other Administration of Justice

Social Workers	\$	23,442	
Secretary(ies)		2,257	
Part-time Personnel		4,788	
Bonus Payments		700	
Social Security		1,777	
Handling Charges and Administrative Costs		2,900	
State Retirement		2,552	
Employee and Dependent Insurance		8,250	
Employer Medicare		415	
Communication		1,009	
Contracts with Private Agencies		5,800	
Maintenance and Repair Services - Equipment		1,187	
Postal Charges		500	
Travel		790	
Data Processing Supplies		6,056	
Office Supplies		611	
Testing		986	
Other Supplies and Materials		3,010	
Workers' Compensation Insurance		900	
In Service/Staff Development		230	
Other Charges		338	
Total Other Administration of Justice			68,498

Victims Assistance Programs

Remittance of Revenue Collected	\$	12,000	
Total Victims Assistance Programs			12,000

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927
Assistant(s)		43,046
Deputy(ies)		468,009
Investigator(s)		137,330
Accountants/Bookkeepers		28,264
Salary Supplements		14,400
Dispatchers/Radio Operators		177,251
Guards		14,055
Clerical Personnel		22,083
Part-time Personnel		68,466
Overtime Pay		15,905
Bonus Payments		16,400
In-Service Training		8,149
Social Security		62,925
State Retirement		81,063
Employee and Dependent Insurance		132,173
Employer Medicare		14,716
Other Fringe Benefits		22,932
Communication		22,555
Confidential Drug Enforcement Payments		500
Dues and Memberships		2,100
Maintenance and Repair Services - Equipment		2,633
Maintenance and Repair Services - Vehicles		27,781
Postal Charges		4,182
Travel		11,167
Data Processing Supplies		2,680
Diesel Fuel		3,708
Electricity		111,606
Gasoline		135,931
Law Enforcement Supplies		12,496
Natural Gas		19,361
Office Supplies		11,290
Tires and Tubes		9,092
Uniforms		10,260
Water and Sewer		39,044
Other Supplies and Materials		4,857
Boiler Insurance		2,615
Premiums on Corporate Surety Bonds		266
Vehicle and Equipment Insurance		6,937
Workers' Compensation Insurance		10,234

(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.)

Other Charges	\$	6,806	
Motor Vehicles		93,900	
Office Equipment		<u>1,862</u>	
Total Sheriff's Department	\$		1,948,957

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	<u>4,642</u>	
Total Administration of the Sexual Offender Registry			4,642

Jail

Captain(s)	\$	42,491	
Lieutenant(s)		55,574	
Sergeant(s)		157,474	
Accountants/Bookkeepers		25,006	
Medical Personnel		38,921	
Salary Supplements		8,400	
Guards		460,018	
Cafeteria Personnel		32,468	
Part-time Personnel		20,629	
Overtime Pay		14,628	
Bonus Payments		15,600	
Social Security		50,598	
State Retirement		62,178	
Employee and Dependent Insurance		97,876	
Employer Medicare		11,833	
Communication		2,317	
Medical and Dental Services		120,821	
Travel		3,489	
Other Contracted Services		30,774	
Custodial Supplies		18,494	
Drugs and Medical Supplies		39,131	
Food Preparation Supplies		21,114	
Food Supplies		188,084	
Office Supplies		8,226	
Prisoners Clothing		5,778	
Uniforms		7,286	
Other Supplies and Materials		16,543	
Workers' Compensation Insurance		13,000	
Liability Claims		35	
In Service/Staff Development		1,601	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Charges	\$	26,005	
Communication Equipment		974	
Office Equipment		1,411	
Total Jail			\$ 1,598,777

Fire Prevention and Control

Other Salaries and Wages	\$	5,500	
Social Security		311	
State Retirement		477	
Employer Medicare		73	
Contracts with Government Agencies		2,000	
Gasoline		4,556	
Utilities		3,885	
Other Supplies and Materials		7,168	
Building and Contents Insurance		274	
Vehicle and Equipment Insurance		5,273	
Workers' Compensation Insurance		807	
In Service/Staff Development		2,025	
Other Charges		4,823	
Total Fire Prevention and Control			37,172

Civil Defense

Other Equipment	\$	145,599	
Total Civil Defense			145,599

Rescue Squad

Contributions	\$	2,524	
Total Rescue Squad			2,524

Other Emergency Management

Supervisor/Director	\$	39,697	
Bonus Payments		500	
Social Security		2,273	
State Retirement		3,489	
Employee and Dependent Insurance		8,226	
Employer Medicare		532	
Communication		3,027	
Dues and Memberships		65	
Maintenance and Repair Services - Vehicles		558	
Travel		258	

(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.)

Gasoline	\$	5,141	
Office Supplies		168	
Other Supplies and Materials		975	
Vehicle and Equipment Insurance		912	
Workers' Compensation Insurance		964	
Total Other Emergency Management			\$ 66,785

Public Health and Welfare

Local Health Center

Communication	\$	2,791	
Janitorial Services		9,870	
Maintenance and Repair Services - Buildings		6,551	
Postal Charges		166	
Other Contracted Services		17,862	
Drugs and Medical Supplies		1,552	
Office Supplies		650	
Utilities		16,724	
Total Local Health Center			56,166

Rabies and Animal Control

Part-time Personnel	\$	40,949	
Bonus Payments		600	
Social Security		2,576	
Employer Medicare		602	
Communication		1,242	
Maintenance and Repair Services - Vehicles		1,389	
Veterinary Services		4,249	
Animal Food and Supplies		9,138	
Custodial Supplies		1,032	
Gasoline		5,981	
Utilities		6,223	
Other Supplies and Materials		2,419	
Workers' Compensation Insurance		310	
Total Rabies and Animal Control			76,710

Dental Health Program

Medical Personnel	\$	18,440	
Clerical Personnel		42,250	
Educational Assistants		39,667	
Bonus Payments		1,700	

(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.)

Social Security	\$	5,962	
State Retirement		6,824	
Employee and Dependent Insurance		8,267	
Unemployment Compensation		2,640	
Employer Medicare		1,394	
Travel		4,162	
Workers' Compensation Insurance		1,200	
Total Dental Health Program			\$ 132,506

Other Local Health Services

Contracts with Government Agencies	\$	24,065	
Contracts with Other Public Agencies		27,950	
Other Contracted Services		22,767	
Total Other Local Health Services			74,782

Sanitation Education/Information

Guards	\$	24,500	
Clerical Personnel		2,658	
Bonus Payments		500	
Social Security		1,490	
State Retirement		2,401	
Employee and Dependent Insurance		8,164	
Employer Medicare		348	
Contracts with Other Public Agencies		5,657	
Workers' Compensation Insurance		352	
Other Charges		3,764	
Total Sanitation Education/Information			49,834

Social, Cultural, and Recreational Services

Libraries

Librarians	\$	75,237	
Bonus Payments		1,500	
Social Security		4,250	
State Retirement		6,661	
Employee and Dependent Insurance		18,980	
Employer Medicare		994	
Audit Services		2,250	
Communication		2,858	
Contributions		23,308	
Maintenance and Repair Services - Buildings		6,935	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Library Books/Media	\$	3,802	
Office Supplies		2,716	
Utilities		12,413	
Building and Contents Insurance		914	
Workers' Compensation Insurance		126	
Building Improvements		583,117	
Total Libraries			\$ 746,061

Parks and Fair Boards

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

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	54,564	
Part-time Personnel		2,226	
Social Security		4,312	
State Retirement		7,493	
Employer Medicare		32	
Communication		3,104	
Contracts with Government Agencies		4,274	
Maintenance and Repair Services - Equipment		6,791	
Travel		140	
Other Contracted Services		3,993	
Workers' Compensation Insurance		35	
Total Agriculture Extension Service			86,964

Soil Conservation

Assessment Personnel	\$	57,918	
Secretary(ies)		21,245	
Bonus Payments		1,500	
Social Security		4,733	
State Retirement		6,310	
Employee and Dependent Insurance		9,398	
Employer Medicare		1,107	
Workers' Compensation Insurance		1,121	
Total Soil Conservation			103,332

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations

Housing and Urban Development

Remittance of Revenue Collected	\$ 16,848	
Total Housing and Urban Development		\$ 16,848

Other Economic and Community Development

Building Construction	\$ 337,884	
Building Improvements	220,492	
Total Other Economic and Community Development		558,376

Veterans' Services

Supervisor/Director	\$ 13,079	
Bonus Payments	200	
Social Security	823	
Employer Medicare	193	
Communication	910	
Travel	1,038	
Office Supplies	1,126	
Workers' Compensation Insurance	26	
Total Veterans' Services		17,395

Other Charges

Liability Insurance	\$ 37,596	
Trustee's Commission	109,690	
Other Charges	11,757	
Total Other Charges		159,043

Contributions to Other Agencies

Contributions	\$ 173,607	
Total Contributions to Other Agencies		173,607

Employee Benefits

Unemployment Compensation	\$ 11,250	
On-Behalf Payments to OPEB	1,410	
Medical Claims	258,875	
Total Employee Benefits		271,535

Miscellaneous

Advertising	\$ 1,338	
Dues and Memberships	756	
Other Contracted Services	4,848	
Other Supplies and Materials	294	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Other Charges	\$ 8,647	
Total Miscellaneous		\$ 15,883

Instruction

Student Body Education Program

Consultants	\$ 11,953	
Contributions	1,446	
Total Student Body Education Program		13,399

Total General Fund		\$ 9,695,111
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Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$ 1,208	
Trustee's Commission	12	
Total Libraries		\$ 1,220

Total Law Library Fund		1,220
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Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$ 641,200
In-Service Training	514
Social Security	52,850
State Retirement	39,327
Medical Insurance	105,361
Bank Charges	135
Communication	3,736
Debt Collection Services	1,810
Dues and Memberships	240
Licenses	1,650
Maintenance and Repair Services - Equipment	43,671
Other Contracted Services	7,200
Data Processing Supplies	3,500
Diesel Fuel	54,571
Drugs and Medical Supplies	29,912
Office Supplies	5,844
Uniforms	1,751

(Continued)

Exhibit K-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Utilities	\$	6,461	
Liability Insurance		43,524	
Other Charges		1,196	
Total Ambulance/Emergency Medical Services			\$ 1,044,453

Total Ambulance Service Fund \$ 1,044,453

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,224	
Confidential Drug Enforcement Payments		7,500	
Maintenance and Repair Services - Vehicles		2,475	
Travel		860	
Uniforms		507	
Other Supplies and Materials		2,558	
Other Charges		8,717	
Law Enforcement Equipment		2,351	
Total Drug Enforcement			\$ 26,192

Total Drug Control Fund 26,192

District Attorney General Fund

Administration of Justice

District Attorney General

Dues and Memberships	\$	345	
Maintenance and Repair Services - Buildings		2,375	
Travel		5,188	
Law Enforcement Supplies		254	
Office Supplies		336	
Uniforms		240	
Other Supplies and Materials		1,575	
Office Equipment		3,850	
Total District Attorney General			\$ 14,163

Total District Attorney General Fund 14,163

(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		56,317	
Bonus Payments		1,000	
Communication		5,273	
Data Processing Services		6,275	
Dues and Memberships		3,542	
Legal Notices, Recording, and Court Costs		644	
Maintenance and Repair Services - Equipment		130	
Medical and Dental Services		426	
Postal Charges		650	
Travel		627	
Other Contracted Services		7,375	
Custodial Supplies		1,871	
Drugs and Medical Supplies		759	
Electricity		14,976	
Natural Gas		7,577	
Office Supplies		1,044	
Water and Sewer		7,130	
Other Charges		361	
Total Administration			\$ 183,904

Highway and Bridge Maintenance

Foremen	\$	113,059	
Equipment Operators		444,819	
Truck Drivers		211,902	
Laborers		99,087	
Bonus Payments		14,000	
Other Contracted Services		1,250	
Asphalt - Cold Mix		2,174	
Asphalt - Liquid		184,569	
Crushed Stone		81,139	
General Construction Materials		436	
Pipe - Metal		556	
Road Signs		8,384	
Sand		80	
Small Tools		739	
Wood Products		39,361	
Chemicals		30,149	
Other Supplies and Materials		1,382	
Total Highway and Bridge Maintenance			1,233,086

(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)	\$	69,203	
Bonus Payments		1,000	
Laundry Service		15,439	
Maintenance and Repair Services - Equipment		17,247	
Other Contracted Services		319	
Diesel Fuel		161,109	
Equipment and Machinery Parts		135,516	
Garage Supplies		2,764	
Gasoline		40,899	
Lubricants		17,009	
Small Tools		5,723	
Tires and Tubes		29,759	
Other Supplies and Materials		728	
Other Charges		7,476	
Total Operation and Maintenance of Equipment			\$ 504,191

Other Charges

Liability Insurance	\$	40,206	
Premiums on Corporate Surety Bonds		345	
Trustee's Commission		34,908	
Workers' Compensation Insurance		37,966	
Total Other Charges			113,425

Employee Benefits

Social Security	\$	74,569	
State Retirement		93,522	
Employee and Dependent Insurance		184,837	
Unemployment Compensation		831	
Other Fringe Benefits		1,486	
Medical Claims		43,102	
Total Employee Benefits			398,347

Capital Outlay

Engineering Services	\$	44,861	
Communication Equipment		4,530	
Highway Equipment		486,160	
Total Capital Outlay			535,551

Total Highway/Public Works Fund \$ 2,968,504

(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	\$ 380,000	
Principal on Notes	75,095	
Principal on Other Loans	52,000	
Total General Government		\$ 507,095

Education

Principal on Bonds	\$ 1,165,000	
Principal on Notes	71,429	
Total Education		1,236,429

Interest on Debt

General Government

Interest on Bonds	\$ 64,600	
Interest on Notes	2,220	
Interest on Other Loans	2,763	
Total General Government		69,583

Education

Interest on Bonds	\$ 498,245	
Interest on Other Loans	107,505	
Total Education		605,750

Other Debt Service

General Government

Trustee's Commission	\$ 19,249	
Other Debt Issuance Charges	3,171	
Other Debt Service	150,000	
Total General Government		172,420

Education

Other Debt Issuance Charges	\$ 841	
Other Debt Service	722	
Total Education		1,563

Total General Debt Service Fund \$ 2,592,840

General Capital Projects Fund

Capital Projects

General Administration Projects

Other Contracted Services	\$ 289,450	
Total General Administration Projects		\$ 289,450

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Safety Projects

Consultants	\$ 10,236	
Other Equipment	312,764	
Total Public Safety Projects	<u>323,000</u>	\$ 323,000

Total General Capital Projects Fund \$ 612,450

Education Capital Projects Fund

Other Debt Service

Education

Financial Advisory Services	\$ 1,306	
Legal Services	2,969	
Printing, Stationery, and Forms	30	
Underwriter's Discount	11,344	
Other Debt Issuance Charges	6,817	
Total Education	<u>22,466</u>	\$ 22,466

Capital Projects

Education Capital Projects

Contributions	\$ 1,124,124	
Total Education Capital Projects	<u>1,124,124</u>	1,124,124

Total Education Capital Projects Fund 1,146,590

Total Governmental Funds - Primary Government \$ 18,101,523

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,649,688	
Career Ladder Program	121,000	
Career Ladder Extended Contracts	68,213	
Educational Assistants	459,451	
Non-certified Substitute Teachers	207,620	
Social Security	612,941	
State Retirement	906,025	
Medical Insurance	2,117,872	
Unemployment Compensation	52,764	
Employer Medicare	143,351	
Other Contracted Services	227,279	
Instructional Supplies and Materials	132,049	
Textbooks	149,162	
Other Supplies and Materials	6,131	
Other Charges	550	
Regular Instruction Equipment	29,299	
Total Regular Instruction Program		\$ 14,883,395

Special Education Program

Teachers	\$ 1,640,503	
Career Ladder Program	20,000	
Career Ladder Extended Contracts	16,000	
Homebound Teachers	12,680	
Social Security	100,174	
State Retirement	152,444	
Medical Insurance	331,529	
Employer Medicare	23,428	
Instructional Supplies and Materials	37,690	
Other Supplies and Materials	2,539	
Total Special Education Program		2,336,987

Vocational Education Program

Teachers	\$ 608,548	
Career Ladder Program	4,500	
Career Ladder Extended Contracts	2,000	
Social Security	36,822	
State Retirement	53,309	
Medical Insurance	110,931	
Employer Medicare	8,611	

(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	\$ 5,423	
Total Vocational Education Program		\$ 830,144

Support Services

Attendance

Supervisor/Director	\$ 15,700	
Social Security	974	
State Retirement	1,421	
Medical Insurance	2,361	
Employer Medicare	228	
Travel	1,500	
Other Contracted Services	11,513	
Other Supplies and Materials	1,000	
Total Attendance		34,697

Health Services

Medical Personnel	\$ 137,919	
Other Salaries and Wages	20,802	
Social Security	8,726	
State Retirement	13,777	
Medical Insurance	37,703	
Employer Medicare	2,041	
Travel	2,088	
Other Supplies and Materials	7,543	
Other Charges	2,107	
Total Health Services		232,706

Other Student Support

Supervisor/Director	\$ 5,903	
Career Ladder Program	9,500	
Guidance Personnel	464,776	
Career Ladder Extended Contracts	4,000	
Social Security	28,959	
State Retirement	43,818	
Medical Insurance	86,304	
Employer Medicare	6,773	
Evaluation and Testing	21,460	
Other Contracted Services	192,443	
Other Charges	13,768	
Total Other Student Support		877,704

(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	\$	82,641	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		7,560	
Librarians		308,925	
Materials Supervisor		67,374	
Instructional Computer Personnel		4,800	
Social Security		28,645	
State Retirement		43,376	
Medical Insurance		77,143	
Employer Medicare		6,699	
Travel		7,095	
Library Books/Media		14,076	
In Service/Staff Development		10,316	
Total Regular Instruction Program			\$ 666,650

Special Education Program

Supervisor/Director	\$	70,156	
Career Ladder Program		1,000	
Secretary(ies)		57,348	
Social Security		7,448	
State Retirement		11,504	
Medical Insurance		25,135	
Employer Medicare		1,742	
Consultants		17,432	
Travel		29,052	
Other Contracted Services		67,954	
Other Supplies and Materials		18,042	
In Service/Staff Development		6,246	
Total Special Education Program			313,059

Vocational Education Program

Supervisor/Director	\$	70,835	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		2,000	
Social Security		4,463	
State Retirement		6,863	
Medical Insurance		11,180	
Employer Medicare		1,044	
Travel		546	

(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	\$	7,780	
Other Charges		<u>5,338</u>	
Total Vocational Education Program			\$ 113,049

Other Programs

On-Behalf Payments to OPEB	\$	<u>105,011</u>	
Total Other Programs			105,011

Board of Education

Board and Committee Members Fees	\$	11,991	
Social Security		743	
State Retirement		709	
Employer Medicare		174	
Audit Services		4,120	
Dues and Memberships		15,969	
Legal Services		46,413	
Travel		16,775	
Liability Insurance		42,898	
Premiums on Corporate Surety Bonds		1,560	
Trustee's Commission		140,867	
Workers' Compensation Insurance		65,548	
Other Charges		<u>1,936</u>	
Total Board of Education			349,703

Director of Schools

County Official/Administrative Officer	\$	120,000	
Assistant(s)		69,683	
Career Ladder Program		1,000	
Social Security		10,506	
State Retirement		17,257	
Medical Insurance		23,681	
Employer Medicare		2,747	
Other Fringe Benefits		7,667	
Communication		52,686	
Postal Charges		6,233	
Travel		7,015	
Remittance of Revenue Collected		465	
Office Supplies		8,166	
Other Charges		2,349	

(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.)

Administration Equipment	\$ 1,500	
Total Director of Schools		\$ 330,955

Office of the Principal

Principals	\$ 553,062	
Career Ladder Program	7,000	
Assistant Principals	439,701	
Secretary(ies)	397,532	
Clerical Personnel	43,142	
Social Security	84,766	
State Retirement	127,853	
Medical Insurance	233,868	
Employer Medicare	19,824	
Travel	10,300	
Administration Equipment	137,118	
Total Office of the Principal		2,054,166

Fiscal Services

Supervisor/Director	\$ 67,941	
Accountants/Bookkeepers	29,940	
Secretary(ies)	43,213	
Social Security	8,453	
State Retirement	12,247	
Medical Insurance	7,857	
Employer Medicare	1,977	
Travel	1,611	
Other Contracted Services	13,744	
Total Fiscal Services		186,983

Operation of Plant

Supervisor/Director	\$ 42,840
Educational Assistants	4,223
Custodial Personnel	174,989
Other Salaries and Wages	26,000
Social Security	14,110
State Retirement	17,885
Medical Insurance	42,066
Employer Medicare	3,300
Other Contracted Services	821,910

(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.)

Electricity	\$	635,379	
Natural Gas		277,881	
Building and Contents Insurance		90,919	
Total Operation of Plant			\$ 2,151,502

Maintenance of Plant

Maintenance Personnel	\$	118,650	
Other Salaries and Wages		91,722	
Social Security		12,385	
State Retirement		18,240	
Medical Insurance		22,083	
Employer Medicare		2,896	
Maintenance and Repair Services - Buildings		71,514	
Maintenance and Repair Services - Equipment		120,845	
Travel		1,720	
Other Contracted Services		166,998	
Other Supplies and Materials		94,454	
Maintenance Equipment		55,405	
Total Maintenance of Plant			776,912

Transportation

Supervisor/Director	\$	53,126	
Mechanic(s)		91,058	
Bus Drivers		556,611	
Other Salaries and Wages		39,844	
Social Security		45,274	
State Retirement		16,104	
Medical Insurance		25,227	
Employer Medicare		10,586	
Other Fringe Benefits		6,739	
Gasoline		223,855	
Tires and Tubes		17,618	
Vehicle Parts		129,001	
Vehicle and Equipment Insurance		21,218	
Other Charges		11,094	
Transportation Equipment		235,592	
Total Transportation			1,482,947

(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	\$	29,496	
Educational Assistants		6,022	
Social Security		2,138	
State Retirement		2,560	
Employer Medicare		500	
Total Central and Other			\$ 40,716

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	27,434	
Teachers		96,129	
Other Salaries and Wages		37,502	
Social Security		9,829	
State Retirement		14,043	
Medical Insurance		3,961	
Employer Medicare		2,299	
Travel		2,058	
Other Supplies and Materials		16,581	
Refunds		13,500	
Other Charges		34,997	
Total Community Services			258,333

Early Childhood Education

Supervisor/Director	\$	51,898	
Teachers		344,875	
Clerical Personnel		2,528	
Educational Assistants		152,844	
Non-certified Substitute Teachers		7,000	
Social Security		33,036	
State Retirement		48,432	
Medical Insurance		93,725	
Employer Medicare		7,726	
Communication		781	
Consultants		900	
Instructional Supplies and Materials		60,944	
In Service/Staff Development		18,333	
Other Charges		101,374	
Total Early Childhood Education			924,396

(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

Building Construction	\$ 5,186	
Building Improvements	1,193,126	
Total Regular Capital Outlay		\$ 1,198,312

Principal on Debt

Education

Principal on Notes	\$ 9,556	
Principal on Capital Leases	361,474	
Total Education		371,030

Interest on Debt

Education

Interest on Capital Leases	\$ 29,420	
Total Education		29,420

Other Debt Service

Education

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

Total General Purpose School Fund \$ 31,748,777

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,797,699	
Educational Assistants	157,574	
Other Salaries and Wages	152,008	
Non-certified Substitute Teachers	25,000	
Social Security	139,966	
State Retirement	208,160	
Medical Insurance	290,886	
Employer Medicare	32,752	
Other Contracted Services	310,870	
Instructional Supplies and Materials	794,703	
Other Supplies and Materials	80,770	
Other Charges	1,507	
Regular Instruction Equipment	10,000	
Total Regular Instruction Program		\$ 4,001,895

(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	\$	155,822	
Educational Assistants		629,720	
Speech Pathologist		47,115	
Social Security		48,147	
State Retirement		72,127	
Medical Insurance		148,760	
Employer Medicare		11,260	
Other Contracted Services		12,350	
Instructional Supplies and Materials		43,064	
Other Supplies and Materials		3,150	
Total Special Education Program			\$ 1,171,515

Vocational Education Program

Other Contracted Services	\$	1,750	
Instructional Supplies and Materials		27,793	
Vocational Instruction Equipment		96,332	
Total Vocational Education Program			125,875

Support Services

Other Student Support

Other Salaries and Wages	\$	61,574	
Social Security		2,246	
State Retirement		2,320	
Medical Insurance		6,633	
Employer Medicare		525	
Travel		30,699	
Other Contracted Services		259	
Other Supplies and Materials		1,956	
In Service/Staff Development		922	
Other Charges		14,501	
Total Other Student Support			121,635

Regular Instruction Program

Supervisor/Director	\$	134,748	
Secretary(ies)		14,987	
Other Salaries and Wages		9,600	
Non-certified Substitute Teachers		1,900	
Social Security		9,477	
State Retirement		14,364	

(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.)

Medical Insurance	\$	24,997	
Employer Medicare		2,216	
Travel		27,352	
Other Contracted Services		173,556	
In Service/Staff Development		306,268	
Other Charges		330	
Total Regular Instruction Program			\$ 719,795

Special Education Program

Psychological Personnel	\$	39,575	
Assessment Personnel		38,990	
Other Salaries and Wages		76,035	
Social Security		9,449	
State Retirement		13,991	
Medical Insurance		15,049	
Employer Medicare		2,210	
Consultants		19,500	
Travel		2,239	
Other Contracted Services		218,837	
Other Supplies and Materials		7,054	
In Service/Staff Development		7,521	
Total Special Education Program			450,450

Vocational Education Program

Travel	\$	3,949	
Total Vocational Education Program			3,949

Office of the Principal

In Service/Staff Development	\$	68,367	
Total Office of the Principal			68,367

Transportation

Other Salaries and Wages	\$	40,795	
Social Security		2,624	
Employer Medicare		615	
Contracts with Parents		49,621	
Total Transportation			93,655

(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	\$	43,401	
Teachers		104,231	
Other Salaries and Wages		8,386	
Social Security		9,642	
State Retirement		13,373	
Medical Insurance		5,017	
Employer Medicare		2,255	
Travel		6,219	
Other Supplies and Materials		44,556	
Total Community Services			\$ 237,080

Capital Outlay

Regular Capital Outlay

Other Equipment	\$	6,644	
Total Regular Capital Outlay			6,644

Principal on Debt

Education

Principal on Capital Leases	\$	64,000	
Total Education			64,000

Total School Federal Projects Fund \$ 7,064,860

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	58,709	
Accountants/Bookkeepers		30,451	
Cafeteria Personnel		889,713	
Other Salaries and Wages		3,777	
Social Security		58,992	
State Retirement		69,412	
Medical Insurance		96,051	
Unemployment Compensation		1,855	
Employer Medicare		13,797	
Maintenance and Repair Services - Equipment		22,426	
Payments to Schools - Other		1,000	
Transportation - Other than Students		15,728	
Travel		7,016	

(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.)

Other Contracted Services	\$	33,735	
Food Supplies		995,995	
Uniforms		9,874	
Utilities		43,931	
USDA - Commodities		156,895	
Other Supplies and Materials		23,729	
Trustee's Commission		18	
Workers' Compensation Insurance		33,500	
In Service/Staff Development		3,797	
Food Service Equipment		32,920	
Total Food Service			\$ <u>2,603,321</u>

Total Central Cafeteria Fund \$ 2,603,321

Total Governmental Funds - Lauderdale County School Department \$ 41,416,958

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, 2011

	<u>Local Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,114,889
Total Cash Receipts	<u>\$ 2,114,889</u>
<u>Cash Disbursements</u>	
Contributions:	
General Debt Service Fund	\$ 644,065
General Purpose School Fund	550,000
Remittance of Revenues Collected	933,876
Trustee's Commission	21,149
Total Cash Disbursements	<u>\$ 2,149,090</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ (34,201)
Cash Balance, July 1, 2010	<u>2,532,181</u>
Cash Balance, June 30, 2011	<u><u>\$ 2,497,980</u></u>

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# SINGLE AUDIT SECTION

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

February 6, 2012

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, 2011, which collectively comprise Lauderdale County's basic financial statements and have issued our report thereon dated February 6, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Lauderdale County Emergency Communications District, which were not available from other auditors as of the date of this report. 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), and the discretely presented Lauderdale County Water System. 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 accompany Schedule of Findings and Questioned Costs to be material weaknesses: 11.02 and 11.11.

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: 11.01, 11.06, 11.07, 11.08, and 11.09.

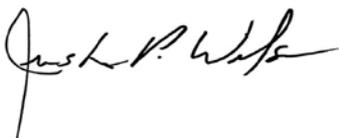
#### Compliance and Other Matters

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: 11.03, 11.04, 11.05, and 11.10.

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

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 6, 2012

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as items 11.04 and 11.12.

### 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.

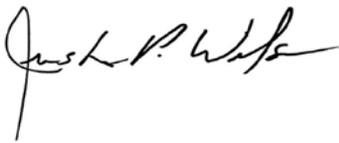
### Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated February 6, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Lauderdale County Emergency Communications District, which were not available from other auditors as of the date of

this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Lauderdale County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2011

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	00-09	\$ 5,993
Environmental Quality Incentives Program	10.912	(2)	19,590
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	657,543
National School Lunch Program	10.555	N/A	1,360,423 (7)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	156,895 (7)
Rural Business Enterprise Grants - ARRA	10.783	(3)	10,498
Total U.S. Department of Agriculture			\$ 2,210,942
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	GG-10-31114-00	\$ 291,500 (8)
Passed-through State Housing Development Agency:			
Community Development Block Grant - State's Program	14.228	(4)	570,318 (8)
Supportive Housing Program	14.235	TN37C707009	16,848
Total U.S. Department of Housing and Urban Development			\$ 878,666
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 167,612
Total U.S. Department of the Interior			\$ 167,612
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23436	\$ 4,635
Passed-through State Administrative Office of the Courts:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(3)	1,000
Total U.S. Department of Justice			\$ 5,635
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	\$ 1,966,157
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	868,352
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,183,296
Special Education - Preschool Grants	84.173	N/A	47,308
Special Education Grants to States, Recovery Act	84.391	N/A	479,932
Special Education - Preschool Grants, Recovery Act	84.392	N/A	6,739
Career and Technical Education - Basic Grants to States	84.048	N/A	174,605
Twenty-first Century Community Learning Centers	84.287	(3)	236,898
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(3)	6,800
Education Technology State Grants, Recovery Act	84.386	N/A	11,096
Rural Education	84.358	N/A	108,172
Improving Teacher Quality State Grants	84.367	N/A	282,637
School Improvement Grants	84.377	(3)	115,069
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	2,434,705
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	167,957

(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 (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	\$ 430,780
Education Jobs Fund	84.410	N/A	1,205,497
Total U.S. Department of Education			<u>\$ 9,726,000</u>
U.S. Department of Health and Human Services:			
Passed-through Dyersburg State Community College: Temporary Assistance for Needy Families	93.558	(3)	\$ 22,868
Passed-through State Department of Education: ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	52,799
Passed-through State Department of Health: Grants to States for Operation of Offices of Rural Health	93.913	Z-10-219807-00	40,945
Total U.S. Department of Health and Human Services			<u>\$ 116,612</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1909 DR TN	\$ 157,945
Emergency Management Performance Grants	97.042	34101-0000003817	10,288
Homeland Security Grant Program	97.067	08UASI-LAUD	99,999
Total U.S. Department of Homeland Security			<u>\$ 268,232</u>
Total Expenditures of Federal Awards			<u>\$ 13,373,699</u>
<u>State Grants</u>			
Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	GG-10-29743	\$ 9,000
Local Health Services - State Department of Health	N/A	(5)	110,516
Litter Grant - State Department of Transportation	N/A	(6)	23,326
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG-11-32258	68,571
Agriculture Resources Conservation Fund Program - State Department of Agriculture	N/A	(3)	28,595
Rural Library Computer Grant - State Library and Archives	N/A	(3)	11,311
Renovation and Expansion of Library - State Library and Archives	N/A	GG-11-34116	100,000
Lottery for Education: After School Programs - State Department of Education	N/A	(3)	71,947
Connect Tennessee - State Department of Education	N/A	(3)	2,474
High Schools That Work - State Department of Education	N/A	(3)	517
Early Childhood Education - State Department of Education	N/A	(3)	908,081
Energy Efficient School Initiative - State Department of Education	N/A	(3)	26,250
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-08-212993-02	10,528
Total State Grants			<u>\$ 1,371,116</u>

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) 68-4741-0-928: \$9,929; 68-4741-1-044: \$9,661.
- (3) Information not available.
- (4) NSP 1-09-042: \$348,372; NSP 1-09-25-005: \$221,946.
- (5) GG-11-33133: \$80,915; Z-10-219807-00: \$29,601.
- (6) GG-8-16-10: \$17,199; Z-10-220349-00: \$6,127.
- (7) Total for CFDA No. 10.555 is \$1,517,318.
- (8) Total for CFDA No. 14.228 is \$861,818.

Lauderdale County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*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, 2010, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

Finding Number	Page Number	Subject
10.03	183	The office had deficiencies in purchasing procedures

**OFFICE OF HIGHWAY COMMISSIONER**

Finding Number	Page Number	Subject
10.06	184	The office had deficiencies in purchasing procedures

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
10.07	185	Expenditures exceeded appropriations

**OFFICE OF TRUSTEE**

Finding Number	Page Number	Subject
10.10	187	The trustee's depository used an unauthorized method to pay warrants
10.11	188	The office did not implement adequate controls to protect its information resources

**OFFICE OF REGISTER**

Finding Number	Page Number	Subject
10.13	189	The register allowed individuals unsupervised access to the office after business hours

**OFFICE OF SHERIFF**

Finding Number	Page Number	Subject
10.14	189	Duties were not segregated adequately in the office

**OTHER FINDING**

Finding Number	Page Number	Subject
10.15	190	Lauderdale County has a material recurring audit finding

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**LAUDERDALE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2011**

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

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Lauderdale County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Lauderdale County.
4. The audit disclosed no significant deficiencies in internal controls 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 Community Development Block Grant - State's Program (CFDA No. 14.228); 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); State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$401,211 threshold was used to distinguish between Type A and Type B federal programs.
9. Lauderdale County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

### **OFFICES OF COUNTY MAYOR AND HIGHWAY COMMISSIONER**

#### **FINDING 11.01      **THE OFFICES HAD DEFICIENCIES IN PURCHASING PROCEDURES****

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our audit of the Offices of County Mayor and Highway Commissioner 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 offices did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the offices 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.

---

### **OFFICES OF HIGHWAY COMMISSIONER AND DIRECTOR OF SCHOOLS**

#### **FINDING 11.02      **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION****

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, certain general ledger account balances of the Highway/Public Works, General Purpose School, and School Federal Projects funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Lauderdale County and the School Department to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material

weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. 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 and the School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

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**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 11.03**      **EXPENDITURES EXCEEDED APPROPRIATIONS**  
(Noncompliance Under *Government Auditing Standards*)

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Regular Capital Outlay major appropriation category (the legal level of control) in the General Purpose School Fund by \$149,528. 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 properly reflect encumbrances associated with school renovation contracts. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit.

**RECOMMENDATION**

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

---

**FINDING 11.04**      **COMPETITIVE BIDS WERE NOT SOLICITED FOR PURCHASES MADE WITH FEDERAL GRANT FUNDS**  
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

Competitive bids were not solicited for the purchase of wireless service for several schools totaling \$248,224. This purchase was made using federal grant funds under the Title I Grants to Local Educational Agencies, Recovery Act (CFDA 84.389) federal program and was an allowable program expenditure. U.S. Office of Management and Budget (OMB) Circular A-133 requires local governments to follow applicable state and local laws and regulations for procurements made with grant funds. Section 49-2-203, *Tennessee Code*

*Annotated*, requires all purchases exceeding \$10,000 to be based on competitive bids solicited through public advertisement. This deficiency can be attributed to a lack of management oversight. The failure to solicit competitive bids could result in the department paying more than the competitive price.

#### RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute and OMB Circular A-133.

---

#### OFFICE OF TRUSTEE

FINDING 11.05      **THE TRUSTEE’S DEPOSITORY USED AN UNAUTHORIZED METHOD TO PAY WARRANTS**  
(Noncompliance Under *Government Auditing Standards*)

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

#### RECOMMENDATION

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

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FINDING 11.06      **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office’s information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business

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

#### RECOMMENDATION

The office should ensure that adequate controls over its information systems and the resources associated with those systems are implemented.

---

#### OFFICE OF CLERK AND MASTER

FINDING 11.07      **THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The software application used by the office generated a daily log that displayed changes made by the users. This log provided the only audit trail of these changes and should be reviewed for inappropriate activity. Since management was not aware of its existence, the official did not begin reviewing this log until we brought it to her attention in June 2011. Procedures for reviewing this log are currently in place.

---

#### OFFICE OF REGISTER

FINDING 11.08      **THE REGISTER ALLOWED INDIVIDUALS UNSUPERVISED ACCESS TO THE OFFICE AFTER BUSINESS HOURS**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination disclosed that the register did not adequately control access to the office. Individuals who were not office employees had unsupervised access to the office after business hours. Sound business practices dictate that unsupervised access to the office after business hours weakens internal controls over assets. This deficiency is the result of management's decision to allow lawyers and title researchers to have keys to the office to research documents. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

#### RECOMMENDATION

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

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## OFFICE OF SHERIFF

### FINDING 11.09

#### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

(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.

---

### FINDING 11.10

#### **A CASH SHORTAGE OF AT LEAST \$4,102.70 EXISTED IN THE OFFICE**

(Noncompliance Under *Government Auditing Standards*)

During the audit of the Sheriff's Department, we questioned various undercover transactions of a county deputy, and the deputy admitted to us that he falsified some paperwork on his agent's activity log. As a result, our office and the Tennessee Bureau of Investigation (TBI) began an investigation of the agent's activity log for the period July 1, 2009, through June 30, 2010, and a review of payroll records and cell phone usage. Our investigation revealed falsified entries related to drug buys and informant payments totaling \$3,595. In addition, the deputy admitted to personal cell phone usage totaling \$350.30, and the falsification of compensatory time records totaling \$157.40. Therefore, the various amounts of the cash shortage totaled \$4,102.70; however, due to falsified records, the amount of the shortage could be higher. The deputy reimbursed the sheriff's confidential funds account \$1,275 in April 2010, \$525 in June 2010, and \$2,302.70 in June 2011, which liquidated the \$4,201.70 cash shortage. The deputy's employment was terminated on March 1, 2011.

The following events and internal control weaknesses are related to the cash shortage:

1. Details related to the falsified entries in the agent's activity log totaling \$3,595 were as follows:
  - A. On September 10, 2009, the deputy recorded a \$350 purchase of cocaine from confidential funds; however, he later admitted that he actually purchased a .38 caliber handgun for the \$350 and paid a confidential informant \$175 to

complete a \$525 transaction. According to the deputy, the Bureau of Alcohol Tobacco, Firearms, and Explosives (ATF) reimbursed him for this transaction. The ATF later advised us they did reimburse the deputy for the handgun purchase and payment to the confidential informant; however, the deputy never receipted these funds back into the confidential account. According to the deputy, he placed flour in a bag as evidence of a drug buy in case auditors asked for evidence of the purchase.

- B. On September 12, 2009, the agent's activity log reflected a \$100 loan of confidential funds to a confidential informant. The sheriff had previously advised the deputy to never loan money to an informant. This loan was never repaid.
  - C. On November 7, 2009, the deputy recorded a \$1,200 purchase of a green leafy substance and a \$75 payment to a confidential informant. The deputy later admitted this transaction never occurred, but was recorded to cover for other unaccounted transactions. When auditors asked for evidence in this case, the deputy presented two pounds of marijuana seized from another case.
  - D. On December 16, 2009, the deputy recorded a \$250 purchase of a green leafy substance and a \$75 payment to a confidential informant. The deputy admitted to signing the name of an ATF agent as a witness to the transaction. The deputy also stated that he was not sure if this transaction was legitimate or bogus. However, no drugs related to this buy were ever submitted as evidence.
  - E. On January 16, 2010, the deputy recorded a \$500 payment to a confidential informant in the agent's log. The deputy advised that this entry was false, and that he had used these funds personally.
  - F. On June 7, 2010, the deputy recorded an \$870 payment to relocate a confidential informant. The deputy admitted that this amount was an estimate of loans he had made to confidential informants but he was never repaid. This entry was made in an attempt to account for the unauthorized loans.
2. The September 2009, cell phone bill for the deputy reflected \$350.30 of charges for text messages. The deputy admitted these charges were for personal use and that he would reimburse the county for these charges.
  3. For the period July 1, 2009, through July 31, 2010, the county paid compensatory time to the deputy totaling \$9,978.42. The time records were all properly approved by management. When questioned about the amount of compensatory time he had worked, the deputy admitted to overstating the compensatory time during this period for 10.5 hours, which calculates to an overpayment of \$157.40.
  4. During our investigation, we noted seven instances where evidence collected on cases was not sent to the TBI's crime lab for testing.

The following table summarizes the cash shortage:

<u>Description</u>	<u>Date</u>	<u>Amount</u>
Falsified Entries	9-10-09	\$ 350.00
"	9-10-09	175.00
"	9-12-09	100.00
"	11-7-09	1,200.00
"	11-7-09	75.00
"	12-16-09	250.00
"	12-16-09	75.00
"	1-12-10	500.00
"	6-7-10	870.00
Subtotal		<u>\$ 3,595.00</u>
Personal Cell Phone Usage		350.30
Unearned Compensatory Time		<u>157.40</u>
Total Identified Cash Shortage		<u><u>\$ 4,102.70</u></u>

This finding has been discussed with the district attorney general.

**RECOMMENDATION**

Management should review agent's activity logs, evidence, and crime lab reports to verify the accountability of confidential funds and authenticity of evidence.

**LAUDERDALE COUNTY**

**FINDING 11.11**      **LAUDERDALE COUNTY HAS A MATERIAL RECURRING  
AUDIT FINDING**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Lauderdale County has a material audit finding that has been reported in its Annual Financial Report for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
11.02, 10.02, 09.02, and 09.06	Several funds required material audit adjustments for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. 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*.

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### BEST PRACTICE

#### **LAUDERDALE COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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**

<u>Federal Agency</u>	<u>Finding Number</u>	<u>Federal CFDA Number</u>	<u>Criteria</u>	<u>Explanation</u>	<u>Amount Questioned</u>
U.S. Department of Education: Passed-through State Department of Education: Title I Grants to Local Educational Agencies, Recovery Act	11.12	84.389	Circular A-133, Part 3 (f)	Noncompliance, see Finding 11.04 - The Lauderdale County School Department did not solicit competitive bids for purchases made with federal grant funds	\$ 0

**LAUDERDALE COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2011**

There were audit findings relative to federal awards presented in the prior- and current-years' Schedules of Findings and Questioned Costs.

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

**FINDINGS 11.04 and 11.12**

Contact person: Joey Hassell, Director of Schools

Corrective action planned: In the future, the School Department will follow all bid processes as required by OMB Circular A-133, as well as Section 49-2-203, *Tennessee Code Annotated*.

Anticipated completion date: 2011-12 fiscal year

**Director of Schools – Summary Schedule of Prior-Year's Findings**

**FINDINGS 10.08 and 10.16**

Cost centers were added to ARRA grants for the 2010-11 school year.