

**ANNUAL FINANCIAL REPORT
LAUDERDALE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT
LAUDERDALE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director***

***JAN PAGE, CPA, CFE
Audit Manager***

***LEE ANN WEST, CPA, CGFM
Auditor 4***

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

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

LAUDERDALE COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Lauderdale County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Lauderdale County as of and for the year ended June 30, 2012.

Results

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

Our audit resulted in 14 findings and recommendations, which we have reviewed with Lauderdale County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

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

OFFICE OF COUNTY MAYOR

- ◆ Animal Shelter collections were not receipted, deposited, and disbursed properly.
-

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

- ◆ The office did not properly issue purchase orders.
 - ◆ The School Department violated the conflict of interest statute by contracting for mowing services from a school board member's spouse.
-

OFFICE OF TRUSTEE

- ◆ The trustee's depository used an unauthorized method to pay warrants.
 - ◆ Unauthorized securities were pledged as collateral.
 - ◆ The office had deficiencies in computer system backup procedures.
-

OFFICE OF REGISTER

- ◆ The register allowed individuals unsupervised access to the office after business hours.
 - ◆ A username with a shared password existed on the system.
-

OFFICE OF SHERIFF

- ◆ A theft occurred at the Sheriff's Department.
 - ◆ Inventory records were not maintained for evidence and seized property.
 - ◆ Duties were not segregated adequately.
-

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 Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Lauderdale County.

INTRODUCTORY SECTION

Lauderdale County Officials

June 30, 2012

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	Debra 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.

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

February 6, 2013

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, 2012, 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 Ambulance Authority (nonmajor special revenue fund), which represent 12 percent and 95 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Also, we did not audit the financial statements of the discretely presented Lauderdale County Water System, which represent 19 percent and three percent, respectively, of the assets and revenues of the aggregate discretely presented component units and the discretely presented Lauderdale County Emergency Communications District, which represent three percent and one 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 Ambulance Authority, Lauderdale County Water System, and Lauderdale County Emergency Communications District, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the

United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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, 2013, 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.

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 81 through 87 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,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Lauderdale County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
<u>ASSETS</u>						
Cash	\$ 172,438	\$ 0	\$ 172,438	\$ 0	\$ 17,896	\$ 770,022
Equity in Pooled Cash and Investments	6,679,407	1,264,276	7,943,683	3,000,638	2,586,828	0
Inventories	0	0	0	0	50,704	0
Accounts Receivable	613,284	49,182	662,466	8,587	116,639	16,988
Allowance for Uncollectibles	(224,182)	0	(224,182)	0	0	0
Due from Other Governments	3,030,882	1,558	3,032,440	1,140,867	0	0
Due from Primary Government	0	0	0	67,629	0	0
Property Taxes Receivable	6,599,653	0	6,599,653	2,922,808	0	0
Allowance for Uncollectible Property Taxes	(409,095)	0	(409,095)	(191,005)	0	0
Prepaid Items	0	0	0	0	16,763	0
Accrued Interest Receivable	0	0	0	9,239	0	283
Deferred Charges - Debt Issuance Costs	194,198	0	194,198	0	0	0
Capital Assets:						
Assets Not Depreciated:						
Land	912,427	160,000	1,072,427	1,378,648	10,000	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	5,964,143	214,674	6,178,817	17,907,678	4,129,020	125,692
Infrastructure	1,877,443	0	1,877,443	184,443	0	0
Other Capital Assets	1,395,157	138,301	1,533,458	2,442,226	176,133	341,525
Total Assets	\$ 26,805,755	\$ 1,827,991	\$ 28,633,746	\$ 28,871,758	\$ 7,103,983	\$ 1,254,510

LIABILITIES

Accounts Payable	\$ 6,866	\$ 0	\$ 6,866	\$ 0	\$ 11,950	\$ 4,096
Accrued Payroll	25,392	0	25,392	0	24,290	0
Payroll Deductions Payable	2,053	0	2,053	601,401	0	0
Accrued Leave	0	0	0	0	0	2,493
Contracts Payable	0	0	0	65,550	0	0
Retainage Payable	0	0	0	3,450	0	0
Due to Component Units	67,629	0	67,629	0	0	0
Due to State of Tennessee	3,662	0	3,662	0	0	0
Accrued Interest Payable	77,382	0	77,382	3,503	1,666	0

(Continued)

Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
	\$	0 \$	0 \$	\$	184,508 \$	0
Customer Deposits Payable						
Deferred Revenue - Current Property Taxes	5,926,370	0	5,926,370	2,600,749	0	0
Health Insurance Payments	916	0	916	0	0	0
Noncurrent Liabilities:						
Due Within One Year	2,077,192	7,015	2,084,207	108,223	19,126	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	13,955,200	157,606	14,112,806	893,068	674,344	0
Total Liabilities	\$ 22,142,662	\$ 164,621	\$ 22,307,283	\$ 4,275,914	\$ 915,884	\$ 6,589
	\$	8,425,314 \$	0 \$	8,425,314 \$	3,621,683 \$	0
Invested in Capital Assets, Net of Related Debt						
Invested in Capital Assets	0	512,975	512,975	21,912,995	0	467,217
Restricted for:						
Administration of Justice	134,756	0	134,756	0	0	0
Public Safety	18,415	0	18,415	0	0	0
Public Health and Welfare	503,045	0	503,045	0	0	0
Social, Cultural, and Recreational Services	159,136	0	159,136	0	0	0
Highways/Public Works	1,439,533	0	1,439,533	0	0	0
Debt Service	4,029,706	0	4,029,706	0	0	0
Capital Projects	351,632	0	351,632	622,882	0	0
Education	0	0	0	245,631	0	0
Operation of Non-Instructional Services	0	0	0	801,429	0	0
Unrestricted	(10,398,444)	1,150,395	(9,248,049)	1,012,877	2,566,416	780,704
Total Net Assets	\$ 4,663,093	\$ 1,663,370	\$ 6,326,463	\$ 24,595,814	\$ 6,188,099	\$ 1,247,921

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

Exhibit B

Lauderdale County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues				Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 1,538,930	\$ 156,171	\$ 15,671	\$ 0	\$ (1,367,088)	\$ 0	\$ (1,367,088)	\$ 0	\$ 0	\$ 0
Finance	713,870	630,055	0	0	(83,815)	0	(83,815)	0	0	0
Administration of Justice	1,663,209	565,522	82,071	0	(1,015,616)	0	(1,015,616)	0	0	0
Public Safety	4,538,881	1,252,315	251,160	0	(3,035,406)	0	(3,035,406)	0	0	0
Public Health and Welfare	1,577,831	1,256,653	183,060	4,714	(133,404)	0	(133,404)	0	0	0
Social, Cultural, and Recreational Services	428,564	3,871	2,600	0	(422,093)	0	(422,093)	0	0	0
Agriculture and Natural Resources	196,372	0	37,745	0	(158,627)	0	(158,627)	0	0	0
Other Operations	230,642	0	22,356	0	(208,286)	0	(208,286)	0	0	0
Highways/Public Works	3,230,010	342,324	1,724,494	444,507	(718,685)	0	(718,685)	0	0	0
Education	1,046,428	0	0	0	(1,046,428)	0	(1,046,428)	0	0	0
Interest on Long-term Debt	578,186	4,034	1,865,018	0	1,290,866	0	1,290,866	0	0	0
Other Debt Service	25,541	0	0	0	(25,541)	0	(25,541)	0	0	0
Total Governmental Activities	\$ 15,768,464	\$ 4,210,945	\$ 4,184,175	\$ 449,221	\$ (6,924,123)	\$ 0	\$ (6,924,123)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Solid Waste Disposal	\$ 501,426	\$ 516,821	\$ 76,186	\$ 0	\$ 0	\$ 91,581	\$ 91,581	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 16,269,890	\$ 4,727,766	\$ 4,260,361	\$ 449,221	\$ (6,924,123)	\$ 91,581	\$ (6,832,542)	\$ 0	\$ 0	\$ 0
Component Units:										
Lauderdale County School Department	\$ 39,667,946	\$ 562,441	\$ 7,265,395	\$ 1,141,040	\$ 0	\$ 0	\$ (30,699,070)	\$ 0	\$ 0	\$ 0
Lauderdale County Water System	1,272,342	1,181,371	0	0	0	0	0	(90,971)	0	0
Emergency Communications District	380,816	198,834	217,307	0	0	0	0	0	35,325	0
Total Component Units	\$ 41,321,104	\$ 1,942,646	\$ 7,482,702	\$ 1,141,040	\$ 0	\$ 0	\$ (30,699,070)	\$ (90,971)	\$ 35,325	\$ 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	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Lauderdale County School Department	Lauderdale County Water System
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes		\$ 5,882,783	\$ 0	\$ 5,882,783	\$ 3,073,857	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service		365,060	0	365,060	0	0	0	0
Local Option Sales Taxes		0	0	0	1,855,722	0	0	0
Wheel Tax		968,721	0	968,721	176,069	0	0	0
Other Local Taxes		240,021	0	240,021	1,726	0	0	0
Grants and Contributions Not Restricted to Specific Programs		490,065	0	490,065	25,699,957	0	0	0
Unrestricted Investment Income		4,212	13,044	17,256	135,825	24,239	5,538	5,538
Miscellaneous		100,787	12,206	112,993	82,857	3,040	16,189	16,189
Total General Revenues		\$ 8,051,649	\$ 25,250	\$ 8,076,899	\$ 31,026,013	\$ 27,279	\$ 21,727	\$ 21,727
Change in Net Assets		\$ 1,127,526	\$ 116,831	\$ 1,244,357	\$ 326,943	\$ (63,692)	\$ 57,052	\$ 57,052
Net Assets, July 1, 2011		3,182,806	1,546,539	4,729,345	24,268,871	6,251,791	1,190,869	1,190,869
Prior-period Adjustment		352,761	0	352,761	0	0	0	0
Net Assets, June 30, 2012		\$ 4,663,093	\$ 1,663,370	\$ 6,326,463	\$ 24,595,814	\$ 6,188,099	\$ 1,247,921	\$ 1,247,921

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

Lauderdale County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental	
\$	0	0	0	0	172,438	\$ 172,438
Equity in Pooled Cash and Investments	3,692,578	1,167,196	1,347,475	470,872	6,678,121	6,678,121
Accounts Receivable	26,177	11,245	84	575,778	613,284	613,284
Allowance for Uncollectibles	0	0	0	(224,182)	(224,182)	(224,182)
Due from Other Governments	270,222	313,911	2,442,664	4,085	3,030,882	3,030,882
Due from Other Funds	1,614	0	0	1,286	2,900	2,900
Property Taxes Receivable	5,178,361	780,251	641,041	0	6,599,653	6,599,653
Allowance for Uncollectible Property Taxes	(327,325)	(50,758)	(31,012)	0	(409,095)	(409,095)
Total Assets	\$ 8,841,627	\$ 2,221,845	\$ 4,400,252	\$ 1,000,277	\$ 16,464,001	

ASSETS

Cash	0
Equity in Pooled Cash and Investments	3,692,578
Accounts Receivable	26,177
Allowance for Uncollectibles	0
Due from Other Governments	270,222
Due from Other Funds	1,614
Property Taxes Receivable	5,178,361
Allowance for Uncollectible Property Taxes	(327,325)
Total Assets	\$ 8,841,627

LIABILITIES AND FUND BALANCES

Accounts Payable	0	0	0	6,866	6,866
Accrued Payroll	0	0	0	25,392	25,392
Payroll Deductions Payable	0	2,053	0	0	2,053
Due to Other Funds	0	0	0	1,614	1,614
Due to Component Units	67,629	0	0	0	67,629
Due to State of Tennessee	3,662	0	0	0	3,662
Deferred Revenue - Current Property Taxes	4,634,689	694,840	596,841	0	5,926,370
Deferred Revenue - Delinquent Property Taxes	197,795	31,680	12,053	0	241,528
Other Deferred Revenues	29,651	157,268	0	0	186,919
Health Insurance Payments	0	916	0	0	916
Total Liabilities	\$ 4,933,426	\$ 886,757	\$ 608,894	\$ 33,872	\$ 6,462,949

(Continued)

Lauderdale County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
\$	30,162	0	0	104,594	\$	134,756
	5,442	0	0	12,973		18,415
	9,883	0	0	493,162		503,045
	155,092	0	0	4,044		159,136
	0	1,250,585	0	0		1,250,585
	0	0	3,791,358	0		3,791,358
	0	0	0	351,632		351,632
	0	84,503	0	0		84,503
	3,707,622	0	0	0		3,707,622
\$	3,908,201	1,335,088	3,791,358	966,405	\$	10,001,052
\$	8,841,627	2,221,845	4,400,252	1,000,277	\$	16,464,001

LIABILITIES AND FUND BALANCES (CONT.)

<u>Fund Balances</u>	
Restricted:	
Restricted for Administration of Justice	
Restricted for Public Safety	
Restricted for Public Health and Welfare	
Restricted for Social, Cultural, and Recreational Services	
Restricted for Highways/Public Works	
Restricted for Debt Service	
Restricted for Capital Projects	
Committed:	
Committed for Highways/Public Works	
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, 2012

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)		\$ 10,001,052	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	912,427	
Add: buildings and improvements net of accumulated depreciation		5,964,143	
Add: infrastructure net of accumulated depreciation		1,877,443	
Add: other capital assets net of accumulated depreciation		<u>1,395,157</u>	10,149,170
(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	\$	(255,951)	
Less: other loans payable		(3,236,807)	
Less: bonds payable		(12,685,000)	
Less: accrued interest on bonds		(77,382)	
Less: unamortized premium on debt		(158,311)	
Add: deferred amount on refunding		303,677	
Add: deferred charges - debt issuance costs		<u>194,198</u>	(15,915,576)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>428,447</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 4,663,093</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, 2012

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 6,311,581	\$ 933,734	\$ 422,813	\$ 1,003	\$ 7,669,131
Licenses and Permits	37,821	515	197	0	38,533
Fines, Forfeitures, and Penalties	124,215	0	0	52,646	176,861
Charges for Current Services	85,371	0	0	1,249,295	1,334,666
Other Local Revenues	171,426	24,557	0	318	196,301
Fees Received from County Officials	1,092,571	0	0	0	1,092,571
State of Tennessee	1,404,055	2,262,319	0	0	3,666,374
Federal Government	302,751	189,949	0	4,714	497,414
Other Governments and Citizens Groups	282,810	98,325	1,865,018	1,286	2,247,439
Total Revenues	\$ 9,812,601	\$ 3,509,399	\$ 2,288,028	\$ 1,309,262	\$ 16,919,290
Expenditures					
Current:					
General Government	\$ 1,410,873	\$ 0	\$ 0	\$ 47	\$ 1,410,920
Finance	643,799	0	0	0	643,799
Administration of Justice	1,470,918	0	0	9,929	1,480,847
Public Safety	4,053,272	0	0	26,089	4,079,361
Public Health and Welfare	388,422	0	0	1,056,723	1,445,145
Social, Cultural, and Recreational Services	217,233	0	0	1,590	218,823
Agriculture and Natural Resources	175,321	0	0	0	175,321
Other Operations	864,582	0	0	0	864,582
Highways	0	3,453,380	0	0	3,453,380
Instruction	21,650	0	0	0	21,650
Debt Service:					
Principal on Debt	0	0	1,904,646	0	1,904,646
Interest on Debt	0	0	625,604	0	625,604
Other Debt Service	0	0	158,689	0	158,689
Capital Projects	0	0	0	1,030,778	1,030,778
Total Expenditures	\$ 9,246,070	\$ 3,453,380	\$ 2,688,939	\$ 2,125,156	\$ 17,513,545
Excess (Deficiency) of Revenues Over Expenditures	\$ 566,531	\$ 56,019	\$ (400,911)	\$ (815,894)	\$ (594,255)
Other Financing Sources (Uses)					
Refunding Debt Issued	\$ 0	\$ 0	\$ 9,230,000	\$ 0	\$ 9,230,000
Premiums on Debt Issued	0	0	158,163	0	158,163
Insurance Recovery	8,330	0	0	0	8,330
Payments to Refunded Debt Escrow Agent	0	0	(9,239,308)	0	(9,239,308)
Total Other Financing Sources (Uses)	\$ 8,330	\$ 0	\$ 148,855	\$ 0	\$ 157,185
Net Change in Fund Balances	\$ 574,861	\$ 56,019	\$ (252,056)	\$ (815,894)	\$ (437,070)
Fund Balance, July 1, 2011	3,333,340	1,279,069	4,043,414	1,782,299	10,438,122
Fund Balance, June 30, 2012	\$ 3,908,201	\$ 1,335,088	\$ 3,791,358	\$ 966,405	\$ 10,001,052

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, 2012

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)		\$ (437,070)	
(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	\$ 710,448		
Less: current-year depreciation expense	<u>(1,058,909)</u>	(348,461)	
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 428,447		
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(455,781)</u>	(27,334)	
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: refunding bond proceeds	\$ (9,230,000)		
Add: refunded bond principal	8,945,000		
Add: principal payments on notes	115,453		
Add: principal payments on other loans	184,193		
Add: principal payments on bonds	1,605,000		
Add: change in deferred debt issuance costs	137,395		
Add: change in deferred amount on refunding debt	290,061		
Less: change in premium on debt issuances	<u>(154,129)</u>	1,892,973	
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable		<u>47,418</u>	
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,127,526</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, 2012

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,264,276
Accounts Receivable	49,182
Due from Other Governments	1,558
Total Current Assets	<u>\$ 1,315,016</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 160,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	214,674
Other Capital Assets	138,301
Total Noncurrent Assets	<u>\$ 512,975</u>
Total Assets	<u>\$ 1,827,991</u>
<u>LIABILITIES</u>	
Noncurrent Liabilities:	
Due Within One Year	\$ 7,015
Due in More Than One Year	157,606
Total Liabilities	<u>\$ 164,621</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 512,975
Unrestricted	<u>1,150,395</u>
Total Net Assets	<u>\$ 1,663,370</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, 2012

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>Operating Revenues</u>	
Tipping Fees	\$ 512,308
Sale of Recycled Materials	3,913
Other General Service Charges	600
Total Operating Revenues	<u>\$ 516,821</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 27,514
Salary Supplements	5,000
Equipment Operators	47,944
Social Security	4,387
State Retirement	6,984
Employee and Dependent Insurance	19,724
Employer Medicare	1,026
Communication	1,010
Contracts with Private Agencies	267,882
Maintenance Agreements	5,500
Maintenance and Repair Services - Buildings	517
Maintenance and Repair Services - Equipment	15,502
Travel	636
Diesel Fuel	6,553
Gasoline	2,292
Office Supplies	382
Utilities	3,000
Other Supplies and Materials	838
Building and Contents Insurance	213
Medical Claims	9,660
Trustee's Commission	137
Vehicle and Equipment Insurance	525
Worker's Compensation Insurance	3,063
Depreciation	39,973
Landfill Closure/Postclosure Care Costs	3,859
Office Equipment	27,305
Total Operating Expenses	<u>\$ 501,426</u>
Operating Income (Loss)	<u>\$ 15,395</u>

(Continued)

Exhibit D-2

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

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 13,044
Disaster Relief Grants	67,997
Solid Waste Grants	8,189
Insurance Recovery	12,206
Total Nonoperating Revenues (Expenses)	<u>\$ 101,436</u>
Change in Net Assets	\$ 116,831
Net Assets, July 1, 2011	<u>1,546,539</u>
Net Assets, June 30, 2012	<u><u>\$ 1,663,370</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, 2012

	<u>Business-type Activities Major Fund Solid Waste Disposal</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 538,375
Receipts from Others	4,513
Payments for Waste Collections and Disposal Activity	(464,608)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 78,280</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from Grants	\$ 76,185
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 76,185</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Insurance Recovery	\$ 12,206
	<u>\$ 12,206</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 13,044
Net Cash Provided By (Used In) Investing Activities	<u>\$ 13,044</u>
Increase (Decrease) in Cash	\$ 179,715
Cash, July 1, 2011	<u>1,084,561</u>
Cash, June 30, 2012	<u>\$ 1,264,276</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 15,395
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	39,973
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	21,432
(Increase) Decrease in Due from Other Governments	4,636
Increase (Decrease) in Accrued Liability for Landfill Closure/Postclosure Care Costs	<u>(3,156)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 78,280</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash Per Net Assets	\$ 1,264,276
Cash, June 30, 2012	<u>\$ 1,264,276</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 639,458
Equity in Pooled Cash and Investments	2,571,611
Accounts Receivable	2,587
Due from Other Governments	<u>368,103</u>
Total Assets	<u>\$ 3,581,759</u>
<u>LIABILITIES</u>	
Due to Cities	\$ 161,821
Due to Other Taxing Units	2,439,725
Due to Litigants, Heirs, and Others	642,045
Due to Joint Ventures	<u>338,168</u>
Total Liabilities	<u>\$ 3,581,759</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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lauderdale County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Lauderdale County:

A. Reporting Entity

Lauderdale County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Lauderdale County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Lauderdale County School Department operates the public school system in the county, and the voters of Lauderdale County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Lauderdale County Water System provides water to the residents of Lauderdale County in unincorporated areas. The system's governing body is appointed by the Lauderdale County Commission, and its operating budget is subject to the County Commission's approval.

The Lauderdale County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Lauderdale County, and the Lauderdale County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Lauderdale County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Lauderdale County Water System and the Lauderdale County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. The primary government of Lauderdale County has one business-type activity to report (the Solid Waste Disposal Fund). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Lauderdale County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given

function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Lauderdale County issues all debt for the discretely presented Lauderdale County School Department. Net debt issues of \$1,024,778 were contributed to the School Department during the year ended June 30, 2012.

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.

Lauderdale County reports the following major proprietary fund:

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

Additionally, Lauderdale County reports the following fund types:

Capital Projects Funds – These funds are used to account for general capital expenditures of the county and for debt issued by Lauderdale County that is subsequently contributed to the discretely presented Lauderdale County School Department for construction and renovation projects.

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 is used to account 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.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Lunch sales and federal USDA funds are the foundational revenues of this fund.

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.

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 (with the exception of the Lauderdale County Ambulance Service, special revenue fund), 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 3.4 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.

Retainage payable in the discretely presented Lauderdale County School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

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 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, 2012, Lauderdale County had \$14,456,091 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.

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.

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, and shall remain binding unless removed in the same manner.

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 Commission has authorized the county’s Budget Committee to make assignments for general government. The Board of Education makes assignments for the School Department.

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 Adjustment

Capital assets were restated \$352,761 from the prior year because four properties had been omitted.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Lauderdale County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net changes in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Lauderdale County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net changes in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the District Attorney General and the Constitutional Officers - Fees funds (special revenue funds), which are not budgeted, and the capital funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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, 2012, Lauderdale County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
School Department:		
Major Fund:		
General Purpose School	School Renovations	\$ 622,882

B. The County Had Deposits Exposed to Custodial Credit Risk

County funds at the trustee's depositories were secured by collateral pledged by the depositories. However, one depository had securities pledged which included obligations of school districts and a county of other states, which are not a type of security authorized by Section 9-4-103, *Tennessee Code Annotated*. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation, or an irrevocable letter of credit issued by the federal home loan bank. The depository discovered the error during September 2012, and changed the securities pledged to types authorized by state statute.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Lauderdale County (with the exception of the Lauderdale County Ambulance Service, special revenue fund), 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.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Lauderdale County's deposits may not be returned to it. Lauderdale County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Lauderdale County (excluding the Lauderdale County Ambulance Service, special revenue fund), the discretely presented Lauderdale County School Department, and the discretely presented Lauderdale County Water System since all pool their deposits and investments through the county trustee. As of June 30, 2012, bank balances of \$382,214 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 382,214
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The above \$382,214 was in the pooled bank balances and consisted of demand deposits and certificates of deposit reported in the Trustee's Office. Although collateral was pledged by the depository to secure deposits, some of the collateral did not meet requirements of state statutes; therefore, the deposits are categorized above as uncollateralized. Subsequent to June 30, 2012, the depository pledged collateral that did meet requirements of state statutes.

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, 2012, 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 (excluding the Lauderdale County Ambulance Service, special revenue fund), the discretely

presented Lauderdale County School Department, and the discretely presented Lauderdale County Water System since all pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Cost
State Treasurer's Investment Pool	6 to 164	\$ 355,835

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, 2012, 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, 2012, was as follows:

Primary Government

Governmental Activities:

	Restated*			
	Balance			Balance
	7-1-11	Increases	Decreases	6-30-12
Capital Assets Not Depreciated:				
Land	\$ 912,427	\$ 0	\$ 0	\$ 912,427
Total Capital Assets Not Depreciated				
	\$ 912,427	\$ 0	\$ 0	\$ 912,427
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,085,308	\$ 85,623	\$ 0	\$ 11,170,931
Infrastructure	2,162,230	252,392	0	2,414,622
Other Capital Assets	5,071,713	372,433	46,363	5,397,783
Total Capital Assets Depreciated				
	\$ 18,319,251	\$ 710,448	\$ 46,363	\$ 18,983,336

Governmental Activities (Cont.):

	Restated*			
	Balance			Balance
	7-1-11	Increases	Decreases	6-30-12
Less Accumulated				
Depreciation For:				
Buildings and Improvements	\$ 4,774,421	\$ 432,367	\$ 0	\$ 5,206,788
Infrastructure	456,131	81,048	0	537,179
Other Capital Assets	3,503,495	545,494	46,363	4,002,626
Total Accumulated				
Depreciation	<u>\$ 8,734,047</u>	<u>\$ 1,058,909</u>	<u>\$ 46,363</u>	<u>\$ 9,746,593</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 9,585,204</u>	<u>\$ (348,461)</u>	<u>\$ 0</u>	<u>\$ 9,236,743</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 10,497,631</u>	<u>\$ (348,461)</u>	<u>\$ 0</u>	<u>\$ 10,149,170</u>

*See Note I.D.7. for prior-period adjustment.

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

Governmental Activities:

General Government	\$ 41,650
Finance	16,517
Administration of Justice	96,134
Public Safety	364,328
Public Health and Welfare	108,122
Social, Cultural, and Recreational Services	42,421
Highway/Public Works	<u>389,737</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 1,058,909</u>

Business-type Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	\$ 160,000	\$ 0	\$ 160,000
Total Capital Assets Not Depreciated	\$ 160,000	\$ 0	\$ 160,000
Capital Assets Depreciated:			
Buildings and Improvements	\$ 300,418	\$ 0	\$ 300,418
Other Capital Assets	625,602	0	625,602
Total Capital Assets Depreciated	\$ 926,020	\$ 0	\$ 926,020
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 78,234	\$ 7,510	\$ 85,744
Other Capital Assets	454,838	32,463	487,301
Total Accumulated Depreciation	\$ 533,072	\$ 39,973	\$ 573,045
Total Capital Assets Depreciated, Net	\$ 392,948	\$ (39,973)	\$ 352,975
Business-type Activities Capital Assets, Net	\$ 552,948	\$ (39,973)	\$ 512,975

Depreciation expense for the business-type activities was \$39,973. The business-type activities had no decreases in capital assets during the year.

Discretely Presented Lauderdale County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
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

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,765,137	\$ 1,340,066	\$ 0	\$ 37,105,203
Infrastructure	233,000	0	0	233,000
Other Capital Assets	6,288,299	495,785	575,036	6,209,048
Total Capital Assets Depreciated	\$ 42,286,436	\$ 1,835,851	\$ 575,036	\$ 43,547,251
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 18,244,820	\$ 952,705	\$ 0	\$ 19,197,525
Infrastructure	36,907	11,650	0	48,557
Other Capital Assets	3,956,228	379,576	568,982	3,766,822
Total Accumulated Depreciation	\$ 22,237,955	\$ 1,343,931	\$ 568,982	\$ 23,012,904
Total Capital Assets Depreciated, Net	\$ 20,048,481	\$ 491,920	\$ 6,054	\$ 20,534,347
Governmental Activities Capital Assets, Net	\$ 21,427,129	\$ 491,920	\$ 6,054	\$ 21,912,995

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

Governmental Activities:

Instruction	\$ 1,020,620
Support Services	275,785
Operation of Non-Instructional Services	<u>47,526</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,343,931</u>

C. Construction Commitments

At June 30, 2012, the discretely presented General Purpose School Fund had uncompleted construction contracts of \$622,882 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, 2012, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,614
Nonmajor governmental	"	1,286

These balances 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.

The receivable in the nonmajor governmental General Capital Projects Fund totaling \$1,286 was in transit from the Lauderdale County Ambulance Service, a special revenue fund.

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit: General Purpose School	Primary Government: General	\$ 67,629

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amount:

Discretely Presented Lauderdale County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
School Federal Projects Fund	\$ 32,988

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.

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 lease payments are made from the General Purpose School Fund.

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, 2012, are as follows:

Year Ending June 30	General Purpose School Fund
2013	\$ 114,997
Total Minimum Lease Payments	\$ 114,997
Less: Amount Representing Interest	<u>(6,774)</u>
Present Value of Minimum Lease Payments	<u>\$ 108,223</u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 19 years for bonds, up to nine years for notes, and up to 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, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	2 to 3.75 %	4-1-13	\$ 9,835,000	\$ 325,000
General Obligation Bonds - Refunding	2 to 4	4-1-22	23,675,000	12,360,000
Capital Outlay Notes	0	8-15-14	800,000	255,951
Other Loans	Variable	9-15-27	3,523,000	3,236,807

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, 2012, the variable interest rate was .49 percent and other fees totaled approximately .28 percent of the outstanding loan principal with an annual \$1,020 trustee payment.

During the 2010-11 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 rate.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 1,760,000	\$ 313,828	\$ 2,073,828
2014	1,795,000	257,444	2,052,444
2015	1,395,000	212,444	1,607,444
2016	1,440,000	168,244	1,608,244
2017	1,485,000	129,044	1,614,044
2018-2022	4,810,000	290,799	5,100,799
Total	\$ 12,685,000	\$ 1,371,803	\$ 14,056,803

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 104,761	\$ 0	\$ 104,761
2014	79,762	0	79,762
2015	71,428	0	71,428
Total	\$ 255,951	\$ 0	\$ 255,951

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 212,431	\$ 126,456	\$ 5,404	\$ 344,291
2014	213,431	126,186	5,250	344,867
2015	215,431	125,912	5,094	346,437
2016	216,431	125,627	4,931	346,989
2017	218,431	125,338	4,766	348,535
2018-2022	1,120,155	622,018	21,159	1,763,332
2023-2027	1,025,652	613,785	14,420	1,653,857
2028	14,845	12,046	505	27,396
Total	\$ 3,236,807	\$ 1,877,368	\$ 61,529	\$ 5,175,704

There is \$3,791,358 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$456, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$582, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2011	\$ 14,005,000	\$ 371,404	\$ 3,421,000
Additions	9,230,000	0	0
Reductions	(10,550,000)	(115,453)	(184,193)
Balance, June 30, 2012	<u>\$ 12,685,000</u>	<u>\$ 255,951</u>	<u>\$ 3,236,807</u>
Balance Due Within One Year	<u>\$ 1,760,000</u>	<u>\$ 104,761</u>	<u>\$ 212,431</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 16,177,758
Less: Balance Due Within One Year	(2,077,192)
Add: Unamortized Premium on Debt	158,311
Less: Deferred Amount on Refunding	<u>(303,677)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 13,955,200</u>

Advance Refunding

On April 18, 2012, Lauderdale County advance refunded portions of two general obligation bond issues with a separate general obligation bond issue. The county issued \$9,230,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt until they are called on April 1, 2013. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next ten years will be reduced by \$516,629, and an economic gain of \$466,426 was obtained.

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, 2012, was as follows:

Business-type Activities:

	Postclosure Care Costs
Balance, July 1, 2011	\$ 167,777
Additions	3,859
Reductions	<u>(7,015)</u>
Balance, June 30, 2012	<u>\$ 164,621</u>
Balance Due Within One Year	<u>\$ 7,015</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 164,621
Less: Balance Due Within One Year	<u>(7,015)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 157,606</u>

Discretely Presented Lauderdale County School Department

The capital lease outstanding as of June 30, 2012, for governmental activities is as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-12</u>
Capital Lease	6.09 %	11-18-12	\$ 505,086	\$ 108,223

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Lauderdale County School Department for the year ended June 30, 2012, was as follows:

	Note	Capital Lease	Other Postemployment Benefits
Balance, July 1, 2011	\$ 4,780	\$ 247,717	\$ 696,945
Additions	0	0	531,286
Reductions	(4,780)	(139,494)	(335,163)
Balance, June 30, 2012	\$ 0	\$ 108,223	\$ 893,068
Balance Due Within One Year	\$ 0	\$ 108,223	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 1,001,291
Less: Balance Due Within One Year	<u>(108,223)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 893,068</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 52 percent of the refunding school bonds issued April 18, 2012, which were used for the second refunding involving the initial December 1, 1995, and March 1, 1996, general obligation school bonds issues, which have now been retired. The Series 2012 refunding 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 \$6,462,503 payable semiannually through April 1, 2022. For the current year, principal and

interest paid and sales tax revenues generated by the increase and other School Department revenues pledged were \$1,236,337 and \$1,106,658, 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 \$9,230,000 school refunding bonds issued by Lauderdale County in April 2012 to provide financing for the refunding of other school bonds used for school construction and renovations are 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 \$425,396 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, 2012, were \$507. 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, 2012, were \$65,294 and \$26,456, 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. **Subsequent Events**

On August 31, 2012, Jerry Buckner left the Office of Assessor of Property and was succeeded by Renate Jennings.

Director of Schools Joel Hassell resigned December 31, 2012, and was succeeded by Shawn Kimble.

C. **Contingent Liabilities**

Lauderdale County is contingently liable for the discretely presented Lauderdale County Water System bonds and interest in the event of default by the Water System. As of June 30, 2012, future principal requirements were \$693,470, and future interest requirements were \$507,665.

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, 2012, future principal requirements were \$4,530,000, and future interest requirements were \$1,270,123.

The county and the School Department are involved in several pending lawsuits. The county and school attorneys estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

D. 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 \$164,621 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. 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, 2012.

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, 2012.

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, 2012.

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

F. 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, 2012, 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, 2012, Lauderdale County's annual pension cost of \$803,968 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 frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include

(a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$803,968	100%	\$0
6-30-11	738,931	100	0
6-30-10	806,308	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.61 percent funded. The actuarial accrued liability for benefits was \$26.55 million, and the actuarial value of assets was \$25.65 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.39 million, and the ratio of the UAAL to the covered payroll was 10.72 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.

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.

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, 2012, 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, 2012, 2011, and 2010, were \$1,534,002, \$1,590,370, and \$1,097,088, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Discretely Presented Lauderdale County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing 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 plan is 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, 2012, the discretely presented Lauderdale School Department contributed \$335,163 for postemployment health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	\$ 533,000
Interest on the NPO	27,878
Adjustment to the ARC	(29,592)
Annual OPEB cost	\$ 531,286
Amount of contribution	(335,163)
Increase/decrease in NPO	\$ 196,123
Net OPEB obligation, 7-1-11	696,945
Net OPEB obligation, 6-30-12	\$ 893,068

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 450,254	80.84 %	\$ 613,797
6-30-11	"	463,459	82.06	696,945
6-30-12	"	531,286	63.09	893,068

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 4,265,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,265,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 16,944,870
UAAL as a % of covered payroll	25%

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, 2011, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 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.

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$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 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>6-30-12</u>
Cash in bank	\$ 170,683
Cash on hand	<u>141</u>
Total	<u><u>\$ 170,824</u></u>

Cash in bank 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, 2012, 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 eight 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 \$55,578 for the year ended June 30, 2012.

Capital assets are summarized as follows:

	Balance 7-1-11	Additions	Retirements	Balance 6-30-12
Capital Assets Depreciated:				
Vehicles	\$ 289,295	\$ 10,500	\$ 46,363	\$ 253,432
Equipment	68,075	1,218	0	69,293
Total Capital Assets Being Depreciated	<u>\$ 357,370</u>	<u>\$ 11,718</u>	<u>\$ 46,363</u>	<u>\$ 322,725</u>
Less Accumulated Depreciation For:				
Vehicles	\$ 184,009	\$ 46,813	\$ 46,363	\$ 184,459
Equipment	52,385	8,765	0	61,150
Total Depreciation	<u>\$ 236,394</u>	<u>\$ 55,578</u>	<u>\$ 46,363</u>	<u>\$ 245,609</u>
Total Capital Assets, Net of Depreciation	<u>\$ 120,976</u>	<u>\$ (43,860)</u>	<u>\$ 0</u>	<u>\$ 77,116</u>

D. Allowance for Uncollectible Accounts

The authority's allowance for estimated uncollectible receivables at June 30, 2012, was \$224,182.

E. Compensated Absences

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

F. Estimates

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

G. Stewardship, Compliance, and Accountability

Budgetary information – An annual budget is adopted by the Ambulance Committee of the Lauderdale County Commission on a basis consistent with generally accepted accounting principles, and the budget is approved by the Lauderdale County Commission. Amendments require the approval of the County Commission. All annual appropriations lapse at fiscal year end.

Excess of expenditures over appropriations – Revenues were less than budgeted revenues, and total expenditures were less than total budgeted expenditures. The Ambulance Authority had no material excess of expenditures over appropriations.

H. Pension Plan

The pension fund of the Lauderdale County Ambulance Authority is included in the total retirement program for Lauderdale County, Tennessee, under the Tennessee Consolidated Retirement System. Five percent is deducted from the employees' checks, and the county pays a percentage match of 7.16 percent to fund the employees retirement. Retirement is based on 30 years of service or reaching the age of 60. For details relative to the funding status and progress, actuarial determined contribution requirements and contributions made, and trend information, refer to Note V.F.

I. Risk Management

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

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 and the policies of the various governmental agencies and private insurance.

VII. 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, 2012, 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 tort; 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.

Restricted Resources

The water system elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

C. Deposits and Investments

The Lauderdale County Water System's deposits and investments at June 30, 2012, consisted of the following:

Deposits:	
Cash on hand	\$ 245
Cash in bank	17,651
Cash on deposit with county trustee	<u>736,828</u>
Total cash and cash equivalents	<u>\$ 754,724</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, 2012, 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. This receivable was satisfied in full during the fiscal year.

E. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
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	\$ 8,194,763	\$ 17,723	\$ 0	\$ 8,212,486
Plant Equipment	87,320	0	0	87,320
Office Equipment	48,490	2,664	0	51,154
Equipment	288,131	21,495	15,027	294,599
Total Capital Assets Depreciated	<u>\$ 8,618,704</u>	<u>\$ 41,882</u>	<u>\$ 15,027</u>	<u>\$ 8,645,559</u>

Capital Assets (Cont.)	Balance			Balance 6-30-12
	7-1-11	Increases	Decreases	
Less Accumulated Depreciation:				
Water Plant	\$ 3,856,181	\$ 227,285	\$ 0	\$ 4,083,466
Plant Equipment	33,414	6,539	0	39,953
Office Equipment	28,480	4,967	0	33,447
Equipment	164,317	34,250	15,027	183,540
Total Accumulated Depreciation	\$ 4,082,392	\$ 273,041	\$ 15,027	\$ 4,340,406
Total Capital Assets Depreciated, Net	\$ 4,536,312	\$ (231,159)	\$ 0	\$ 4,305,153
Business-type Activities Capital Assets, Net	\$ 4,546,312	\$ (231,159)	\$ 0	\$ 4,315,153

F. Bonds Payable

Bonds payable at June 30, 2012, consist of the following:

	Current	Long-term	Total
FHA, 5 percent; payable in annual installments of \$6,345 including interest	\$ 5,736	\$ 6,169	\$ 11,905
Rural Economic and Community Development, 4.5 percent; payable in monthly installments of \$3,592	13,390	668,175	681,565
Total	\$ 19,126	\$ 674,344	\$ 693,470

The annual maturities of long-term bonds as of June 30, 2012, are:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 19,126	\$ 30,323	\$ 49,449
2014	19,524	30,063	49,587
2015	13,970	29,134	43,104
2016	14,612	28,492	43,104
2017	15,283	27,821	43,104
2018-2022	87,676	127,905	215,581
2023-2027	109,676	105,844	215,520
2028-2032	137,292	78,229	215,521
2033-2037	171,861	43,659	215,520
2038-2042	104,450	6,195	110,645
Total	\$ 693,470	\$ 507,665	\$ 1,201,135

Net changes for the year ended June 30, 2012, in bond balances are:

	<u>Bonds</u>
Balance, July 1, 2011	\$ 710,570
Reductions	<u>(17,100)</u>
Balance, June 30, 2012	<u>\$ 693,470</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 the 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, 2012, was 8.68 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.F.

J. Subsequent Events

The subsequent events have been evaluated through November 30, 2012, which is the date the financial statements of the Lauderdale County Water System were available to be issued. There were no significant events noted.

VIII. OTHER NOTES – DISCRETELY PRESENTED LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. Reporting Entity

Lauderdale County Emergency Communications District, Lauderdale County, Tennessee, is a governmental agency authorized by Tennessee state law and approved by the voters of Lauderdale County. The district provides a simplified method of securing emergency services for the residents of Lauderdale County, Tennessee. A seven-member board appointed by the Lauderdale County Commission governs the district. Because the district cannot issue debt without the approval of the Lauderdale County Commission, Lauderdale County Emergency Communications District has been determined to be a discrete component unit of Lauderdale County, Tennessee. The financial statements presented include only the Lauderdale County Emergency Communications District and the monies and funds managed by the board of directors of the district.

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

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

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

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

3. Assets, Liabilities, and Net Assets or Equity

a. Deposits and Investments

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

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

b. Receivables and Service Fees

Fees collected by the district are derived from tariffs assessed on telephone customers of Lauderdale County, Tennessee. The tariff is billed and collected by Bell South and other telephone companies, who then remit the amounts collected to the district.

At June 30, 2012, accounts receivable represent service fees collected by the entities named above and not remitted to the district.

The Tennessee Emergency Communications Board collects and remits operational funding monies and reimbursements to the district for upgraded equipment and/or training.

c. Capital Assets

Capital assets consist of buildings, communication equipment, and office equipment owned by the district. The assets are capitalized at cost. Depreciation for furniture, fixtures, and equipment is computed using the straight-line method over a five- to ten-year estimated life of the assets. Buildings and building improvements are depreciated over a 40-year estimated life using the straight-line method.

Depreciation expense charged to operations was \$60,973 for the year ended June 30, 2012.

Capitalization of asset type purchases is determined according to the capitalization policy adopted in the fiscal year ended June 30, 2011.

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

d. Compensated Absences

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

Vacation benefits are earned in accordance with the following table.

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

Maximum accumulation - 80 hours

There is no liability for unpaid accumulated sick leave.

The district has accrued absences that have been earned by the employees and are payable in accordance with the above table.

e. Estimates

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

B. Stewardship, Compliance, and Accountability

1. Budgetary Information

An annual budget is officially adopted by the governing body and approved by the County Commission on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. The Accounting and Financial Reporting Manual for Tennessee Emergency Communications District establishes the legal level of control to be at the line item level.

2. Excess of Expenditures Over Appropriations

Overages were noted at the line-item level for two utility items. The two items are electricity for \$529 and general telephone for \$346.

C. Detailed Notes on All Funds

1. Cash and Investments

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

Cash in Bank	\$ 570,022
Certificates of Deposit	<u>200,000</u>
Total	<u><u>\$ 770,022</u></u>

Cash in bank and certificates of deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2012, all monies were covered by the FDIC or covered by the Tennessee Collateral Pool. The board of directors approves all investments. The investments consist of certificates of deposit and are in conformity with state guidelines. All cash and investments are held by the depositories in the name of the district.

2. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Depreciated:			
Buildings and Improvements	\$ 167,072	\$ 0	\$ 167,072
Communications Equipment	589,122	0	589,122
Office Equipment	69,866	0	69,866
Furniture and Fixtures	16,125	0	16,125
Total Capital Assets			
Depreciated	<u>\$ 842,185</u>	<u>\$ 0</u>	<u>\$ 842,185</u>
Less Accumulated Depreciation:			
Buildings and Improvements	\$ 37,323	\$ 4,057	\$ 41,380
Communications Equipment	202,602	53,823	256,425
Office Equipment	62,793	2,102	64,895
Furniture and Fixtures	11,277	991	12,268
Total Accumulated			
Depreciation	<u>\$ 313,995</u>	<u>\$ 60,973</u>	<u>\$ 374,968</u>
Business-type Activities			
Capital Assets, Net	<u>\$ 528,190</u>	<u>\$ (60,973)</u>	<u>\$ 467,217</u>

3. Leases

The district leases answering and monitoring equipment from AT&T under operating leases for an indefinite period. The lease, which began at the date of installation, is billed to the district at a monthly rate of \$3,622.

The following is a schedule by year of expected minimum future rentals on operating leases as of June 30, 2012:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2013	\$ 43,464
2014	43,464
2015	43,464
2016	43,464
2017	43,464

D. Other Information

1. Risk Management

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

2. Concentration of Credit Risk

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

3. Retirement Plan

Plan Description

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death

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

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

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 5.92 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the district's annual pension cost of \$5,427 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post-retirement 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 five-year period. The district's unfunded accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 11 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 5,427	100%	\$ 0
6-30-11	6,414	100	0
6-30-10	6,090	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent valuation date, the plan was 99.37 percent funded. The actuarial accrued liability for benefits was \$.13 million, and the actuarial value of assets was \$.13 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was \$.06 million, and the ratio of the UAAL to the covered payroll was 1.3 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Lauderdale County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,311,581	\$ 5,916,940	\$ 5,916,940	\$ 394,641
Licenses and Permits	37,821	24,250	24,250	13,571
Fines, Forfeitures, and Penalties	124,215	122,850	123,860	355
Charges for Current Services	85,371	57,900	57,900	27,471
Other Local Revenues	171,426	18,000	18,000	153,426
Fees Received from County Officials	1,092,571	952,500	952,500	140,071
State of Tennessee	1,404,055	1,280,577	1,281,084	122,971
Federal Government	302,751	198,277	315,777	(13,026)
Other Governments and Citizens Groups	282,810	262,000	262,000	20,810
Total Revenues	\$ 9,812,601	\$ 8,833,294	\$ 8,952,311	\$ 860,290
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 47,486	\$ 66,662	\$ 66,662	\$ 19,176
County Mayor/Executive	246,810	234,352	255,538	8,728
County Attorney	122,130	45,000	123,165	1,035
Election Commission	228,258	241,325	242,335	14,077
Register of Deeds	130,147	127,506	134,918	4,771
Development	153,237	173,500	173,500	20,263
Planning	21,282	29,414	29,414	8,132
County Buildings	457,518	327,781	462,781	5,263
Other General Administration	4,005	4,315	4,315	310
<u>Finance</u>				
Property Assessor's Office	182,455	226,258	226,258	43,803
Reappraisal Program	19,981	8,925	20,615	634
County Trustee's Office	178,157	181,437	181,437	3,280
County Clerk's Office	263,206	274,682	274,682	11,476
<u>Administration of Justice</u>				
Circuit Court	195,307	229,742	229,742	34,435
General Sessions Judge	94,886	96,141	96,141	1,255
General Sessions Court Clerk	260,213	287,038	287,038	26,825
Chancery Court	149,317	153,079	153,079	3,762
Juvenile Court	687,624	691,367	695,220	7,596
Other Administration of Justice	68,571	68,571	68,571	0
Victims Assistance Programs	15,000	12,000	15,000	0
<u>Public Safety</u>				
Sheriff's Department	2,068,616	2,057,951	2,109,727	41,111
Administration of the Sexual Offender Registry	2,308	1,000	2,325	17
Jail	1,631,028	1,695,970	1,695,970	64,942
Fire Prevention and Control	79,448	61,467	81,467	2,019
Civil Defense	160,225	51,901	169,401	9,176
Rescue Squad	11,074	2,952	11,074	0
Other Emergency Management	100,573	78,095	102,470	1,897

(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	\$ 54,904	\$ 58,112	\$ 58,112	\$ 3,208
Rabies and Animal Control	76,988	78,270	80,480	3,492
Dental Health Program	135,817	156,000	156,000	20,183
Other Local Health Services	66,335	52,015	67,015	680
Sanitation Education/Information	54,378	51,914	55,147	769
<u>Social, Cultural, and Recreational Services</u>				
Libraries	179,633	198,051	198,051	18,418
Parks and Fair Boards	37,600	37,600	37,600	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	66,290	100,656	100,656	34,366
Soil Conservation	109,031	109,957	111,272	2,241
<u>Other Operations</u>				
Housing and Urban Development	19,431	51,317	51,317	31,886
Other Economic and Community Development	65,624	0	65,624	0
Veterans' Services	17,133	17,736	17,736	603
Other Charges	174,826	162,189	174,789	(37)
Contributions to Other Agencies	174,506	174,507	174,507	1
Employee Benefits	385,046	195,000	395,507	10,461
Miscellaneous	28,016	60,757	60,757	32,741
<u>Instruction</u>				
Student Body Education Program	21,650	30,000	30,000	8,350
Total Expenditures	\$ 9,246,070	\$ 8,962,512	\$ 9,747,415	\$ 501,345
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 566,531	\$ (129,218)	\$ (795,104)	\$ 1,361,635
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8,330	\$ 0	\$ 5,626	\$ 2,704
Total Other Financing Sources (Uses)	\$ 8,330	\$ 0	\$ 5,626	\$ 2,704
Net Change in Fund Balance				
Fund Balance, July 1, 2011	\$ 3,333,340	\$ 3,318,190	\$ 3,318,190	\$ 15,150
Fund Balance, June 30, 2012	\$ 3,908,201	\$ 3,188,972	\$ 2,528,712	\$ 1,379,489

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, 2012

	Actual (GAAP Basis)	Add: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 933,734	\$ 0	\$ 933,734	\$ 885,650	\$ 890,650	\$ 43,084
Licenses and Permits	515	0	515	750	750	(235)
Other Local Revenues	24,557	0	24,557	1,000	2,653	21,904
State of Tennessee	2,262,319	0	2,262,319	2,655,358	2,892,509	(630,190)
Federal Government	189,949	0	189,949	0	0	189,949
Other Governments and Citizens Groups	98,325	0	98,325	0	0	98,325
Total Revenues	\$ 3,509,399	\$ 0	\$ 3,509,399	\$ 3,542,758	\$ 3,786,562	\$ (277,163)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 186,932	\$ 0	\$ 186,932	\$ 194,534	\$ 196,767	\$ 9,835
Highway and Bridge Maintenance	1,123,050	0	1,123,050	1,389,679	1,220,421	97,371
Operation and Maintenance of Equipment	614,920	0	614,920	558,778	627,803	12,883
Other Charges	117,443	0	117,443	121,404	121,404	3,961
Employee Benefits	468,308	0	468,308	476,314	476,314	8,006
Capital Outlay	942,727	(245,251)	697,476	1,545,000	1,880,151	1,182,675
Total Expenditures	\$ 3,453,380	\$ (245,251)	\$ 3,208,129	\$ 4,285,709	\$ 4,522,860	\$ 1,314,731
Excess (Deficiency) of Revenues Over Expenditures	\$ 56,019	\$ 245,251	\$ 301,270	\$ (742,951)	\$ (736,298)	\$ 1,037,568
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 56,019	\$ 245,251	\$ 301,270	\$ (742,951)	\$ (736,298)	\$ 1,037,568
	1,279,069	(245,251)	1,033,818	1,021,207	1,021,207	12,611
Fund Balance, June 30, 2012	\$ 1,335,088	\$ 0	\$ 1,335,088	\$ 278,256	\$ 284,909	\$ 1,050,179

Exhibit F-3

Lauderdale County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Lauderdale County School Department
June 30, 2012

(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)
7-1-11	\$ 25,648	\$ 26,547	\$ 899	96.61 %	\$ 8,393	10.72 %
7-1-09	21,012	21,379	367	98.28	8,418	4.36
7-1-07	19,926	20,384	458	97.75	7,667	5.97

Exhibit F-4

Lauderdale County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Lauderdale County Emergency Communications District
June 30, 2012

(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)
7-1-11	\$ 129	\$ 130	\$ 1	99.37 %	\$ 63	1.30 %
7-1-09	83	110	27	75.81	85	31.40
7-1-07	60	89	29	67.42	76	38.16

Exhibit F-5

Lauderdale County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Lauderdale County School Department
June 30, 2012

(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	7-1-09	\$ 0	\$ 4,107	\$ 4,107	0 %	\$ 15,352	27 %
"	7-1-10	0	4,219	4,219	0	16,027	26
"	7-1-11	0	4,265	4,265	0	16,945	25

LAUDERDALE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Lauderdale County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for 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.

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.

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 Funds

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.

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Lauderdale County that is subsequently contributed to the discretely presented Lauderdale County School Department for construction and renovation projects.

Exhibit G-1

Lauderdale County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

		Special Revenue Funds					Total				
		Law Library	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees					
<u>ASSETS</u>											
Cash	\$	0	170,824	\$	0	\$	1,614	\$	172,438		
Equity in Pooled Cash and Investments		4,044	0	12,973	100,509	0	0	0	117,526		
Accounts Receivable		0	575,778	0	0	0	0	0	575,778		
Allowance for Uncollectibles		0	(224,182)	0	0	0	0	0	(224,182)		
Due from Other Governments		0	0	0	4,085	0	0	0	4,085		
Due from Other Funds		0	0	0	0	0	0	0	0		
Total Assets	\$	4,044	522,420	\$	12,973	\$	104,594	\$	1,614	\$	645,645
<u>LIABILITIES AND FUND BALANCES</u>											
<u>Liabilities</u>											
Accounts Payable	\$	0	3,866	\$	0	\$	0	\$	0	\$	3,866
Accrued Payroll		0	25,392	0	0	0	0	0	0	0	25,392
Due to Other Funds		0	0	0	0	0	1,614	0	1,614	0	1,614
Total Liabilities	\$	0	29,258	\$	0	\$	0	\$	1,614	\$	30,872
<u>Fund Balances</u>											
<u>Restricted:</u>											
Restricted for Administration of Justice	\$	0	0	\$	0	\$	104,594	\$	0	\$	104,594
Restricted for Public Safety		0	0	12,973	0	0	0	0	12,973	0	12,973
Restricted for Public Health and Welfare		0	493,162	0	0	0	0	0	493,162	0	493,162
Restricted for Social, Cultural, and Recreational Services		4,044	0	0	0	0	0	0	4,044	0	4,044
Restricted for Capital Projects		0	0	0	0	0	0	0	0	0	0
Total Fund Balances	\$	4,044	493,162	\$	12,973	\$	104,594	\$	0	\$	614,773
Total Liabilities and Fund Balances	\$	4,044	522,420	\$	12,973	\$	104,594	\$	1,614	\$	645,645

(Continued)

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Education Capital Projects	Total	
\$	0	0	0	0
	1,714	351,632	353,346	172,438
	0	0	0	470,872
	0	0	0	575,778
	0	0	0	(224,182)
	0	0	0	4,085
	1,286	0	1,286	1,286
\$	3,000	351,632	354,632	1,000,277

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>			
Accounts Payable	3,000	0	3,000
Accrued Payroll	0	0	0
Due to Other Funds	0	0	0
Total Liabilities	3,000	0	3,000
<u>Fund Balances</u>			
Restricted:			
Restricted for Administration of Justice	0	0	0
Restricted for Public Safety	0	0	0
Restricted for Public Health and Welfare	0	0	0
Restricted for Social, Cultural, and Recreational Services	0	0	0
Restricted for Capital Projects	0	351,632	351,632
Total Fund Balances	0	351,632	351,632
Total Liabilities and Fund Balances	3,000	351,632	354,632

Total Liabilities and Fund Balances

Lauderdale County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2012

	Special Revenue Funds					Total
	Law Library	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
<u>Revenues</u>						
Local Taxes	\$ 1,003	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,003
Fines, Forfeitures, and Penalties	0	0	15,581	37,065	0	52,646
Charges for Current Services	0	1,249,248	0	0	47	1,249,295
Other Local Revenues	0	50	0	268	0	318
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 1,003	\$ 1,249,298	\$ 15,581	\$ 37,333	\$ 47	\$ 1,303,262
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47	\$ 47
Administration of Justice	0	0	0	9,929	0	9,929
Public Safety	0	0	26,089	0	0	26,089
Public Health and Welfare	0	1,056,723	0	0	0	1,056,723
Social, Cultural, and Recreational Services	1,590	0	0	0	0	1,590
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 1,590	\$ 1,056,723	\$ 26,089	\$ 9,929	\$ 47	\$ 1,094,378
Excess (Deficiency) of Revenues Over Expenditures	\$ (587)	\$ 192,575	\$ (10,508)	\$ 27,404	\$ 0	\$ 208,884
Net Change in Fund Balances Fund Balance, July 1, 2011	\$ (587)	\$ 192,575	\$ (10,508)	\$ 27,404	\$ 0	\$ 208,884
Fund Balance, July 1, 2011	4,631	300,587	23,481	77,190	0	405,889
Fund Balance, June 30, 2012	\$ 4,044	\$ 493,162	\$ 12,973	\$ 104,594	\$ 0	\$ 614,773

(Continued)

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Education Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 1,003
Fines, Forfeitures, and Penalties	0	0	0	52,646
Charges for Current Services	0	0	0	1,249,295
Other Local Revenues	0	0	0	318
Federal Government	4,714	0	4,714	4,714
Other Governments and Citizens Groups	1,286	0	1,286	1,286
Total Revenues	\$ 6,000	\$ 0	\$ 6,000	\$ 1,309,262
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 47
Administration of Justice	0	0	0	9,929
Public Safety	0	0	0	26,089
Public Health and Welfare	0	0	0	1,056,723
Social, Cultural, and Recreational Services	0	0	0	1,590
Capital Projects	6,000	1,024,778	1,030,778	1,030,778
Total Expenditures	\$ 6,000	\$ 1,024,778	\$ 1,030,778	\$ 2,125,156
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (1,024,778)	\$ (1,024,778)	\$ (815,894)
Net Change in Fund Balances Fund Balance, July 1, 2011	\$ 0	\$ (1,024,778)	\$ (1,024,778)	\$ (815,894)
Fund Balance, June 30, 2012	0	1,376,410	1,376,410	1,782,299
Fund Balance, June 30, 2012	\$ 0	\$ 351,632	\$ 351,632	\$ 966,405

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,003	\$ 1,300	\$ 1,300	\$ (297)
Total Revenues	\$ 1,003	\$ 1,300	\$ 1,300	\$ (297)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 1,590	\$ 2,030	\$ 2,030	\$ 440
Total Expenditures	\$ 1,590	\$ 2,030	\$ 2,030	\$ 440
Excess (Deficiency) of Revenues Over Expenditures	\$ (587)	\$ (730)	\$ (730)	\$ 143
Net Change in Fund Balance	\$ (587)	\$ (730)	\$ (730)	\$ 143
Fund Balance, July 1, 2011	4,631	4,620	4,620	11
Fund Balance, June 30, 2012	\$ 4,044	\$ 3,890	\$ 3,890	\$ 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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,249,248	\$ 1,112,300	\$ 1,128,864	\$ 120,384
Other Local Revenues	50	0	0	50
Total Revenues	<u>\$ 1,249,298</u>	<u>\$ 1,112,300</u>	<u>\$ 1,128,864</u>	<u>\$ 120,434</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,056,723	\$ 1,112,300	\$ 1,128,864	\$ 72,141
Total Expenditures	<u>\$ 1,056,723</u>	<u>\$ 1,112,300</u>	<u>\$ 1,128,864</u>	<u>\$ 72,141</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 192,575</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 192,575</u>
Net Change in Fund Balance	\$ 192,575	\$ 0	\$ 0	\$ 192,575
Fund Balance, July 1, 2011	<u>300,587</u>	<u>300,587</u>	<u>300,587</u>	<u>0</u>
Fund Balance, June 30, 2012	<u>\$ 493,162</u>	<u>\$ 300,587</u>	<u>\$ 300,587</u>	<u>\$ 192,575</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 15,581	\$ 13,000	\$ 13,000	\$ 2,581
Total Revenues	\$ 15,581	\$ 13,000	\$ 13,000	\$ 2,581
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 26,089	\$ 34,900	\$ 34,900	\$ 8,811
Total Expenditures	\$ 26,089	\$ 34,900	\$ 34,900	\$ 8,811
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,508)	\$ (21,900)	\$ (21,900)	\$ 11,392
Net Change in Fund Balance	\$ (10,508)	\$ (21,900)	\$ (21,900)	\$ 11,392
Fund Balance, July 1, 2011	23,481	23,541	23,541	(60)
Fund Balance, June 30, 2012	\$ 12,973	\$ 1,641	\$ 1,641	\$ 11,332

Major Governmental Fund

General Debt Service Fund

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.

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 422,813	\$ 358,927	\$ 358,927	\$ 63,886
Licenses and Permits	197	800	800	(603)
Other Governments and Citizens Groups	1,865,018	1,983,933	1,983,933	(118,915)
Total Revenues	<u>\$ 2,288,028</u>	<u>\$ 2,343,660</u>	<u>\$ 2,343,660</u>	<u>\$ (55,632)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 497,024	\$ 497,025	\$ 497,025	\$ 1
Education	1,407,622	1,407,622	1,407,622	0
<u>Interest on Debt</u>				
General Government	52,723	113,151	113,151	60,428
Education	572,881	574,292	574,292	1,411
<u>Other Debt Service</u>				
General Government	11,898	25,600	25,600	13,702
Education	146,791	3,019	147,142	351
Total Expenditures	<u>\$ 2,688,939</u>	<u>\$ 2,620,709</u>	<u>\$ 2,764,832</u>	<u>\$ 75,893</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (400,911)</u>	<u>\$ (277,049)</u>	<u>\$ (421,172)</u>	<u>\$ 20,261</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 9,230,000	\$ 0	\$ 9,230,000	\$ 0
Premiums on Debt Issued	158,163	0	153,431	4,732
Payments to Refunded Debt Escrow Agent	(9,239,308)	0	(9,239,308)	0
Total Other Financing Sources (Uses)	<u>\$ 148,855</u>	<u>\$ 0</u>	<u>\$ 144,123</u>	<u>\$ 4,732</u>
Net Change in Fund Balance	<u>\$ (252,056)</u>	<u>\$ (277,049)</u>	<u>\$ (277,049)</u>	<u>\$ 24,993</u>
Fund Balance, July 1, 2011	4,043,414	4,052,952	4,052,952	(9,538)
Fund Balance, June 30, 2012	<u><u>\$ 3,791,358</u></u>	<u><u>\$ 3,775,903</u></u>	<u><u>\$ 3,775,903</u></u>	<u><u>\$ 15,455</u></u>

Fiduciary Funds

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.

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, 2012

	<u>Agency Funds</u>			<u>Total</u>
	<u>Local Sales Tax</u>	<u>Constitutional Officers - Agency</u>	<u>Judicial District Drug</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 639,458	\$ 0	\$ 639,458
Equity in Pooled Cash and Investments	2,233,443	0	338,168	2,571,611
Accounts Receivable	0	2,587	0	2,587
Due from Other Governments	368,103	0	0	368,103
Total Assets	<u>\$ 2,601,546</u>	<u>\$ 642,045</u>	<u>\$ 338,168</u>	<u>\$ 3,581,759</u>
<u>LIABILITIES</u>				
Due to Cities	\$ 161,821	\$ 0	\$ 0	\$ 161,821
Due to Other Taxing Units	2,439,725	0	0	2,439,725
Due to Litigants, Heirs, and Others	0	642,045	0	642,045
Due to Joint Ventures	0	0	338,168	338,168
Total Liabilities	<u>\$ 2,601,546</u>	<u>\$ 642,045</u>	<u>\$ 338,168</u>	<u>\$ 3,581,759</u>

Exhibit I-2

Lauderdale County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Local Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,497,980	\$ 2,214,969	\$ 2,479,506	\$ 2,233,443
Due from Other Governments	354,422	368,103	354,422	368,103
Total Assets	\$ 2,852,402	\$ 2,583,072	\$ 2,833,928	\$ 2,601,546
<u>Liabilities</u>				
Due to Cities	\$ 159,554	\$ 161,821	\$ 159,554	\$ 161,821
Due to Other Taxing Units	2,692,848	2,421,251	2,674,374	2,439,725
Total Liabilities	\$ 2,852,402	\$ 2,583,072	\$ 2,833,928	\$ 2,601,546
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 596,375	\$ 5,228,362	\$ 5,185,279	\$ 639,458
Accounts Receivable	1,917	2,587	1,917	2,587
Total Assets	\$ 598,292	\$ 5,230,949	\$ 5,187,196	\$ 642,045
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 598,292	\$ 5,230,949	\$ 5,187,196	\$ 642,045
Total Liabilities	\$ 598,292	\$ 5,230,949	\$ 5,187,196	\$ 642,045
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 274,372	\$ 338,829	\$ 275,033	\$ 338,168
Due from Other Governments	7,737	0	7,737	0
Total Assets	\$ 282,109	\$ 338,829	\$ 282,770	\$ 338,168
<u>Liabilities</u>				
Due to Joint Ventures	\$ 282,109	\$ 338,829	\$ 282,770	\$ 338,168
Total Liabilities	\$ 282,109	\$ 338,829	\$ 282,770	\$ 338,168
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 596,375	\$ 5,228,362	\$ 5,185,279	\$ 639,458
Equity in Pooled Cash and Investments	2,772,352	2,553,798	2,754,539	2,571,611
Accounts Receivable	1,917	2,587	1,917	2,587
Due from Other Governments	362,159	368,103	362,159	368,103
Total Assets	\$ 3,732,803	\$ 8,152,850	\$ 8,303,894	\$ 3,581,759
<u>Liabilities</u>				
Due to Cities	\$ 159,554	\$ 161,821	\$ 159,554	\$ 161,821
Due to Other Taxing Units	2,692,848	2,421,251	2,674,374	2,439,725
Due to Litigants, Heirs, and Others	598,292	5,230,949	5,187,196	642,045
Due to Joint Ventures	282,109	338,829	282,770	338,168
Total Liabilities	\$ 3,732,803	\$ 8,152,850	\$ 8,303,894	\$ 3,581,759

Lauderdale County School Department

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

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

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

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

Exhibit J-1

Lauderdale County, Tennessee
 Statement of Activities
 Discretely Presented Lauderdale County School Department
 For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 21,694,170	\$ 4,757	\$ 2,683,904	\$ 0	\$ (19,005,509)
Support Services	12,489,360	62,119	646,849	1,141,040	(10,639,352)
Operation of Non-Instructional Services	4,273,427	495,565	3,934,642	0	156,780
Interest on Long-term Debt	10,989	0	0	0	(10,989)
Other Debt Service	1,200,000	0	0	0	(1,200,000)
Total Governmental Activities	\$ 39,667,946	\$ 562,441	\$ 7,265,395	\$ 1,141,040	\$ (30,699,070)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,073,857
Local Option Sales Taxes					1,855,722
Wheel Tax					176,069
Other Local Taxes					1,726
Grants and Contributions Not Restricted for Specific Programs					25,699,957
Unrestricted Investment Income					135,825
Miscellaneous					82,857
Total General Revenues					\$ 31,026,013
Change in Net Assets					\$ 326,943
Net Assets, July 1, 2011					24,268,871
Net Assets, June 30, 2012					\$ 24,595,814

Exhibit J-2

Lauderdale County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lauderdale County School Department
June 30, 2012

	Major Funds			Total Governmen- tal Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 2,514,890	\$ 134,253	\$ 351,495	\$ 3,000,638
Accounts Receivable	8,587	0	0	8,587
Due from Other Governments	476,174	214,759	449,934	1,140,867
Due from Primary Government	67,629	0	0	67,629
Property Taxes Receivable	2,922,808	0	0	2,922,808
Allowance for Uncollectible Property Taxes	(191,005)	0	0	(191,005)
Accrued Interest Receivable	9,239	0	0	9,239
Total Assets	<u>\$ 5,808,322</u>	<u>\$ 349,012</u>	<u>\$ 801,429</u>	<u>\$ 6,958,763</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 525,910	\$ 75,491	\$ 0	\$ 601,401
Contracts Payable	65,550	0	0	65,550
Retainage Payable	3,450	0	0	3,450
Deferred Revenue - Current Property Taxes	2,600,749	0	0	2,600,749
Deferred Revenue - Delinquent Property Taxes	119,812	0	0	119,812
Other Deferred Revenues	163,207	0	0	163,207
Total Liabilities	<u>\$ 3,478,678</u>	<u>\$ 75,491</u>	<u>\$ 0</u>	<u>\$ 3,554,169</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 72,110	\$ 173,521	\$ 0	\$ 245,631
Restricted for Operation of Non-Instructional Services	0	0	801,429	801,429
Restricted for Capital Outlay	622,882	0	0	622,882
Assigned:				
Assigned for Education	12,129	100,000	0	112,129
Unassigned	1,622,523	0	0	1,622,523
Total Fund Balances	<u>\$ 2,329,644</u>	<u>\$ 273,521</u>	<u>\$ 801,429</u>	<u>\$ 3,404,594</u>
Total Liabilities and Fund Balances	<u>\$ 5,808,322</u>	<u>\$ 349,012</u>	<u>\$ 801,429</u>	<u>\$ 6,958,763</u>

Exhibit J-3

Lauderdale County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Lauderdale County School Department
June 30, 2012

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)		\$	3,404,594
(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		17,907,678	
Add: infrastructure net of accumulated depreciation		184,443	
Add: other capital assets net of accumulated depreciation		<u>2,442,226</u>	21,912,995
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital lease payable	\$	(108,223)	
Less: accrued interest on capital lease		(3,503)	
Less: other postemployment benefits liability		<u>(893,068)</u>	(1,004,794)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>283,019</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 24,595,814</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, 2012

	Major Funds			Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 5,211,266	\$ 0	\$ 0	\$ 5,211,266
Licenses and Permits	3,651	0	0	3,651
Fines, Forfeitures, and Penalties	1,606	0	0	1,606
Charges for Current Services	63,319	0	495,565	558,884
Other Local Revenues	224,122	0	2,588	226,710
State of Tennessee	25,190,492	0	25,166	25,215,658
Federal Government	259,408	4,716,498	2,382,214	7,358,120
Other Governments and Citizens Groups	1,659,584	0	5,000	1,664,584
Total Revenues	\$ 32,613,448	\$ 4,716,498	\$ 2,910,533	\$ 40,240,479
<u>Expenditures</u>				
Current:				
Instruction	\$ 18,762,621	\$ 3,351,590	\$ 0	\$ 22,114,211
Support Services	9,984,177	1,340,161	0	11,324,338
Operation of Non-Instructional Services	1,163,018	228,752	2,819,720	4,211,490
Capital Outlay	1,208,452	0	0	1,208,452
Debt Service:				
Principal on Debt	144,274	0	0	144,274
Interest on Debt	15,504	0	0	15,504
Other Debt Service	1,200,000	0	0	1,200,000
Total Expenditures	\$ 32,478,046	\$ 4,920,503	\$ 2,819,720	\$ 40,218,269
Excess (Deficiency) of Revenues Over Expenditures	\$ 135,402	\$ (204,005)	\$ 90,813	\$ 22,210
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 105,737	\$ 0	\$ 0	\$ 105,737
Transfers In	32,988	0	0	32,988
Transfers Out	0	(32,988)	0	(32,988)
Total Other Financing Sources (Uses)	\$ 138,725	\$ (32,988)	\$ 0	\$ 105,737
Net Change in Fund Balances	\$ 274,127	\$ (236,993)	\$ 90,813	\$ 127,947
Fund Balance, July 1, 2011	2,055,517	510,514	710,616	3,276,647
Fund Balance, June 30, 2012	\$ 2,329,644	\$ 273,521	\$ 801,429	\$ 3,404,594

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, 2012

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)		\$ 127,947
(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	\$ 1,835,851	
Less: current-year depreciation expense	<u>(1,343,931)</u>	491,920
(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		(6,054)
(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, 2012	\$ 283,019	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(522,555)</u>	(239,536)
(4) 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.		
Add: principal payments on note	\$ 4,780	
Add: principal payments on capital lease	<u>139,494</u>	144,274
(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	\$ 4,515	
Change in other postemployment benefits liability	<u>(196,123)</u>	<u>(191,608)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 326,943</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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,211,266	\$ 0	\$ 0	\$ 5,211,266	\$ 4,957,500	\$ 4,957,500	\$ 253,766
Licenses and Permits	3,651	0	0	3,651	3,800	3,800	(149)
Fines, Forfeitures, and Penalties	1,606	0	0	1,606	1,000	1,000	606
Charges for Current Services	63,319	0	0	63,319	22,000	64,069	(750)
Other Local Revenues	224,122	0	0	224,122	340,500	366,401	(142,279)
State of Tennessee	25,190,492	0	0	25,190,492	23,653,079	25,011,280	179,212
Federal Government	259,408	0	0	259,408	106,500	302,986	(43,578)
Other Governments and Citizens Groups	1,659,584	0	0	1,659,584	624,791	3,746,404	(2,086,820)
Total Revenues	\$ 32,613,448	\$ 0	\$ 0	\$ 32,613,448	\$ 29,709,170	\$ 34,453,440	\$ (1,839,992)
Expenditures							
Instruction							
Regular Instruction Program	\$ 15,406,806	\$ (13,955)	\$ 3,443	\$ 15,396,294	\$ 15,526,183	\$ 15,603,031	\$ 206,737
Special Education Program	2,464,005	0	0	2,464,005	2,389,100	2,528,068	64,063
Vocational Education Program	891,810	(974)	0	890,836	945,682	941,682	50,846
Support Services							
Attendance	34,846	0	0	34,846	39,280	36,946	2,100
Health Services	237,312	(960)	0	236,352	140,818	242,682	6,330
Other Student Support	918,825	0	414	919,239	884,254	946,392	27,153
Regular Instruction Program	669,570	(9,408)	0	660,162	657,225	711,798	51,636
Special Education Program	490,624	0	0	490,624	310,139	501,927	11,303
Vocational Education Program	107,054	0	0	107,054	96,857	107,857	803
Other Programs	91,750	0	0	91,750	60,000	91,750	0
Board of Education	334,486	0	0	334,486	342,713	340,651	6,165

(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 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 348,640	\$ 0	\$ 102	\$ 348,742	\$ 340,379	\$ 351,939	\$ 3,197
Office of the Principal	2,084,047	(58)	2,431	2,086,420	2,002,142	2,145,007	58,587
Fiscal Services	192,320	0	0	192,320	189,644	192,917	597
Operation of Plant	2,077,300	0	0	2,077,300	2,145,176	2,096,402	19,102
Maintenance of Plant	632,014	0	230	632,244	658,271	644,640	12,396
Transportation	1,707,470	(962)	103	1,706,611	1,691,624	1,710,938	4,327
Central and Other	57,919	0	0	57,919	57,512	59,523	1,604
<u>Operation of Non-Instructional Services</u>							
Community Services	218,093	(575)	1,117	218,635	35,362	223,475	4,840
Early Childhood Education	944,925	(7,172)	4,289	942,042	0	942,264	222
<u>Capital Outlay</u>							
Regular Capital Outlay	1,208,452	(1,582,708)	622,882	248,626	64,436	3,268,365	3,019,739
<u>Principal on Debt</u>							
Education	144,274	0	0	144,274	1,351,639	144,274	0
Interest on Debt							
Education	15,504	0	0	15,504	7,836	15,504	0
<u>Other Debt Service</u>							
Education	1,200,000	0	0	1,200,000	0	1,200,000	0
<u>Total Expenditures</u>	<u>\$ 32,478,046</u>	<u>\$ (1,616,772)</u>	<u>\$ 635,011</u>	<u>\$ 31,496,285</u>	<u>\$ 29,936,272</u>	<u>\$ 35,048,032</u>	<u>\$ 3,551,747</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ 135,402</u>	<u>\$ 1,616,772</u>	<u>\$ (635,011)</u>	<u>\$ 1,117,163</u>	<u>\$ (227,102)</u>	<u>\$ (594,592)</u>	<u>\$ 1,711,755</u>

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 105,737	\$ 0	\$ 0	\$ 105,737	\$ 0	\$ 69,923	\$ 35,814
Transfers In	32,988	0	0	32,988	25,000	25,000	7,988
Transfers Out	0	0	0	0	0	(1,472)	1,472
Total Other Financing Sources (Uses)	\$ 138,725	\$ 0	\$ 0	\$ 138,725	\$ 25,000	\$ 93,451	\$ 45,274
Net Change in Fund Balance	\$ 274,127	\$ 1,616,772	\$ (635,011)	\$ 1,255,888	\$ (202,102)	\$ (501,141)	\$ 1,757,029
Fund Balance, July 1, 2011	2,055,517	(1,616,772)	0	438,745	2,506,055	2,506,055	(2,067,310)
Fund Balance, June 30, 2012	\$ 2,329,644	\$ 0	\$ (635,011)	\$ 1,694,633	\$ 2,303,953	\$ 2,004,914	\$ (310,281)

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,716,498	\$ 0	\$ 0	\$ 4,716,498	\$ 5,208,012	\$ 5,305,199	\$ (588,701)
Total Revenues	\$ 4,716,498	\$ 0	\$ 0	\$ 4,716,498	\$ 5,208,012	\$ 5,305,199	\$ (588,701)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,341,586	\$ (32,028)	\$ 54,816	\$ 2,364,374	\$ 2,463,227	\$ 2,672,742	\$ 308,368
Special Education Program	965,281	(1,655)	0	963,626	976,189	967,830	4,204
Vocational Education Program	44,723	(2,825)	3,159	45,057	44,052	45,064	7
<u>Support Services</u>							
Other Student Support	118,932	0	0	118,932	176,985	160,003	41,071
Regular Instruction Program	939,210	(4,901)	9,068	943,377	967,530	1,089,301	145,924
Special Education Program	189,077	0	0	189,077	188,601	189,077	0
Vocational Education Program	3,892	0	0	3,892	3,900	3,900	8
Office of the Principal	54,000	0	0	54,000	66,633	66,633	12,633
Transportation	35,050	0	0	35,050	127,572	70,021	34,971
<u>Operation of Non-Instructional Services</u>							
Community Services	228,752	(2,229)	3,914	230,437	227,496	230,496	59
Total Expenditures	\$ 4,920,503	\$ (43,638)	\$ 70,957	\$ 4,947,822	\$ 5,242,185	\$ 5,495,067	\$ 547,245
Excess (Deficiency) of Revenues Over Expenditures	\$ (204,005)	\$ 43,638	\$ (70,957)	\$ (231,324)	\$ (34,173)	\$ (189,868)	\$ (41,456)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (32,988)	\$ 0	\$ 0	\$ (32,988)	\$ (35,624)	\$ (34,928)	\$ 1,940
Total Other Financing Sources (Uses)	\$ (32,988)	\$ 0	\$ 0	\$ (32,988)	\$ (35,624)	\$ (34,928)	\$ 1,940
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (236,993)	\$ 43,638	\$ (70,957)	\$ (264,312)	\$ (69,797)	\$ (224,796)	\$ (39,516)
	510,514	(43,638)	0	466,876	227,000	227,000	239,876
Fund Balance, June 30, 2012	\$ 273,521	\$ 0	\$ (70,957)	\$ 202,564	\$ 157,203	\$ 2,204	\$ 200,360

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 495,565	\$ 462,190	\$ 467,699	\$ 27,866
Other Local Revenues	2,588	2,500	2,500	88
State of Tennessee	25,166	25,000	25,000	166
Federal Government	2,382,214	2,018,455	2,279,129	103,085
Other Governments and Citizens Groups	5,000	0	5,000	0
Total Revenues	<u>\$ 2,910,533</u>	<u>\$ 2,508,145</u>	<u>\$ 2,779,328</u>	<u>\$ 131,205</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,819,720	\$ 2,602,824	\$ 2,874,007	\$ 54,287
Total Expenditures	<u>\$ 2,819,720</u>	<u>\$ 2,602,824</u>	<u>\$ 2,874,007</u>	<u>\$ 54,287</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 90,813</u>	<u>\$ (94,679)</u>	<u>\$ (94,679)</u>	<u>\$ 185,492</u>
Net Change in Fund Balance	\$ 90,813	\$ (94,679)	\$ (94,679)	\$ 185,492
Fund Balance, July 1, 2011	<u>710,616</u>	<u>637,654</u>	<u>637,654</u>	<u>72,962</u>
Fund Balance, June 30, 2012	<u>\$ 801,429</u>	<u>\$ 542,975</u>	<u>\$ 542,975</u>	<u>\$ 258,454</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Lauderdale County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Lease, and Bonds
 Primary Government and Discretely Presented Lauderdale County School Department
 For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-12
PRIMARY GOVERNMENT									
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Health Department Construction	\$ 300,000	0 %	11-7-04	9-1-13	\$ 75,000	\$ 0	\$ 33,333	\$ 0	\$ 41,667
School Energy Efficiency Loan	500,000	0	8-21-07	8-15-14	285,713	0	71,429	0	214,284
Law Enforcement Vehicles	120,000	6	10-9-08	9-30-11	10,691	0	10,691	0	0
Total Notes Payable					\$ 371,404	\$ 0	\$ 115,453	\$ 0	\$ 255,951
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Public Works Projects	1,000,000	Variable	1-28-09	5-25-25	\$ 898,000	\$ 0	\$ 53,000	\$ 0	\$ 845,000
Qualified School Construction Bonds, Series 2010	2,523,000	(1)	10-7-10	9-15-27	2,523,000	0	131,193	0	2,391,807
Total Other Loans Payable					\$ 3,421,000	\$ 0	\$ 184,193	\$ 0	\$ 3,236,807
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
G.O. School, Series 2003	9,835,000	2 to 3.75	5-1-03	4-1-13	\$ 7,435,000	\$ 0	\$ 300,000	\$ 6,810,000	\$ 325,000
G.O. School Refunding, Series 2003	9,840,000	3 to 4	6-1-03	4-1-13	3,905,000	0	875,000	2,135,000	895,000
G.O. Refunding, Series 2006	4,605,000	3.75 to 4	5-10-06	4-1-16	2,665,000	0	430,000	0	2,235,000
G.O. School Refunding, Series 2012	9,230,000	2 to 2.25	4-18-12	4-1-22	0	9,230,000	0	0	9,230,000
Total Bonds Payable					\$ 14,005,000	\$ 9,230,000	\$ 1,605,000	\$ 8,945,000	\$ 12,685,000

(Continued)

Exhibit K-1

Lauderdale County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Lease, 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 7-1-11	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-12
<u>DISCRETELY PRESENTED LAUDERDALE COUNTY SCHOOL DEPARTMENT</u>									
<u>NOTES PAYABLE</u>									
Payable through General Purpose School Fund Asbestos Abatement	\$ 172,013	0	% 4-17-1992	5-30-12	\$ 4,780	\$ 0	\$ 4,780	\$ 0	\$ 0
Total Notes Payable					\$ 4,780	\$ 0	\$ 4,780	\$ 0	\$ 0
<u>CAPITAL LEASE</u>									
Payable through General Purpose School Computers	505,086	6.09	12-18-08	11-18-12	\$ 247,717	\$ 0	\$ 139,494	\$ 0	\$ 108,223
Total Capital Lease					\$ 247,717	\$ 0	\$ 139,494	\$ 0	\$ 108,223

(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
2013	\$ 104,761	\$ 0	\$ 104,761
2014	79,762	0	79,762
2015	71,428	0	71,428
Total	\$ 255,951	\$ 0	\$ 255,951

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2013	\$ 212,431	\$ 126,456	\$ 5,404	\$ 344,291
2014	213,431	126,186	5,250	344,867
2015	215,431	125,912	5,094	346,437
2016	216,431	125,627	4,931	346,989
2017	218,431	125,338	4,766	348,535
2018	220,431	125,040	4,595	350,066
2019	222,431	124,731	4,419	351,581
2020	224,431	124,412	4,237	353,080
2021	225,431	124,084	4,049	353,564
2022	227,431	123,751	3,859	355,041
2023	229,431	123,408	3,663	356,502
2024	231,431	123,055	3,461	357,947
2025	234,431	122,692	3,254	360,377
2026	157,431	122,315	2,023	281,769
2027	172,928	122,315	2,019	297,262
2028	14,845	12,046	505	27,396
Total	\$ 3,236,807	\$ 1,877,368	\$ 61,529	\$ 5,175,704

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 1,760,000	\$ 313,828	\$ 2,073,828
2014	1,795,000	257,444	2,052,444
2015	1,395,000	212,444	1,607,444
2016	1,440,000	168,244	1,608,244
2017	1,485,000	129,044	1,614,044
2018	1,065,000	99,344	1,164,344
2019	1,000,000	78,044	1,078,044
2020	1,000,000	58,044	1,058,044
2021	975,000	38,044	1,013,044
2022	770,000	17,323	787,323
Total	\$ 12,685,000	\$ 1,371,803	\$ 14,056,803

(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	Capital Lease		
	Principal	Interest	Total
2013	\$ 108,223	\$ 6,774	\$ 114,997
Total	\$ 108,223	\$ 6,774	\$ 114,997

(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
Discretely Presented Lauderdale County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ <u>32,988</u>
Total Transfers Discretely Presented Lauderdale County School Department			\$ <u><u>32,988</u></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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 77,304	\$ 50,000	RLI Insurance Company
Highway Commissioner	Chapter 304, Private Acts of 1929, as amended, and County Commission	67,927	100,000	"
Director of Schools	State Board of Education and County Board of Education	121,000 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	61,751	1,162,100	RLI Insurance Company
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	300,000	"
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff	Section 8-24-102, TCA	67,927 (2)	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 a law enforcement training supplement of \$600.

Lauderdale County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds					District Attorney General
	General	Law Library	Ambulance Service	Drug Control		
<u>Local Taxes</u>						
County Property Taxes						
Current Property Tax	\$ 4,469,877	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	201,576	0	0	0	0	0
Trustee's Collections - Bankruptcy	18	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	344,215	0	0	0	0	0
Interest and Penalty	38,164	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	571	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	50,275	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	86,301	0	0	0	0	0
<u>County Local Option Taxes</u>						
Hotel/Motel Tax	27,773	0	0	0	0	0
Wheel Tax	880,572	0	0	0	0	0
Litigation Tax - General	50,334	0	0	0	0	0
Litigation Tax - Special Purpose	10,561	1,003	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	3,490	0	0	0	0	0
Litigation Tax - Courtroom Security	336	0	0	0	0	0
Business Tax	70,474	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	22,909	0	0	0	0	0
Wholesale Beer Tax	51,008	0	0	0	0	0
Interstate Telecommunications Tax	3,127	0	0	0	0	0
Total Local Taxes	\$ 6,311,581	\$ 1,003	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 6,034	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	5,052	0	0	0	0	0
Permits						
Beer Permits	2,138	0	0	0	0	0
Building Permits	16,788	0	0	0	0	0
Other Permits	7,809	0	0	0	0	0
Total Licenses and Permits	\$ 37,821	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds					District Attorney General
	General	Law Library	Ambulance Service	Drug Control		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 3,229	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	8,145	0	0	0	0	0
Drug Control Fines	1,458	0	0	1,577	0	0
Drug Court Fees	812	0	0	0	0	0
Jail Fees	2,506	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	1,958
DUI Treatment Fines	380	0	0	0	0	0
Data Entry Fee - Circuit Court	1,351	0	0	0	0	0
Victims Assistance Assessments	1,960	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	27,460	0	0	0	0	0
Fines for Littering	71	0	0	0	0	0
Officers Costs	15,556	0	0	0	0	0
Game and Fish Fines	218	0	0	0	0	0
Drug Control Fines	721	0	0	816	0	0
Drug Court Fees	2,850	0	0	10	0	0
Jail Fees	19,753	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	2,737
DUI Treatment Fines	4,187	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,674	0	0	0	0	0
Victims Assistance Assessments	20,025	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	5,331	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,082	0	0	0	0	0
Data Entry Fee - Chancery Court	2,446	0	0	0	0	0
Courts in Other District Counties						
District Attorney General Fees	0	0	0	0	0	32,370
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	13,178	0	0
Total Fines, Forfeitures, and Penalties	\$ 124,215	\$ 0	\$ 0	\$ 15,581	\$ 37,065	0

(Continued)

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

	Special Revenue Funds				
	General	Law Library	Ambulance Service	Drug Control	District Attorney General
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	1,245,748	\$ 0	\$ 0
Fees					
Subdivision Lot Fees	350	0	0	0	0
Copy Fees	1,531	0	0	0	0
Library Fees	3,871	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0
Telephone Commissions	67,028	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	6,420	0	0	0	0
Data Processing Fee - Sheriff	1,372	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,300	0	0	0	0
Data Processing Fee - County Clerk	1,140	0	0	0	0
<u>Education Charges</u>					
Tuition - Other	259	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	3,500	0	0
Total Charges for Current Services	\$ 85,371	\$ 0	1,249,248	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	4,212	0	50	0	0
Lease/Rentals	35	0	0	0	0
Commissary Sales	17,327	0	0	0	0
Sale of Maps	165	0	0	0	0
Refund of Telecommunication and Internet Fees (E-Rate)	2,256	0	0	0	0
Miscellaneous Refunds	79,375	0	0	0	268
Expenditure Credits	48,850	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Property	17,265	0	0	0	0
Contributions and Gifts	50	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Law Library	Ambulance Service	Drug Control	District Attorney General	
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 1,891	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Other Local Revenues	\$ 171,426	\$ 0	\$ 50	\$ 0	\$ 0	268
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 288,271	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	123,924	0	0	0	0	0
General Sessions Court Clerk	122,625	0	0	0	0	0
Clerk and Master	141,585	0	0	0	0	0
Register	66,720	0	0	0	0	0
Sheriff	9,067	0	0	0	0	0
Trustee	340,379	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,092,571	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	0
On-Behalf Contributions for OPEB	507	0	0	0	0	0
Other General Government Grants	2,600	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	13,800	0	0	0	0	0
Health and Welfare Grants	134,924	0	0	0	0	0
<u>Health Department Programs</u>						
Public Works Grants	0	0	0	0	0	0
Bridge Program	54,788	0	0	0	0	0
Litter Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	13,054	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0
Alcoholic Beverage Tax	51,952	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					District Attorney General
	General	Law Library	Ambulance Service	Drug Control		
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Mixed Drink Tax						
State Revenue Sharing - T.V.A.	810 \$	0 \$	0 \$	0 \$	0 \$	0
Board of Jurors	137,593	0	0	0	0	0
Contracted Prisoner Boarding	152	0	0	0	0	0
Gasoline and Motor Fuel Tax	867,965	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	0	0	0	0	0	0
Other State Grants	15,164	0	0	0	0	0
Other State Revenues	59,244	0	0	0	0	0
Total State of Tennessee	1,404,055 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	18,164 \$	0 \$	0 \$	0 \$	0 \$	0
Community Development	0	0	0	0	0	0
Civil Defense Reimbursement	26,000	0	0	0	0	0
Disaster Relief	17,496	0	0	0	0	0
Homeland Security Grants	203,594	0	0	0	0	0
Medicaid	40	0	0	0	0	0
Law Enforcement Grants	11,901	0	0	0	0	0
Direct Federal Revenue						
FHA Grant	22,356	0	0	0	0	0
Other Direct Federal Revenue	3,200	0	0	0	0	0
Total Federal Government	302,751 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	0 \$	0 \$	0 \$	0 \$	0 \$	0
Contributions	194,151	0	0	0	0	0
Contracted Services	88,659	0	0	0	0	0
Total Other Governments and Citizens Groups	282,810 \$	0 \$	0 \$	0 \$	0 \$	0
Total	9,812,601 \$	1,003 \$	1,249,298 \$	15,581 \$	37,333	

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	General Capital Projects		
<u>Local Taxes</u>								
County Property Taxes								
Current Property Tax	\$ 0	\$ 716,259	\$ 272,787	\$ 0	\$ 0	\$ 5,458,923		
Trustee's Collections - Prior Year	0	37,087	43,760	0	0	282,423		
Trustee's Collections - Bankruptcy	0	4	4	0	0	26		
Circuit/Clerk & Master Collections - Prior Years	0	59,791	69,766	0	0	473,772		
Interest and Penalty	0	6,825	7,093	0	0	52,082		
Payments in-Lieu-of Taxes - T.V.A.	0	91	35	0	0	697		
Payments in-Lieu-of Taxes - Local Utilities	0	8,046	3,068	0	0	61,389		
Payments in-Lieu-of Taxes - Other	0	13,811	5,266	0	0	105,378		
County Local Option Taxes								
Hotel/Motel Tax	0	0	0	0	0	27,773		
Wheel Tax	0	88,149	0	0	0	968,721		
Litigation Tax - General	0	0	0	0	0	50,334		
Litigation Tax - Special Purpose	0	0	0	0	0	11,564		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	19,636	0	0	23,126		
Litigation Tax - Courtroom Security	0	0	0	0	0	336		
Business Tax	0	0	0	0	0	70,474		
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	3,671	1,398	0	0	27,978		
Wholesale Beer Tax	0	0	0	0	0	51,008		
Interstate Telecommunications Tax	0	0	0	0	0	3,127		
Total Local Taxes	\$ 0	\$ 933,734	\$ 422,813	\$ 0	\$ 0	\$ 7,669,131		
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	0	0	0	0	0	6,034		
Cable TV Franchise	0	515	197	0	0	5,764		
Permits								
Beer Permits	0	0	0	0	0	2,138		
Building Permits	0	0	0	0	0	16,788		
Other Permits	0	0	0	0	0	7,809		
Total Licenses and Permits	\$ 0	\$ 515	\$ 197	\$ 0	\$ 0	\$ 38,533		

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	General Capital Projects		
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,229
Officers Costs	0	0	0	0	0	0	0	8,145
Drug Control Fines	0	0	0	0	0	0	0	3,035
Drug Court Fees	0	0	0	0	0	0	0	812
Jail Fees	0	0	0	0	0	0	0	2,506
District Attorney General Fees	0	0	0	0	0	0	0	1,958
DUI Treatment Fines	0	0	0	0	0	0	0	380
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	1,351
Victims Assistance Assessments	0	0	0	0	0	0	0	1,960
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	27,460
Fines for Littering	0	0	0	0	0	0	0	71
Officers Costs	0	0	0	0	0	0	0	15,556
Game and Fish Fines	0	0	0	0	0	0	0	218
Drug Control Fines	0	0	0	0	0	0	0	1,537
Drug Court Fees	0	0	0	0	0	0	0	2,860
Jail Fees	0	0	0	0	0	0	0	19,753
District Attorney General Fees	0	0	0	0	0	0	0	2,737
DUI Treatment Fines	0	0	0	0	0	0	0	4,187
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	3,674
Victims Assistance Assessments	0	0	0	0	0	0	0	20,025
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	5,331
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	2,082
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	2,446
Courts in Other District Counties								
District Attorney General Fees	0	0	0	0	0	0	0	32,370
Judicial District Drug Program								
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	13,178
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	176,861

(Continued)

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

	Special Revenue Funds			Debt Service	Capital
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Projects Fund	Projects Fund
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,245,748
Fees					
Subdivision Lot Fees	0	0	0	0	350
Copy Fees	0	0	0	0	1,531
Library Fees	0	0	0	0	3,871
Greenbelt Late Application Fee	0	0	0	0	100
Telephone Commissions	0	0	0	0	67,028
Constitutional Officers' Fees and Commissions	47	0	0	0	47
Data Processing Fee - Register	0	0	0	0	6,420
Data Processing Fee - Sheriff	0	0	0	0	1,372
Sexual Offender Registration Fees - Sheriff	0	0	0	0	3,300
Data Processing Fee - County Clerk	0	0	0	0	1,140
<u>Education Charges</u>					
Tuition - Other	0	0	0	0	259
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	0	0	3,500
Total Charges for Current Services	<u>47</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,334,666</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	0	0	4,262
Lease/Rentals	0	0	0	0	35
Commissary Sales	0	0	0	0	17,327
Sale of Maps	0	0	0	0	165
Refund of Telecommunication and Internet Fees (E-Rate)	0	0	0	0	2,256
Miscellaneous Refunds	0	107	0	0	79,750
Expenditure Credits	0	24,450	0	0	73,300
<u>Nonrecurring Items</u>					
Sale of Property	0	0	0	0	17,265
Contributions and Gifts	0	0	0	0	50

(Continued)

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	General Capital Projects	
<u>Other Local Revenues (Cont.)</u>							
Other Local Revenues	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,891
Total Other Local Revenues	\$ 0 \$	24,557 \$	0 \$	0 \$	0 \$	0 \$	196,301
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	288,271
Circuit Court Clerk	0	0	0	0	0	0	123,924
General Sessions Court Clerk	0	0	0	0	0	0	122,625
Clerk and Master	0	0	0	0	0	0	141,585
Register	0	0	0	0	0	0	66,720
Sheriff	0	0	0	0	0	0	9,067
Trustee	0	0	0	0	0	0	340,379
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,092,571
<u>State of Tennessee</u>							
General Government Grants	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	13,500
Juvenile Services Program	0	0	0	0	0	0	507
On-Behalf Contributions for OPEB	0	0	0	0	0	0	2,600
Other General Government Grants	0	0	0	0	0	0	13,800
Public Safety Grants	0	0	0	0	0	0	13,800
Law Enforcement Training Programs	0	0	0	0	0	0	13,800
Health and Welfare Grants	0	0	0	0	0	0	134,924
Health Department Programs	0	0	0	0	0	0	134,924
Public Works Grants	0	444,507	0	0	0	0	444,507
Bridge Program	0	0	0	0	0	0	54,788
Litter Program	0	0	0	0	0	0	54,788
Other State Revenues	0	0	0	0	0	0	13,054
Income Tax	0	0	0	0	0	0	13,054
Beer Tax	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	0	51,952

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	General Capital Projects		
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Mixed Drink Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 810	
State Revenue Sharing - T.V.A.	0	72,073	0	0	0	0	209,666	
Board of Jurors	0	0	0	0	0	0	152	
Contracted Prisoner Boarding	0	0	0	0	0	0	867,965	
Gasoline and Motor Fuel Tax	0	1,696,176	0	0	0	0	1,696,176	
Petroleum Special Tax	0	20,070	0	0	0	0	20,070	
Registrar's Salary Supplement	0	0	0	0	0	0	15,164	
Other State Grants	0	29,493	0	0	0	0	88,737	
Other State Revenues	0	0	0	0	0	0	19,581	
Total State of Tennessee	\$ 0	\$ 2,262,319	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,666,374	
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18,164	
Community Development	0	0	0	0	4,714	0	4,714	
Civil Defense Reimbursement	0	0	0	0	0	0	26,000	
Disaster Relief	0	189,949	0	0	0	0	207,445	
Homeland Security Grants	0	0	0	0	0	0	203,594	
Medicaid	0	0	0	0	0	0	40	
Law Enforcement Grants	0	0	0	0	0	0	11,901	
<u>Direct Federal Revenue</u>								
FHA Grant	0	0	0	0	0	0	22,356	
Other Direct Federal Revenue	0	0	0	0	0	0	3,200	
Total Federal Government	\$ 0	\$ 189,949	\$ 0	\$ 0	\$ 4,714	\$ 0	\$ 497,414	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 98,325	\$ 0	\$ 0	\$ 0	\$ 0	98,325	
Contributions	0	0	1,865,018	0	1,286	0	2,060,455	
Contracted Services	0	0	0	0	0	0	88,659	
Total Other Governments and Citizens Groups	\$ 0	\$ 98,325	\$ 1,865,018	\$ 0	\$ 1,286	\$ 0	\$ 2,247,439	
<u>Total</u>	\$ 47	\$ 3,509,399	\$ 2,288,028	\$ 6,000	\$ 6,000	\$ 16,919,290		

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,708,222	\$ 0	\$ 0	\$ 2,708,222
Trustee's Collections - Prior Year	140,099	0	0	140,099
Trustee's Collections - Bankruptcy	13	0	0	13
Circuit/Clerk & Master Collections - Prior Years	209,362	0	0	209,362
Interest and Penalty	25,778	0	0	25,778
Payments in-Lieu-of Taxes - T.V.A.	346	0	0	346
Payments in-Lieu-of Taxes - Local Utilities	30,955	0	0	30,955
Payments in-Lieu-of Taxes - Other	51,779	0	0	51,779
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,850,057	0	0	1,850,057
Wheel Tax	176,069	0	0	176,069
<u>Statutory Local Taxes</u>				
Bank Excise Tax	13,880	0	0	13,880
Interstate Telecommunications Tax	1,713	0	0	1,713
Other Statutory Local Taxes	2,993	0	0	2,993
Total Local Taxes	\$ 5,211,266	\$ 0	\$ 0	\$ 5,211,266
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,700	\$ 0	\$ 0	\$ 1,700
Cable TV Franchise	1,951	0	0	1,951
Total Licenses and Permits	\$ 3,651	\$ 0	\$ 0	\$ 3,651
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 1,606	\$ 0	\$ 0	\$ 1,606
Total Fines, Forfeitures, and Penalties	\$ 1,606	\$ 0	\$ 0	\$ 1,606
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 1,200	\$ 0	\$ 0	\$ 1,200
Lunch Payments - Children	0	0	204,180	204,180
Lunch Payments - Adults	0	0	66,261	66,261
Income from Breakfast	0	0	5,506	5,506
Special Milk Sales	0	0	4,627	4,627
A la carte Sales	0	0	174,900	174,900
Contract for Instructional Services with Other LEAs	33,977	0	0	33,977
<u>Other Charges for Services</u>				
Other Charges for Services	28,142	0	40,091	68,233
Total Charges for Current Services	\$ 63,319	\$ 0	\$ 495,565	\$ 558,884
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 140,155	\$ 0	\$ 1,304	\$ 141,459
Lease/Rentals	361	0	0	361
Refund of Telecommunication and Internet Fees (E-Rate)	43,948	0	0	43,948
Miscellaneous Refunds	16,022	0	1,284	17,306

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items</u>				
Sale of Equipment	\$ 18,485	\$ 0	\$ 0	\$ 18,485
Sale of Property	848	0	0	848
Damages Recovered from Individuals	1,909	0	0	1,909
Contributions and Gifts	1,401	0	0	1,401
<u>Other Local Revenues</u>				
Other Local Revenues	993	0	0	993
Total Other Local Revenues	\$ 224,122	\$ 0	\$ 2,588	\$ 226,710
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 91,750	\$ 0	\$ 0	\$ 91,750
Other General Government Grants	98,647	0	0	98,647
<u>State Education Funds</u>				
Basic Education Program	22,703,999	0	0	22,703,999
Early Childhood Education	964,065	0	0	964,065
School Food Service	0	0	25,166	25,166
Driver Education	4,931	0	0	4,931
Other State Education Funds	415,387	0	0	415,387
Coordinated School Health - ARRA	17,729	0	0	17,729
Statewide Student Management System (SSMS) - ARRA	11,749	0	0	11,749
Career Ladder Program	182,797	0	0	182,797
Career Ladder - Extended Contract	119,800	0	0	119,800
Career Ladder - Extended Contract - ARRA	114,101	0	0	114,101
<u>Other State Revenues</u>				
Mixed Drink Tax	810	0	0	810
State Revenue Sharing - T.V.A.	445,541	0	0	445,541
Other State Grants	19,186	0	0	19,186
Total State of Tennessee	\$ 25,190,492	\$ 0	\$ 25,166	\$ 25,215,658
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,427,323	\$ 1,427,323
USDA - Commodities	0	0	119,474	119,474
Breakfast	0	0	758,635	758,635
USDA - Other	0	0	76,782	76,782
Vocational Education - Basic Grants to States	0	78,337	0	78,337
Other Vocational	0	17,477	0	17,477
Title I Grants to Local Education Agencies	0	1,913,320	0	1,913,320
Special Education - Grants to States	61,101	1,114,783	0	1,175,884
Special Education Preschool Grants	13,070	55,512	0	68,582
Safe and Drug-free Schools - State Grants	0	232,675	0	232,675
Rural Education	0	98,379	0	98,379
Eisenhower Professional Development State Grants	0	232,727	0	232,727
Race-to-the-Top - ARRA	0	820,079	0	820,079
Other Federal through State	0	142,108	0	142,108
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	62,922	0	0	62,922
Tax Credit Bond Rebate	122,315	0	0	122,315

(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>				
Other Direct Federal Revenue	\$ 0	\$ 11,101	\$ 0	\$ 11,101
Total Federal Government	\$ 259,408	\$ 4,716,498	\$ 2,382,214	\$ 7,358,120
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,574,778	\$ 0	\$ 0	\$ 1,574,778
<u>Citizens Groups</u>				
Donations	84,806	0	5,000	89,806
Total Other Governments and Citizens Groups	\$ 1,659,584	\$ 0	\$ 5,000	\$ 1,664,584
Total	\$ 32,613,448	\$ 4,716,498	\$ 2,910,533	\$ 40,240,479

Exhibit K-7

Lauderdale County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	31,644	
Social Security		1,948	
State Retirement		1,392	
Employer Medicare		456	
Audit Services		8,345	
Dues and Memberships		2,098	
Travel		1,491	
Workers' Compensation Insurance		112	
Total County Commission			\$ 47,486

County Mayor/Executive

County Official/Administrative Officer	\$	77,304	
Accountants/Bookkeepers		61,725	
Salary Supplements		1,500	
Part-time Personnel		6,490	
Social Security		8,361	
State Retirement		12,198	
Employee and Dependent Insurance		19,724	
Employer Medicare		1,955	
Communication		898	
Contracts with Private Agencies		6,657	
Dues and Memberships		1,400	
Postal Charges		16,800	
Travel		781	
Remittance of Revenue Collected		4,433	
Office Supplies		3,924	
Other Supplies and Materials		1,011	
Workers' Compensation Insurance		287	
Land		20,128	
Office Equipment		1,234	
Total County Mayor/Executive			246,810

County Attorney

Legal Services	\$	122,130	
Total County Attorney			122,130

Election Commission

County Official/Administrative Officer	\$	55,576	
Deputy(ies)		50,350	
Clerical Personnel		13,601	

(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.)

Other Salaries and Wages	\$	1,304	
Election Commission		5,175	
Election Workers		15,075	
Social Security		7,196	
State Retirement		9,308	
Employee and Dependent Insurance		16,464	
Employer Medicare		1,722	
Audit Services		1,500	
Communication		3,857	
Data Processing Services		20,216	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		3,378	
Printing, Stationery, and Forms		550	
Travel		4,491	
Data Processing Supplies		1,989	
Electricity		4,358	
Natural Gas		932	
Office Supplies		6,483	
Water and Sewer		897	
Other Supplies and Materials		942	
Workers' Compensation Insurance		239	
In Service/Staff Development		2,318	
Office Equipment		137	
Total Election Commission			\$ 228,258

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		28,093	
Social Security		5,382	
State Retirement		7,798	
Employee and Dependent Insurance		3,355	
Employer Medicare		1,259	
Communication		898	
Contracts with Other Public Agencies		15,841	
Dues and Memberships		565	
Travel		170	
Office Supplies		2,418	
Workers' Compensation Insurance		205	
Office Equipment		2,412	
Total Register of Deeds			130,147

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Development

Consultants	\$	110,000	
Contracts with Government Agencies		35,000	
Other Charges		8,237	
Total Development			\$ 153,237

Planning

Materials Supervisor	\$	10,946	
Board and Committee Members Fees		920	
Social Security		736	
Employer Medicare		172	
Advertising		325	
Communication		618	
Gasoline		2,400	
Office Supplies		288	
Other Supplies and Materials		68	
Workers' Compensation Insurance		201	
Other Charges		4,608	
Total Planning			21,282

County Buildings

Custodial Personnel	\$	24,102	
Maintenance Personnel		63,872	
Part-time Personnel		8,958	
Social Security		5,596	
State Retirement		6,099	
Employee and Dependent Insurance		14,806	
Employer Medicare		1,309	
Maintenance and Repair Services - Buildings		268,921	
Custodial Supplies		6,027	
Electricity		29,556	
Natural Gas		2,009	
Water and Sewer		8,793	
Building and Contents Insurance		16,240	
Workers' Compensation Insurance		1,230	
Total County Buildings			457,518

Other General Administration

Other Salaries and Wages	\$	3,720	
Social Security		231	
Employer Medicare		54	
Total Other General Administration			4,005

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		57,120	
Board and Committee Members Fees		2,205	
Social Security		6,737	
State Retirement		10,318	
Employee and Dependent Insurance		19,703	
Employer Medicare		1,575	
Communication		1,023	
Contracts with Private Agencies		8,600	
Dues and Memberships		1,415	
Travel		1,170	
Data Processing Supplies		7,618	
Office Supplies		1,898	
Workers' Compensation Insurance		1,322	
Total Property Assessor's Office			\$ 182,455

Reappraisal Program

Part-time Personnel	\$	12,696	
Social Security		787	
Employer Medicare		184	
Data Processing Services		2,614	
Postal Charges		1,200	
Travel		2,500	
Total Reappraisal Program			19,981

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		58,224	
Social Security		6,724	
State Retirement		10,414	
Employee and Dependent Insurance		19,703	
Employer Medicare		1,573	
Communication		1,375	
Contracts with Private Agencies		5,207	
Dues and Memberships		665	
Legal Notices, Recording, and Court Costs		254	
Travel		1,568	
Office Supplies		6,881	
Workers' Compensation Insurance		239	
Office Equipment		3,579	
Total County Trustee's Office			178,157

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		125,816	
Social Security		10,741	
State Retirement		15,242	
Employee and Dependent Insurance		19,785	
Employer Medicare		2,512	
Communication		2,701	
Contracts with Other Public Agencies		20,298	
Dues and Memberships		590	
Office Supplies		3,219	
Workers' Compensation Insurance		361	
Office Equipment		190	
Total County Clerk's Office			\$ 263,206

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		47,687	
Attendants		6,245	
Jury and Witness Expense		13,717	
Social Security		6,406	
State Retirement		8,333	
Employee and Dependent Insurance		14,948	
Employer Medicare		1,555	
Communication		1,478	
Dues and Memberships		535	
Maintenance and Repair Services - Equipment		5,634	
Postal Charges		3,300	
Travel		608	
Remittance of Revenue Collected		812	
Data Processing Supplies		8,850	
Office Supplies		11,590	
Workers' Compensation Insurance		333	
Other Charges		248	
Office Equipment		1,277	
Total Circuit Court			195,307

General Sessions Judge

Judge(s)	\$	77,168	
Social Security		4,656	

(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 Judge (Cont.)

State Retirement	\$	6,698	
Employee and Dependent Insurance		3,325	
Employer Medicare		1,089	
Dues and Memberships		320	
Travel		1,432	
Workers' Compensation Insurance		198	
Total General Sessions Judge			\$ 94,886

General Sessions Court Clerk

Clerical Personnel	\$	153,050	
Attendants		52,816	
Social Security		11,254	
State Retirement		13,285	
Employee and Dependent Insurance		21,524	
Employer Medicare		2,776	
Communication		1,591	
Remittance of Revenue Collected		2,850	
Workers' Compensation Insurance		1,067	
Total General Sessions Court Clerk			260,213

Chancery Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		24,967	
Attendants		13,369	
Part-time Personnel		15,104	
Social Security		6,488	
State Retirement		7,527	
Employee and Dependent Insurance		3,338	
Employer Medicare		1,610	
Communication		1,692	
Contracts with Private Agencies		5,544	
Legal Notices, Recording, and Court Costs		4,021	
Office Supplies		3,513	
Workers' Compensation Insurance		393	
Total Chancery Court			149,317

Juvenile Court

County Official/Administrative Officer	\$	46,309	
Judge(s)		77,168	
Deputy(ies)		134,644	

(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.)

Investigator(s)	\$	63,835	
Probation Officer(s)		27,295	
Youth Service Officer(s)		34,262	
Salary Supplements		900	
Secretary(ies)		50,417	
Attendants		19,797	
In-Service Training		1,570	
Other Per Diem and Fees		569	
Social Security		26,063	
State Retirement		37,743	
Employee and Dependent Insurance		57,904	
Employer Medicare		6,194	
Communication		7,132	
Contracts with Private Agencies		46,950	
Dues and Memberships		375	
Evaluation and Testing		3,051	
Maintenance and Repair Services - Equipment		2,701	
Maintenance and Repair Services - Vehicles		6,563	
Travel		8,222	
Gasoline		14,384	
Office Supplies		3,244	
Other Supplies and Materials		4,806	
Vehicle and Equipment Insurance		1,071	
Workers' Compensation Insurance		4,455	
Total Juvenile Court			\$ 687,624

Other Administration of Justice

Social Workers	\$	21,425
Secretary(ies)		2,396
Part-time Personnel		10,488
Social Security		2,022
Handling Charges and Administrative Costs		2,987
State Retirement		2,230
Employee and Dependent Insurance		7,484
Employer Medicare		473
Communication		781
Contracts with Private Agencies		3,450
Maintenance and Repair Services - Equipment		1,064
Postal Charges		500
Data Processing Supplies		4,808

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Office Supplies	\$	1,985	
Testing		1,603	
Other Supplies and Materials		3,616	
Workers' Compensation Insurance		375	
In Service/Staff Development		190	
Other Charges		694	
Total Other Administration of Justice			\$ 68,571

Victims Assistance Programs

Remittance of Revenue Collected	\$	15,000	
Total Victims Assistance Programs			15,000

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Assistant(s)		44,338	
Deputy(ies)		471,634	
Investigator(s)		161,811	
Accountants/Bookkeepers		28,264	
Salary Supplements		13,800	
Dispatchers/Radio Operators		194,820	
Guards		24,818	
Clerical Personnel		22,745	
Part-time Personnel		65,819	
Overtime Pay		15,814	
In-Service Training		8,891	
Social Security		65,438	
State Retirement		86,332	
Employee and Dependent Insurance		131,691	
Unemployment Compensation		15,398	
Employer Medicare		15,304	
Other Fringe Benefits		24,522	
Communication		17,772	
Confidential Drug Enforcement Payments		200	
Dues and Memberships		2,100	
Maintenance and Repair Services - Equipment		5,315	
Maintenance and Repair Services - Vehicles		48,681	
Postal Charges		3,500	
Travel		15,118	
Data Processing Supplies		2,680	

(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.)

Diesel Fuel	\$	3,084	
Electricity		104,569	
Gasoline		159,502	
Law Enforcement Supplies		5,503	
Natural Gas		16,295	
Office Supplies		9,623	
Tires and Tubes		8,210	
Uniforms		6,790	
Water and Sewer		41,866	
Other Supplies and Materials		7,093	
Liability Insurance		11,092	
Vehicle and Equipment Insurance		4,648	
Workers' Compensation Insurance		9,951	
Other Charges		5,264	
Motor Vehicles		118,144	
Office Equipment		2,250	
Total Sheriff's Department			\$ 2,068,616

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	2,308	
Total Administration of the Sexual Offender Registry			2,308

Jail

Captain(s)	\$	43,936	
Lieutenant(s)		57,241	
Sergeant(s)		178,379	
Accountants/Bookkeepers		25,756	
Medical Personnel		44,584	
Salary Supplements		8,400	
Guards		455,694	
Cafeteria Personnel		34,528	
Part-time Personnel		24,910	
Overtime Pay		13,039	
Social Security		51,855	
State Retirement		57,914	
Employee and Dependent Insurance		95,338	
Employer Medicare		12,127	
Communication		2,370	
Medical and Dental Services		110,238	
Travel		4,167	

(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 Contracted Services	\$	25,529	
Custodial Supplies		21,671	
Drugs and Medical Supplies		39,205	
Food Preparation Supplies		31,064	
Food Supplies		211,573	
Office Supplies		10,587	
Prisoners Clothing		6,251	
Uniforms		4,523	
Other Supplies and Materials		20,681	
Workers' Compensation Insurance		12,577	
In Service/Staff Development		1,539	
Other Charges		23,478	
Communication Equipment		910	
Office Equipment		964	
Total Jail			\$ 1,631,028

Fire Prevention and Control

Part-time Personnel	\$	15,000	
Social Security		930	
Employer Medicare		218	
Contracts with Government Agencies		2,000	
Gasoline		5,652	
Utilities		3,572	
Other Supplies and Materials		7,824	
Building and Contents Insurance		723	
Vehicle and Equipment Insurance		9,670	
Workers' Compensation Insurance		1,814	
In Service/Staff Development		570	
Other Charges		31,475	
Total Fire Prevention and Control			79,448

Civil Defense

Other Equipment	\$	160,225	
Total Civil Defense			160,225

Rescue Squad

Contributions	\$	11,074	
Total Rescue Squad			11,074

(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

Supervisor/Director	\$	46,556	
Social Security		2,646	
State Retirement		4,041	
Employee and Dependent Insurance		8,178	
Employer Medicare		619	
Communication		3,609	
Dues and Memberships		65	
Maintenance and Repair Services - Vehicles		15,873	
Travel		347	
Gasoline		4,969	
Office Supplies		149	
Other Supplies and Materials		1,762	
Vehicle and Equipment Insurance		1,207	
Workers' Compensation Insurance		592	
Other Charges		9,960	
Total Other Emergency Management			\$ 100,573

Public Health and Welfare

Local Health Center

Communication	\$	2,479	
Janitorial Services		10,045	
Maintenance and Repair Services - Buildings		5,706	
Postal Charges		199	
Other Contracted Services		17,862	
Drugs and Medical Supplies		1,247	
Office Supplies		765	
Utilities		16,601	
Total Local Health Center			54,904

Rabies and Animal Control

Part-time Personnel	\$	40,571	
Social Security		2,515	
Employer Medicare		588	
Communication		1,222	
Maintenance and Repair Services - Vehicles		3,529	
Veterinary Services		3,812	
Animal Food and Supplies		7,572	
Custodial Supplies		1,223	
Gasoline		7,375	
Utilities		6,407	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Other Supplies and Materials	\$	1,719	
Workers' Compensation Insurance		455	
Total Rabies and Animal Control			\$ 76,988

Dental Health Program

Medical Personnel	\$	22,212	
Clerical Personnel		42,819	
Educational Assistants		38,375	
Social Security		6,050	
State Retirement		7,158	
Employee and Dependent Insurance		8,373	
Unemployment Compensation		3,660	
Employer Medicare		1,415	
Travel		4,182	
Workers' Compensation Insurance		1,573	
Total Dental Health Program			135,817

Other Local Health Services

Contracts with Other Public Agencies	\$	27,950	
Other Contracted Services		38,385	
Total Other Local Health Services			66,335

Sanitation Education/Information

Guards	\$	25,235	
Clerical Personnel		2,658	
Social Security		1,512	
State Retirement		2,421	
Employee and Dependent Insurance		8,199	
Employer Medicare		353	
Contracts with Other Public Agencies		11,291	
Workers' Compensation Insurance		365	
Other Charges		2,344	
Total Sanitation Education/Information			54,378

Social, Cultural, and Recreational Services

Libraries

Librarians	\$	82,723	
Salary Supplements		1,700	
Social Security		4,652	
State Retirement		7,328	

(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.)

Employee and Dependent Insurance	\$	19,703	
Employer Medicare		1,088	
Audit Services		1,100	
Communication		3,388	
Contributions		23,308	
Maintenance and Repair Services - Buildings		4,388	
Library Books/Media		81	
Office Supplies		2,711	
Utilities		12,982	
Workers' Compensation Insurance		112	
Office Equipment		14,369	
Total Libraries			\$ 179,633

Parks and Fair Boards

Contributions	\$	37,600	
Total Parks and Fair Boards			37,600

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	39,163	
Part-time Personnel		2,887	
Social Security		3,336	
State Retirement		6,026	
Employer Medicare		80	
Communication		2,513	
Maintenance and Repair Services - Equipment		4,482	
Travel		2,013	
Other Contracted Services		5,736	
Workers' Compensation Insurance		54	
Total Agriculture Extension Service			66,290

Soil Conservation

Assessment Personnel	\$	60,250	
Secretary(ies)		22,160	
Social Security		4,756	
State Retirement		6,595	
Employee and Dependent Insurance		13,311	
Employer Medicare		1,112	
Workers' Compensation Insurance		847	
Total Soil Conservation			109,031

(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	\$ 19,431	
Total Housing and Urban Development		\$ 19,431

Other Economic and Community Development

Building Improvements	\$ 65,624	
Total Other Economic and Community Development		65,624

Veterans' Services

Supervisor/Director	\$ 13,475	
Social Security	835	
Employer Medicare	195	
Communication	845	
Travel	815	
Office Supplies	945	
Workers' Compensation Insurance	23	
Total Veterans' Services		17,133

Other Charges

Liability Insurance	\$ 32,189	
Trustee's Commission	128,169	
Other Charges	14,468	
Total Other Charges		174,826

Contributions to Other Agencies

Contributions	\$ 174,506	
Total Contributions to Other Agencies		174,506

Employee Benefits

Unemployment Compensation	\$ 8,018	
On-Behalf Payments to OPEB	507	
Medical Claims	376,521	
Total Employee Benefits		385,046

Miscellaneous

Advertising	\$ 870	
Dues and Memberships	756	
Other Contracted Services	16,618	
Other Supplies and Materials	285	
Other Charges	9,487	
Total Miscellaneous		28,016

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Instruction

Student Body Education Program

Consultants	\$	10,754	
Contributions		10,896	
Total Student Body Education Program			\$ 21,650

Total General Fund \$ 9,246,070

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	1,580	
Trustee's Commission		10	
Total Libraries			\$ 1,590

Total Law Library Fund 1,590

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	645,321	
In-Service Training		2,270	
Social Security		47,250	
State Retirement		29,660	
Medical Insurance		73,454	
Bank Charges		198	
Communication		4,041	
Debt Collection Services		3,819	
Dues and Memberships		240	
Licenses		1,767	
Maintenance and Repair Services - Equipment		67,249	
Travel		175	
Other Contracted Services		4,410	
Data Processing Supplies		3,471	
Diesel Fuel		64,022	
Drugs and Medical Supplies		29,157	
Office Supplies		7,233	
Uniforms		1,223	
Utilities		7,373	
Liability Insurance		46,972	
Other Charges		5,700	
Motor Vehicles		10,500	

(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.)

Other Equipment	\$ 1,218	
Total Ambulance/Emergency Medical Services		\$ 1,056,723

Total Ambulance Service Fund \$ 1,056,723

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$ 1,500	
Communication	2,333	
Confidential Drug Enforcement Payments	10,000	
Maintenance and Repair Services - Equipment	81	
Maintenance and Repair Services - Vehicles	4,707	
Travel	800	
Animal Food and Supplies	242	
Uniforms	404	
Other Supplies and Materials	1,352	
Other Charges	1,875	
Law Enforcement Equipment	2,795	
Total Drug Enforcement		\$ 26,089

Total Drug Control Fund 26,089

District Attorney General Fund

Administration of Justice

District Attorney General

Dues and Memberships	\$ 545	
Travel	5,243	
Law Enforcement Supplies	219	
Office Supplies	198	
Uniforms	413	
Other Supplies and Materials	376	
Office Equipment	2,935	
Total District Attorney General		\$ 9,929

Total District Attorney General Fund 9,929

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 47	
Total Register of Deeds		\$ 47

Total Constitutional Officers - Fees Fund \$ 47

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,927	
Accountants/Bookkeepers	60,226	
Communication	5,910	
Data Processing Services	7,452	
Dues and Memberships	3,542	
Legal Notices, Recording, and Court Costs	476	
Medical and Dental Services	1,526	
Postal Charges	300	
Printing, Stationery, and Forms	324	
Travel	551	
Other Contracted Services	7,732	
Custodial Supplies	2,172	
Data Processing Supplies	250	
Drugs and Medical Supplies	39	
Electricity	16,518	
Natural Gas	5,446	
Office Supplies	323	
Water and Sewer	5,873	
Other Charges	345	
Total Administration		\$ 186,932

Highway and Bridge Maintenance

Foremen	\$ 120,595
Equipment Operators	570,748
Truck Drivers	156,558
Laborers	41,993
Other Contracted Services	2,204
Asphalt - Cold Mix	7,885
Asphalt - Liquid	64,371
Crushed Stone	79,048
General Construction Materials	480
Other Road Supplies	3,393

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe - Metal	\$	52,113	
Road Signs		6,209	
Small Tools		58	
Wood Products		15,197	
Chemicals		507	
Other Supplies and Materials		1,691	
Total Highway and Bridge Maintenance			\$ 1,123,050

Operation and Maintenance of Equipment

Mechanic(s)	\$	75,294	
Laundry Service		16,113	
Maintenance and Repair Services - Equipment		23,545	
Other Contracted Services		2,940	
Diesel Fuel		234,557	
Equipment and Machinery Parts		136,271	
Garage Supplies		4,341	
Gasoline		49,807	
Lubricants		14,521	
Small Tools		5,289	
Tires and Tubes		35,490	
Other Supplies and Materials		1,189	
Other Charges		15,563	
Total Operation and Maintenance of Equipment			614,920

Other Charges

Liability Insurance	\$	81,492	
Premiums on Corporate Surety Bonds		345	
Trustee's Commission		35,606	
Total Other Charges			117,443

Employee Benefits

Social Security	\$	76,646	
State Retirement		94,722	
Employee and Dependent Insurance		194,237	
Unemployment Compensation		543	
Other Fringe Benefits		1,600	
Medical Claims		100,560	
Total Employee Benefits			468,308

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Engineering Services	\$	30,398	
Bridge Construction		489,543	
Communication Equipment		26,059	
Highway Construction		22,337	
Highway Equipment		374,390	
Total Capital Outlay			\$ 942,727

Total Highway/Public Works Fund \$ 3,453,380

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	400,000	
Principal on Notes		44,024	
Principal on Other Loans		53,000	
Total General Government			\$ 497,024

Education

Principal on Bonds	\$	1,205,000	
Principal on Notes		71,429	
Principal on Other Loans		131,193	
Total Education			1,407,622

Interest on Debt

General Government

Interest on Bonds	\$	49,400	
Interest on Notes		188	
Interest on Other Loans		3,135	
Total General Government			52,723

Education

Interest on Bonds	\$	456,733	
Interest on Other Loans		116,148	
Total Education			572,881

Other Debt Service

General Government

Trustee's Commission	\$	8,347	
Other Debt Issuance Charges		3,551	
Total General Government			11,898

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service (Cont.)</u>		
<u>Education</u>		
Underwriter's Discount	\$ 85,042	
Other Debt Issuance Charges	61,099	
Other Debt Service	650	
Total Education	<u>146,791</u>	\$ 146,791
Total General Debt Service Fund		\$ 2,688,939
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Contracts with Private Agencies	\$ 6,000	
Total Public Health and Welfare Projects	<u>6,000</u>	\$ 6,000
Total General Capital Projects Fund		6,000
<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$ 1,024,778	
Total Education Capital Projects	<u>1,024,778</u>	\$ 1,024,778
Total Education Capital Projects Fund		<u>1,024,778</u>
Total Governmental Funds - Primary Government		<u>\$ 17,513,545</u>

Exhibit K-8

Lauderdale County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Lauderdale County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,873,299	
Career Ladder Program	108,500	
Career Ladder Extended Contracts	79,550	
Educational Assistants	510,571	
Other Salaries and Wages	3,500	
Non-certified Substitute Teachers	239,782	
Social Security	644,973	
State Retirement	952,158	
Medical Insurance	2,156,111	
Unemployment Compensation	66,154	
Employer Medicare	150,841	
Other Contracted Services	260,011	
Instructional Supplies and Materials	116,180	
Textbooks	174,270	
Other Supplies and Materials	10,704	
Other Charges	1,151	
Regular Instruction Equipment	59,051	
Total Regular Instruction Program		\$ 15,406,806

Special Education Program

Teachers	\$ 1,706,872	
Career Ladder Program	15,500	
Career Ladder Extended Contracts	14,330	
Homebound Teachers	10,341	
Educational Assistants	18,428	
Social Security	105,717	
State Retirement	161,134	
Medical Insurance	380,642	
Employer Medicare	24,743	
Instructional Supplies and Materials	23,789	
Other Supplies and Materials	1,953	
Special Education Equipment	556	
Total Special Education Program		2,464,005

Vocational Education Program

Teachers	\$ 646,352	
Career Ladder Program	4,000	
Career Ladder Extended Contracts	2,000	
Social Security	38,977	

(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.)

State Retirement	\$	59,038	
Medical Insurance		123,448	
Employer Medicare		9,116	
Instructional Supplies and Materials		8,879	
Total Vocational Education Program			\$ 891,810

Support Services

Attendance

Supervisor/Director	\$	11,645	
Social Security		1,414	
State Retirement		2,108	
Medical Insurance		2,195	
Employer Medicare		331	
Travel		337	
Other Supplies and Materials		16	
Other Charges		16,800	
Total Attendance			34,846

Health Services

Medical Personnel	\$	138,070	
Other Salaries and Wages		21,135	
Social Security		8,646	
State Retirement		13,819	
Medical Insurance		39,139	
Employer Medicare		2,022	
Travel		3,197	
Other Supplies and Materials		9,578	
Other Charges		1,706	
Total Health Services			237,312

Other Student Support

Supervisor/Director	\$	17,972	
Career Ladder Program		8,000	
Guidance Personnel		493,370	
Career Ladder Extended Contracts		2,000	
Social Security		31,189	
State Retirement		47,365	
Medical Insurance		93,862	
Employer Medicare		7,294	

(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.)

Other Student Support (Cont.)

Evaluation and Testing	\$	5,984	
Other Contracted Services		206,351	
Other Charges		5,438	
Total Other Student Support			\$ 918,825

Regular Instruction Program

Supervisor/Director	\$	68,364	
Career Ladder Program		5,000	
Career Ladder Extended Contracts		7,850	
Librarians		315,702	
Materials Supervisor		68,364	
Instructional Computer Personnel		4,800	
Social Security		26,510	
State Retirement		40,447	
Medical Insurance		79,379	
Employer Medicare		6,200	
Travel		8,910	
Library Books/Media		20,113	
In Service/Staff Development		17,931	
Total Regular Instruction Program			669,570

Special Education Program

Supervisor/Director	\$	72,438	
Career Ladder Program		1,000	
Secretary(ies)		58,275	
Social Security		7,872	
State Retirement		11,704	
Medical Insurance		18,386	
Employer Medicare		1,841	
Travel		41,595	
Other Contracted Services		249,125	
Other Supplies and Materials		16,829	
In Service/Staff Development		11,559	
Total Special Education Program			490,624

Vocational Education Program

Supervisor/Director	\$	71,885	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		2,000	

(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.)

Social Security	\$	4,474	
State Retirement		6,958	
Medical Insurance		10,091	
Employer Medicare		1,046	
In Service/Staff Development		7,600	
Total Vocational Education Program			\$ 107,054

Other Programs

On-Behalf Payments to OPEB	\$	91,750	
Total Other Programs			91,750

Board of Education

Board and Committee Members Fees	\$	12,093	
Social Security		750	
State Retirement		709	
Employer Medicare		175	
Audit Services		4,500	
Dues and Memberships		15,582	
Legal Services		17,563	
Travel		20,587	
Liability Insurance		45,101	
Premiums on Corporate Surety Bonds		1,651	
Trustee's Commission		145,483	
Workers' Compensation Insurance		66,870	
Other Charges		3,422	
Total Board of Education			334,486

Director of Schools

County Official/Administrative Officer	\$	120,000	
Assistant(s)		77,063	
Career Ladder Program		1,000	
Social Security		10,920	
State Retirement		17,834	
Medical Insurance		22,986	
Employer Medicare		2,844	
Other Fringe Benefits		7,395	
Communication		65,874	
Postal Charges		6,432	
Travel		7,457	

(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.)

Remittance of Revenue Collected	\$	558	
Office Supplies		8,094	
Other Charges		183	
Total Director of Schools			\$ 348,640

Office of the Principal

Principals	\$	562,304	
Career Ladder Program		6,000	
Career Ladder Extended Contracts		1,000	
Assistant Principals		452,515	
Secretary(ies)		399,194	
Clerical Personnel		50,820	
Social Security		86,593	
State Retirement		131,537	
Medical Insurance		243,648	
Employer Medicare		20,252	
Travel		7,780	
Other Charges		3,395	
Administration Equipment		119,009	
Total Office of the Principal			2,084,047

Fiscal Services

Supervisor/Director	\$	70,000	
Accountants/Bookkeepers		30,420	
Secretary(ies)		44,131	
Social Security		8,652	
State Retirement		12,547	
Medical Insurance		7,962	
Employer Medicare		2,023	
Travel		2,535	
Other Contracted Services		14,050	
Total Fiscal Services			192,320

Operation of Plant

Supervisor/Director	\$	43,525	
Custodial Personnel		156,390	
Social Security		11,317	
State Retirement		16,390	
Medical Insurance		48,078	

(Continued)

Exhibit K-8

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

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

Operation of Plant (Cont.)

Employer Medicare	\$	2,647	
Other Contracted Services		843,430	
Electricity		590,644	
Natural Gas		268,599	
Building and Contents Insurance		96,280	
Total Operation of Plant			\$ 2,077,300

Maintenance of Plant

Maintenance Personnel	\$	115,311	
Other Salaries and Wages		124,674	
Social Security		13,911	
State Retirement		19,730	
Medical Insurance		23,000	
Employer Medicare		3,253	
Maintenance and Repair Services - Buildings		97,350	
Maintenance and Repair Services - Equipment		61,240	
Travel		2,563	
Other Contracted Services		85,240	
Other Supplies and Materials		73,401	
Maintenance Equipment		12,341	
Total Maintenance of Plant			632,014

Transportation

Supervisor/Director	\$	53,913	
Mechanic(s)		87,806	
Bus Drivers		605,600	
Other Salaries and Wages		45,000	
Social Security		48,755	
State Retirement		15,619	
Medical Insurance		15,355	
Employer Medicare		11,406	
Other Fringe Benefits		7,021	
Gasoline		289,256	
Tires and Tubes		24,567	
Vehicle Parts		115,958	
Vehicle and Equipment Insurance		22,873	
Other Charges		23,574	
Transportation Equipment		340,767	
Total Transportation			1,707,470

(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

Secretary(ies)	\$	15,591	
Clerical Personnel		32,000	
Social Security		2,753	
State Retirement		3,320	
Medical Insurance		3,611	
Employer Medicare		644	
Total Central and Other			\$ 57,919

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	23,962	
Teachers		82,640	
Other Salaries and Wages		36,111	
Social Security		8,695	
State Retirement		12,554	
Medical Insurance		5,415	
Employer Medicare		2,033	
Travel		4,864	
Other Supplies and Materials		15,923	
Refunds		10,000	
Other Charges		15,896	
Total Community Services			218,093

Early Childhood Education

Supervisor/Director	\$	58,224	
Teachers		351,976	
Clerical Personnel		4,628	
Educational Assistants		156,579	
Non-certified Substitute Teachers		500	
Social Security		33,821	
State Retirement		50,482	
Medical Insurance		107,475	
Employer Medicare		7,910	
Communication		1,165	
Consultants		900	
Instructional Supplies and Materials		51,629	
In Service/Staff Development		16,124	
Other Charges		103,512	
Total Early Childhood Education			944,925

(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 Improvements	\$ 1,208,452	
Total Regular Capital Outlay		\$ 1,208,452

Principal on Debt

Education

Principal on Notes	\$ 4,780	
Principal on Capital Leases	139,494	
Total Education		144,274

Interest on Debt

Education

Interest on Capital Leases	\$ 15,504	
Total Education		15,504

Other Debt Service

Education

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

Total General Purpose School Fund		\$ 32,478,046
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 995,501	
Educational Assistants	159,640	
Other Salaries and Wages	2,260	
Non-certified Substitute Teachers	35,000	
Social Security	68,541	
State Retirement	102,927	
Medical Insurance	215,759	
Employer Medicare	16,030	
Other Contracted Services	263,170	
Instructional Supplies and Materials	329,849	
Other Supplies and Materials	85,997	
Regular Instruction Equipment	66,912	
Total Regular Instruction Program		\$ 2,341,586

(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	\$	35,019	
Educational Assistants		649,100	
Speech Pathologist		40,383	
Social Security		40,127	
State Retirement		56,341	
Medical Insurance		94,772	
Employer Medicare		9,386	
Instructional Supplies and Materials		22,277	
Other Supplies and Materials		467	
Special Education Equipment		17,409	
Total Special Education Program			\$ 965,281

Vocational Education Program

Teachers	\$	2,000	
Social Security		124	
State Retirement		181	
Employer Medicare		29	
Other Contracted Services		4,000	
Instructional Supplies and Materials		3,542	
Vocational Instruction Equipment		34,847	
Total Vocational Education Program			44,723

Support Services

Other Student Support

Other Salaries and Wages	\$	60,677	
Social Security		2,287	
State Retirement		3,587	
Medical Insurance		6,499	
Employer Medicare		535	
Travel		22,987	
Other Contracted Services		1,167	
In Service/Staff Development		495	
Other Charges		20,698	
Total Other Student Support			118,932

Regular Instruction Program

Supervisor/Director	\$	144,075	
Secretary(ies)		15,000	
Other Salaries and Wages		9,600	

(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.)

Social Security	\$	10,051	
State Retirement		15,013	
Medical Insurance		20,461	
Employer Medicare		2,351	
Travel		11,896	
Other Contracted Services		260,929	
In Service/Staff Development		449,413	
Other Charges		421	
Total Regular Instruction Program			\$ 939,210

Special Education Program

Psychological Personnel	\$	117,281	
Social Security		7,236	
State Retirement		10,614	
Medical Insurance		13,380	
Employer Medicare		1,692	
Consultants		9,300	
Travel		3,361	
Other Contracted Services		21,213	
In Service/Staff Development		5,000	
Total Special Education Program			189,077

Vocational Education Program

Travel	\$	3,492	
Transfers to Other Funds		400	
Total Vocational Education Program			3,892

Office of the Principal

In Service/Staff Development	\$	54,000	
Total Office of the Principal			54,000

Transportation

Bus Drivers	\$	5,184	
Other Salaries and Wages		17,552	
Social Security		1,367	
Employer Medicare		320	
Contracts with Parents		6,202	
Gasoline		4,126	
Other Charges		299	
Total Transportation			35,050

(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	\$	47,923	
Teachers		111,590	
Other Salaries and Wages		10,248	
Social Security		10,492	
State Retirement		14,436	
Medical Insurance		3,798	
Employer Medicare		2,454	
Travel		6,702	
Other Supplies and Materials		21,109	
Total Community Services			\$ 228,752

Total School Federal Projects Fund \$ 4,920,503

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	60,262	
Accountants/Bookkeepers		30,426	
Cafeteria Personnel		895,764	
Other Salaries and Wages		4,499	
Social Security		59,657	
State Retirement		66,862	
Medical Insurance		97,996	
Unemployment Compensation		1,263	
Employer Medicare		13,952	
Maintenance and Repair Services - Equipment		37,513	
Payments to Schools - Other		1,000	
Transportation - Other than Students		10,939	
Travel		7,160	
Other Contracted Services		45,746	
Food Supplies		1,169,580	
Uniforms		10,348	
Utilities		76,999	
USDA - Commodities		119,474	
Other Supplies and Materials		31,588	
Trustee's Commission		13	
Workers' Compensation Insurance		35,500	
In Service/Staff Development		3,781	
Food Service Equipment		39,398	
Total Food Service			\$ 2,819,720

Total Central Cafeteria Fund 2,819,720

Total Governmental Funds - Lauderdale County School Department \$ 40,218,269

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, 2012

	<u>Local Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,214,969
Total Cash Receipts	<u>\$ 2,214,969</u>
<u>Cash Disbursements</u>	
Contributions:	
General Debt Service Fund	\$ 918,142
General Purpose School Fund	550,000
Remittance of Revenues Collected	989,214
Trustee's Commission	22,150
Total Cash Disbursements	<u>\$ 2,479,506</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ (264,537)
Cash Balance, July 1, 2011	<u>2,497,980</u>
Cash Balance, June 30, 2012	<u><u>\$ 2,233,443</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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, 2013

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, 2012, which collectively comprise Lauderdale County's basic financial statements and have issued our report thereon dated February 6, 2013. 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 Ambulance Authority (nonmajor special revenue fund), the discretely presented Lauderdale County Water System, and the discretely presented Lauderdale County Emergency Communications District as described in our report on Lauderdale County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 12.03 and 12.14.

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: 12.01(A), 12.02, 12.04, 12.09, 12.10, 12.12, and 12.13.

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 12.01(B,C), 12.05, 12.06, 12.07, 12.08, and 12.11.

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

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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

Independent Auditor's Report

February 6, 2013

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Lauderdale County's compliance 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, 2012. 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, 2012.

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 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

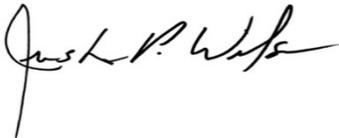
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County as of and for the year ended June 30, 2012, and have issued our report thereon dated February 6, 2013. 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.

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

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Lauderdale County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (1)
 For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Environmental Quality Incentives Program	10.912	68-4741-1-044	\$ 18,164
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	758,635
National School Lunch Program	10.555	N/A	1,504,105 (6)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	119,474 (6)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Z-12-44026-00	15,048
Total U.S. Department of Agriculture			<u>\$ 2,415,426</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants - State's Program	14.228	GG-10-31114-00	\$ 4,714
Passed-through Tennessee Housing Development Agency:			
Supportive Housing Program	14.235	TN37C707009	22,356
Total U.S. Department of Housing and Urban Development			<u>\$ 27,070</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 132,352
Total U.S. Department of the Interior			<u>\$ 132,352</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23519	\$ 3,915
Total U.S. Department of Justice			<u>\$ 3,915</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	N/A	\$ 28,539
Total U.S. Department of Labor			<u>\$ 28,539</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	154AL-12-64	\$ 11,901
Total U.S. Department of Transportation			<u>\$ 11,901</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,081,457
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	73,253
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,185,554
Special Education - Preschool Grants	84.173	N/A	64,709
Special Education Grants to States, Recovery Act	84.391	N/A	140
Special Education - Preschool Grants, Recovery Act	84.392	N/A	964
Career and Technical Education - Basic Grants to States	84.048	N/A	77,996
Twenty-first Century Community Learning Centers	84.287	N/A	230,989
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	N/A	1,046
Educational Technology State Grants, Recovery Act	84.386	N/A	1,476
Rural Education	84.358	N/A	91,786
English Language Acquisition State Grants	84.365	N/A	5,438
Improving Teacher Quality State Grants	84.367	N/A	213,547
School Improvement Grants	84.377	N/A	183,888

(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	\$ 803,046
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	143,579
Education Jobs Fund	84.410	N/A	17,811
Total U.S. Department of Education			<u>\$ 5,176,679</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Family Planning Services	93.217	Z-12-44026-00	\$ 9,642
Medical Assistance Program	93.778	Z-12-44026-00	16,104
HIV Prevention Activities - Health Department Based	93.940	Z-12-44026-00	1,806
Maternal and Child Health Services Block Grant to the States	93.994	Z-12-44026-00	9,831
Passed-through State Department of Education:			
Promoting Safe and Stable Families	93.556	N/A	29,612
Total U.S. Department of Health and Human Services			<u>\$ 66,995</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 265,922
Emergency Management Performance Grants	97.042	34101-0000007593	26,000
Homeland Security Grant Program	97.067	(3)	203,594
Total U.S. Department of Homeland Security			<u>\$ 495,516</u>
Total Expenditures of Federal Awards			<u>\$ 8,358,393</u>

		Contract Number	
<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	Z-12-44026-00	82,493
Litter Grant - State Department of Transportation	N/A	(4)	54,788
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - State Department of Military	N/A	34101-0000008936	41,861
Juvenile Justice and Delinquency Prevention - Allocations to States - State Commission on Children and Youth	N/A	GG-12-35256	56,981
Agriculture Resources Conservation Fund Program - State Department of Agriculture	N/A	Z-08-21409-01	19,581
Rural Library Computer Grant - State Library and Archives	N/A	(5)	2,600
Rural Technology Assistance - State Department of Economic and Community Development	N/A	(5)	98,647
Lottery for Education: After School Programs - State Department of Education	N/A	(5)	239,690
Coordinated School Health - State Department of Education	N/A	(5)	115,611
ACT/EXP Internet Connectivity - State Department of Education	N/A	(5)	4,874
High Schools That Work - State Department of Education	N/A	(5)	15,781
Early Childhood Education - State Department of Education	N/A	(5)	964,065
Safe Schools - State Department of Education	N/A	(5)	25,600
State Ticket Subsidy - Tennessee Arts Commission	N/A	(5)	3,405
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-08-212993-02	8,189
Total State Grants			<u>\$ 1,743,166</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) 1979 DR TN: \$257,147; 1974 DR TN: \$8,775.
- (3) 09UASI-LAUD: \$117,458; 10UASI-LAUD: \$86,136.
- (4) Z-10-220349-00: \$11,562; Z-12-LIT049: \$43,226.
- (5) Information not available.
- (6) Total for CFDA No. 10.555 is \$1,623,579.

Lauderdale County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which have not been corrected.

OFFICES OF COUNTY MAYOR AND HIGHWAY COMMISSIONER

Finding Number	Page Number	Subject
11.01	176	The offices had deficiencies in purchasing procedures

OFFICES OF HIGHWAY COMMISSIONER AND DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
11.02	176	Material audit adjustments were required for proper financial statement presentation

OFFICE OF TRUSTEE

Finding Number	Page Number	Subject
11.05	178	The trustee's depository used an unauthorized method to pay warrants

OFFICE OF REGISTER

Finding Number	Page Number	Subject
11.08	179	The register allowed individuals unsupervised access to the office after business hours

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
11.09	180	Duties were not segregated adequately

LAUDERDALE COUNTY

Finding Number	Page Number	Subject
11.11	182	Lauderdale County has a material recurring audit finding

LAUDERDALE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Lauderdale County is unqualified.
2. The audit of the financial statements of Lauderdale County disclosed significant deficiencies in internal control. 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 no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I 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), and State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Lauderdale County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of schools and sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **ANIMAL SHELTER COLLECTIONS WERE NOT RECEIPTED, DEPOSITED, AND DISBURSED PROPERLY**

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. and C. – Noncompliance Under *Government Auditing Standards*)

The Lauderdale County Animal Shelter charges fees for services at the facility and takes these collections to the Lauderdale County Mayor's Office for deposit with the county trustee. The following deficiencies were noted during our examination of the Animal Shelter's collections and deposits. These deficiencies can be attributed to a lack of understanding of internal controls, generally accepting accounting principles, state statutes, and sound business practices.

- A. Official prenumbered receipts were issued for collections at the Animal Shelter. However, in several instances, the receipts reflected no dollar amount or the date the receipt was issued. Sound business practices dictate that receipts contain all pertinent information. Since receipts were not always dated or issued with dollar amounts, we could not verify total collections for the Animal Shelter. The absence of properly completed official prenumbered receipts for all collections increases the risks of fraud and misappropriation.
- B. Collections from the Animal Shelter were not always deposited with the county mayor within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated (TCA)*. This statute requires county officials to deposit public funds within three days of collection. Also, funds collected by the Animal Shelter were not always deposited intact with the county mayor; i.e. funds collected during a specific time were not deposited together. In addition, employees at the Animal Shelter did not maintain a set amount of cash on hand. Sound business practices dictate that collections be deposited intact and that a set amount of cash on hand be maintained to enhance internal controls. Since funds were not deposited within three days of collection and deposits were not made intact, it was extremely difficult to trace collections to deposits.
- C. We were advised by staff at the Animal Shelter that they had occasionally purchased meals from available cash on hand for jail inmates who had been assigned to assist at the shelter; however, there was no documentation provided to support these cash disbursements. Section 5-8-207, *TCA*,

provides that disbursements should be made by official prenumbered checks. In addition, Section 5-9-401, *TCA*, provides that all disbursements should be appropriated by the Lauderdale County Commission.

We were unable to determine the exact amount of Animal Shelter collections and disbursements because of inadequate records. Reported collections, as determined from the available records, exceeded the amount deposited with the county trustee by \$1,822. Because of the lack of documentation, we could not determine if these undeposited funds were used for cash disbursements. Due to the above-noted deficiencies, there could be other collections that have not been accounted for properly and have not yet been detected.

RECOMMENDATION

Official prenumbered receipts should be properly issued for all collections. To strengthen internal controls over cash collections and deposits, personnel at the Animal Shelter should deposit all collections with the county mayor intact within three days of collection. Disbursements should be made by warrants issued by the County Mayor's Office from funds appropriated by the County Commission and supported by adequate documentation.

OFFICES OF COUNTY MAYOR AND HIGHWAY COMMISSIONER

FINDING 12.02 **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 12.03 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**

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

At June 30, 2012, certain general ledger account balances of the Highway/Public Works and General Purpose School funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Lauderdale County and the 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.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with the finding. Due to large contracts related to the Qualified School Construction Bonds and Federal Emergency Management Agency funds, account balances had not been properly recorded in the General Purpose School Fund. The Finance Department will follow appropriate processes to ensure that its general ledgers are materially correct.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.04 **THE OFFICE DID NOT PROPERLY ISSUE PURCHASE ORDERS**

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

The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized expenditures. This deficiency can be attributed to a lack of management oversight.

RECOMMENDATION

The School Department should issue purchase orders for all applicable purchases to strengthen internal controls over the purchasing process and to document purchasing commitments.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with the finding. The department should issue purchase orders for all applicable purposes before purchases are made. A recent change in the director of maintenance position will correct many of the deficiencies in the issuance of purchase orders. The Finance Department will continue to work with all department heads to make sure they have an understanding of the purchasing policies and procedures.

FINDING 12.05 **THE SCHOOL DEPARTMENT VIOLATED THE CONFLICT OF INTEREST STATUTE BY CONTRACTING FOR MOWING SERVICES FROM A SCHOOL BOARD MEMBER'S SPOUSE** (Noncompliance Under *Government Auditing Standards*)

The General Purpose School Fund paid \$12,600 to Lynn Ferrell, the husband of school board member Sheila Ferrell, for mowing services during the period under audit. These payments violated the conflict of interest statute, Section 12-4-101(b), *Tennessee Code Annotated*. This statute states that “it is unlawful for any officer, committee member, director, or other person whose duty is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county ... shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer’s interest.” This finding is a result of a lack of management oversight.

RECOMMENDATION

School Department officials should review these payments and resolve the conflict of interest.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with the finding. Lynn Ferrell has had multiple-year mowing contracts with the Lauderdale County School Department for ten plus years. Sheila Ferrell was elected to the school board in 2006. Specifically, Mr. Ferrell has the mowing contract for the Ripley High School (RHS) campus. The RHS campus is a difficult campus to maintain, and Mr. Ferrell keeps the campus grounds groomed to the expectation of the school administration. Given his mowing contract history with the School Department, administration has maintained him over several mowing contract periods. The School Department will take steps to ensure that this conflict of interest is disclosed during the annual budget approval process and properly noted in minutes.

OFFICE OF TRUSTEE

FINDING 12.06 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. In July 2012, the trustee implemented a checking system for disbursing county funds as authorized by state statute.

FINDING 12.07 UNAUTHORIZED SECURITIES WERE PLEDGED AS COLLATERAL
(Noncompliance Under *Government Auditing Standards*)

County funds at the trustee's depositories were secured by collateral pledged by the depositories. However, one depository had securities pledged that included obligations from school districts and a county of other states, which are not a type of security authorized by Section 9-4-103, *Tennessee Code Annotated*. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation, or an irrevocable letter of credit issued by the federal home loan bank. The depository discovered the error during September 2012 and changed the securities pledged to types authorized by state statute.

FINDING 12.08 THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES
(Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be

destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in February 2012.

RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

OFFICE OF REGISTER

FINDING 12.09 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.

FINDING 12.10 A USERNAME WITH A SHARED PASSWORD EXISTED ON THE SYSTEM
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, a username with a shared password also existed on the system. While this username was commonly used by the software vendor, employees also knew the password to this account. If inappropriate activity were to occur using this account, the employee responsible for this activity would not be easily identified. Sound business practices dictate that each transaction be identified to the individual creating the transaction.

RECOMMENDATION

The vendor should change the password assigned to this username and it should not be shared with employees of the office. Each employee should access the application using his

or her unique username and password to ensure transactions are properly identified to that employee.

OFFICE OF SHERIFF

FINDING 12.11 **A THEFT OCCURRED AT THE SHERIFF'S DEPARTMENT (Noncompliance Under *Government Auditing Standards*)**

On April 26, 2012, the Sheriff's Department drug agents discovered that \$460 in confidential undercover drug funds and 20 hydrocodone tablets were missing from the drug agents' office. According to an incident report filed by the Sheriff's Department, the door to the drug agent's office and an evidence file cabinet and closet appeared to have been forced open. The sheriff contacted the district attorney general and Comptroller of the Treasury to report the theft. An investigation was conducted by the Tennessee Bureau of Investigation; however, because of a lack of evidence, it could not be determined who was responsible for the theft. Therefore, no charges have been filed in connection with this incident. The \$460 is below the county's insurance deductible; therefore, the county will likely not recover these funds.

RECOMMENDATION

The Sheriff's Department should review the security measures of the drug agents' office and evidence storage facilities to determine if there are weaknesses that could be strengthened.

FINDING 12.12 **INVENTORY RECORDS WERE NOT MAINTAINED FOR EVIDENCE AND SEIZED PROPERTY (Internal Control – Significant Deficiency Under *Government Auditing Standards*)**

The Sheriff's Department did not maintain inventory records of drug evidence and seized property such as cash, vehicles, and personal property. Therefore, we were unable to determine if the office properly accounted for all the evidence and seized property. The failure to adequately inventory evidence and seized property is the result of a lack of oversight by management and increases the risk of loss.

RECOMMENDATION

A perpetual log should be maintained for all evidence and seized property. At a minimum, this log should include the following: date received, defendant, case number, description, location, signatures of individuals signing evidence in and out, and disposition.

FINDING 12.13

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.

MANAGEMENT’S RESPONSE – SHERIFF

My secretary does the receipting and disburses the funds. Either the chief or I deposit the funds.

AUDITOR’S COMMENT

The secretary is responsible for maintaining and reconciling accounting records as well as receipting and disbursing funds. Only the depositing of funds is performed by other personnel, therefore duties are not segregated adequately.

LAUDERDALE COUNTY

FINDING 12.14

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>
12.03, 11.02, 10.02	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*.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with the finding. The Lauderdale County School Department will participate in an established Audit Committee for Lauderdale County. The Audit Committee will address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

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 Local Government 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**

There were no findings and questioned costs for federal awards.

**LAUDERDALE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012**

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

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

FINDINGS 11.04 and 11.12

The School Department is now following all bid processes as required by OMB Circular A-133, as well as Section 49-2-203, *Tennessee Code Annotated*.