ANNUAL FINANCIAL REPORT
LAUDERDALE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2013

TENNESSEE
COMPTROLLER
OF THE TREASURY

ANNUAL FINANCIAL REPORT

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FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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LAUDERDALE COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Lauderdale County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Lauderdale County as of and for the year ended June 30, 2013.

Results

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

Our audit resulted in 12 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

- Competitive bids were not solicited for the purchase of patrol cars.
- Certain payments related to city elections were not remitted to the General Fund.

OFFICE OF HIGHWAY COMMISSIONER

- The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
- A formal purchase order system is not in use.

OFFICE OF DIRECTOR OF SCHOOLS

- The School Federal Projects Fund had a cash overdraft of $75,514 at June 30, 2013.
- The School Department violated the conflict of interest statute by contracting for mowing services with a school board member's spouse.

OFFICE OF REGISTER OF DEEDS

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

OFFICE OF SHERIFF

- Inventory records were not maintained for seized property.
- The office had accounting deficiencies.
- 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, 2013

Officials

Rod Schuh, County Mayor
Roland Henderson, Highway Commissioner
Shawn Kimble, Director of Schools
Judy Conrad, Trustee
Renate Jennings, Assessor of Property
Linda Summar, County Clerk
Richard Jennings, Circuit and General Sessions Courts Clerk
Sandra Burnham, Clerk and Master
Annie Laura Jennings, Register of Deeds
Steve Sanders, Sheriff

Board of County Commissioners

Rod Schuh, County Mayor, Chairman
Kathy Alston
James Buckner
Tommy Dunavant
Gene Edwards
Jesse Edwards
Ronnie Elder
Don Fisher
John Gaines
Danny Hartsfield
Sandra Hughes
Dennis King
Monty McWilliams
Angie Phillips
Eugene Pugh
Todd Rankin
Rob Reviere
Tommy Sanders
Dwight Shoemake, Sr.
Lynnwood Shoemake
Coy Summar
Lowell Tillman, Jr.
Debora Tyus
Daniel Walker
Garey Woodard

Board of Education

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

Audit Committee

Martha Drumwright
Eugene Pugh
Larry Shelby
Chris White

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
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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, 60 percent, and 71 percent, respectively, of the assets, net position, and revenues of the aggregate remaining information. Also, we did not audit the financial statements of the discretely presented Lauderdale County Water System, which represent 17 percent, 19 percent and three percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units and the discretely presented Lauderdale County Emergency Communications District, which represent three percent, four percent and one percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were

audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lauderdale County Ambulance Authority, the Lauderdale County Water System, and the Lauderdale County Emergency Communications District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a restatement to the beginning net position of the governmental activities totaling $194,198. This restatement was necessary due to the implementation of GASB Statement No. 65.

We draw attention to Note I.D.9. to the financial statements, which describes a reclassification to beginning net position of governmental activities and to beginning balances of governmental funds totaling $104,594, which was necessary to reclassify the District Attorney General Fund from a special revenue fund to an agency fund.

As described in Note V.B., Lauderdale County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements;* Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34);* Statement No. 62, *Codification of*

Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Lauderdale County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62,* which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

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 schedules of funding progress – pension plans and other postemployment benefits plan on pages 87-89 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lauderdale County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Lauderdale County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Lauderdale County School Department (a discretely presented component unit), and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

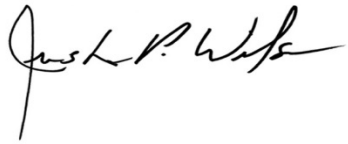
procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014, on our consideration of Lauderdale County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lauderdale County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 3, 2014

JPW/kp

Basic Financial Statements

Exhibit A

Lauderdale County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
ASSETS						
Cash	$ 115,011	$ 0	$ 115,011	$ 0	$ 485,904	$ 791,869
Equity in Pooled Cash and Investments	6,522,835	1,180,717	7,703,552	2,188,851	1,581,648	0
Inventories	0	0	0	0	45,081	0
Accounts Receivable	683,342	31,121	714,463	22,349	113,997	13,629
Allowance for Uncollectibles	(253,425)	0	(253,425)	0	0	0
Due from Other Governments	3,069,369	1,879	3,071,248	1,585,688	0	0
Property Taxes Receivable	6,979,990	0	6,979,990	3,416,377	0	0
Allowance for Uncollectible Property Taxes	(365,000)	0	(365,000)	(170,320)	0	0
Prepaid Items	0	0	0	0	5,540	0
Accrued Interest Receivable	0	0	0	11,981	0	224
Capital Assets:						
Assets Not Depreciated:						
Land	912,427	160,000	1,072,427	1,378,648	10,000	0
Construction in Progress	0	0	0	813,835	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	5,632,627	207,164	5,839,791	16,954,594	3,952,088	121,634
Infrastructure	2,009,516	0	2,009,516	172,793	0	0
Other Capital Assets	1,737,260	231,602	1,968,862	2,550,881	135,294	293,883
Total Assets	$ 27,043,952	$ 1,812,483	$ 28,856,435	$ 28,925,677	$ 6,329,552	$ 1,221,239
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Refunding	$ 251,864	$ 0	$ 251,864	$ 0	$ 0	$ 0
Total Deferred Outflows of Resources	$ 251,864	$ 0	$ 251,864	$ 0	$ 0	$ 0
LIABILITIES						
Accounts Payable	$ 63,520	$ 17,038	$ 80,558	$ 5,623	$ 8,759	$ 5,943
Accrued Payroll	24,659	0	24,659	0	28,816	0
Payroll Deductions Payable	45,869	930	46,799	631,646	0	0
Accrued Leave	0	0	0	0	0	1,360
Cash Overdraft	0	0	0	75,514	0	0
Contracts Payable	289,352	0	289,352	0	0	0
Due to State of Tennessee	5,731	0	5,731	0	0	0
Accrued Interest Payable	63,480	0	63,480	0	0	0

(Continued)

Exhibit A

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Lauderdale County School Department	Lauderdale County Water System	Emergency Communications District
LIABILITIES (CONT.)						
Customer Deposits Payable	$ 0	$ 0	$ 0	$ 0	$ 188,670	$ 0
Health Insurance Payments	962	0	962	0	0	0
Noncurrent Liabilities:						
Due Within One Year	2,088,192	6,974	2,095,166	0	0	0
Due in More Than One Year (net of unamortized premium on debt)	12,153,997	153,668	12,307,665	1,075,210	0	0
Total Liabilities	$ 14,735,762	$ 178,610	$ 14,914,372	$ 1,787,993	$ 226,245	$ 7,303
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	$ 6,335,761	$ 0	$ 6,335,761	$ 3,123,520	$ 0	$ 0
Total Deferred Inflows of Resources	$ 6,335,761	$ 0	$ 6,335,761	$ 3,123,520	$ 0	$ 0
NET POSITION						
Net Investment in Capital Assets	$ 9,071,884	$ 598,766	$ 9,670,650	$ 21,870,751	$ 4,097,382	$ 415,517
Restricted for:						
Administration of Justice	45,760	0	45,760	0	0	0
Public Safety	17,345	0	17,345	0	0	0
Public Health and Welfare	511,300	0	511,300	0	0	0
Social, Cultural, and Recreational Services	154,912	0	154,912	0	0	0
Highways/Public Works	922,616	0	922,616	0	0	0
Debt Service	3,823,451	0	3,823,451	0	0	0
Capital Projects	344,556	0	344,556	1,297,905	0	0
Education	0	0	0	451,711	0	0
Operation of Non-Instructional Services	0	0	0	748,755	0	0
Unrestricted	(8,667,531)	1,035,107	(7,632,424)	(354,958)	2,005,925	798,419
Total Net Position	$ 6,224,293	$ 1,633,873	$ 7,858,166	$ 24,014,164	$ 6,103,307	$ 1,213,936

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, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
					Primary Government			Component Units		
Functions/Programs	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	$ 1,090,737	$ 220,839	$ 15,164	$ 0	$ (854,734)	$ 0	$ (854,734)	$ 0	$ 0	$ 0
Finance	756,338	615,496	0	0	(140,842)	0	(140,842)	0	0	0
Administration of Justice	1,742,774	447,082	65,389	0	(1,230,303)	0	(1,230,303)	0	0	0
Public Safety	4,467,335	1,235,933	263,328	0	(2,968,074)	0	(2,968,074)	0	0	0
Public Health and Welfare	1,749,997	1,135,888	207,533	0	(406,576)	0	(406,576)	0	0	0
Social, Cultural, and Recreational Services	430,835	4,732	5,070	0	(421,033)	0	(421,033)	0	0	0
Agriculture and Natural Resources	225,963	0	34,137	0	(191,826)	0	(191,826)	0	0	0
Other Operations	315,335	0	317,687	150,000	152,352	0	152,352	0	0	0
Highways/Public Works	3,414,663	23,689	1,715,078	373,378	(1,302,518)	0	(1,302,518)	0	0	0
Education	41,198	0	0	0	(41,198)	0	(41,198)	0	0	0
Interest on Long-term Debt	464,701	16,687	1,857,252	0	1,409,238	0	1,409,238	0	0	0
Other Debt Service	160,745	0	0	0	(160,745)	0	(160,745)	0	0	0
Total Governmental Activities	$ 14,860,621	$ 3,700,346	$ 4,480,638	$ 523,378	$ (6,156,259)	$ 0	$ (6,156,259)	$ 0	$ 0	$ 0
Business-type Activities:										
Solid Waste Disposal	$ 506,015	$ 441,292	$ 7,819	$ 0	$ 0	$ (56,904)	$ (56,904)	$ 0	$ 0	$ 0
Total Primary Government	$ 15,366,636	$ 4,141,638	$ 4,488,457	$ 523,378	$ (6,156,259)	$ (56,904)	$ (6,213,163)	$ 0	$ 0	$ 0
Component Units:										
Lauderdale County School Department	$ 40,327,991	$ 560,137	$ 7,422,058	$ 1,104,540	$ 0	$ 0	$ 0	$ (31,241,256)	$ 0	$ 0
Lauderdale County Water System	1,276,556	1,182,018	0	0	0	0	0	0	(94,538)	0
Emergency Communications District	447,390	186,032	189,878	33,931	0	0	0	0	0	(37,549)
Total Component Units	$ 42,051,937	$ 1,928,187	$ 7,611,936	$ 1,138,471	$ 0	$ 0	$ 0	$ (31,241,256)	$ (94,538)	$ (37,549)

(Continued)

Exhibit B

Lauderdale County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Lauderdale County School Department	Component Units: Lauderdale County Water System	Component Units: Emergency Communications District
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					$ 5,622,119	$ 0	$ 5,622,119	$ 2,750,845	$ 0	$ 0
Property Taxes Levied for Debt Service					617,154	0	617,154	0	0	0
Local Option Sales Taxes					0	0	0	1,799,657	0	0
Wheel Tax					971,768	0	971,768	176,622	0	0
Litigation Taxes					95,517	0	95,517	0	0	0
Business Tax					74,276	0	74,276	0	0	0
Wholesale Beer Tax					44,809	0	44,809	0	0	0
Other Local Taxes					30,574	0	30,574	2,248	0	0
Grants and Contributions Not Restricted to Specific Programs					482,885	0	482,885	25,677,887	0	0
Unrestricted Investment Income					3,934	8,882	12,816	108,451	9,746	3,564
Miscellaneous					73,215	18,525	91,740	143,896	0	0
Total General Revenues					$ 8,016,251	$ 27,407	$ 8,043,658	$ 30,659,606	$ 9,746	$ 3,564
Change in Net Position					$ 1,859,992	$ (29,497)	$ 1,830,495	$ (581,650)	$ (84,792)	$ (33,985)
Net Position, July 1, 2012					4,663,093	1,663,370	6,326,463	24,595,814	6,188,099	1,247,921
Reclassification - See Note I.D.9.					(104,594)	0	(104,594)	0	0	0
Restatement - See Note I.D.8.					(194,198)	0	(194,198)	0	0	0
Net Position, June 30, 2013					$ 6,224,293	$ 1,633,873	$ 7,858,166	$ 24,014,164	$ 6,103,307	$ 1,213,936

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

Exhibit C-1

Lauderdale County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 115,011	$ 115,011
Equity in Pooled Cash and Investments	3,943,841	870,535	1,351,756	356,703	6,522,835
Accounts Receivable	7,640	213	203	675,286	683,342
Allowance for Uncollectibles	0	0	0	(253,425)	(253,425)
Due from Other Governments	328,605	464,079	2,276,685	0	3,069,369
Due from Other Funds	2,930	0	0	0	2,930
Property Taxes Receivable	5,436,018	864,925	679,047	0	6,979,990
Allowance for Uncollectible Property Taxes	(284,796)	(44,131)	(36,073)	0	(365,000)
Total Assets	$ 9,434,238	$ 2,155,621	$ 4,271,618	$ 893,575	$ 16,755,052
LIABILITIES					
Accounts Payable	$ 54,431	$ 0	$ 0	$ 9,089	$ 63,520
Accrued Payroll	0	1,086	0	23,573	24,659
Payroll Deductions Payable	45,665	204	0	0	45,869
Contracts Payable	0	289,352	0	0	289,352
Due to Other Funds	0	0	0	2,930	2,930
Due to State of Tennessee	5,731	0	0	0	5,731
Health Insurance Payments	0	962	0	0	962
Total Liabilities	$ 105,827	$ 291,604	$ 0	$ 35,592	$ 433,023
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 4,932,852	$ 788,056	$ 614,853	$ 0	$ 6,335,761
Deferred Delinquent Property Taxes	199,596	29,905	25,680	0	255,181
Other Deferred/Unavailable Revenue	84,171	160,683	0	0	244,854
Total Deferred Inflows of Resources	$ 5,216,619	$ 978,644	$ 640,533	$ 0	$ 6,835,796
FUND BALANCES					
Restricted:					
Restricted for Administration of Justice	$ 45,760	$ 0	$ 0	$ 0	$ 45,760
Restricted for Public Safety	6,942	0	0	10,403	17,345
Restricted for Public Health and Welfare	11,845	0	0	499,455	511,300
Restricted for Social, Cultural, and Recreational Services	151,343	0	0	3,569	154,912
Restricted for Highways/Public Works	0	732,028	0	0	732,028
Restricted for Debt Service	0	0	3,609,387	0	3,609,387
Restricted for Capital Projects	0	0	0	344,556	344,556
Committed:					
Committed for Highways/Public Works	0	153,345	0	0	153,345
Committed for Debt Service	0	0	21,698	0	21,698
Unassigned	3,895,902	0	0	0	3,895,902
Total Fund Balances	$ 4,111,792	$ 885,373	$ 3,631,085	$ 857,983	$ 9,486,233
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,434,238	$ 2,155,621	$ 4,271,618	$ 893,575	$ 16,755,052

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 Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 9,486,233
(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	5,632,627	
Add: infrastructure net of accumulated depreciation	2,009,516	
Add: other capital assets net of accumulated depreciation	1,737,260	10,291,830
(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	$ (151,189)	
Less: other loans payable	(3,024,376)	
Less: bonds payable	(10,925,000)	
Less: accrued interest on bonds	(63,480)	
Less: other deferred revenue - premium on debt	(141,624)	
Add: deferred amount on refunding	251,864	(14,053,805)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		500,035
Net position of governmental activities (Exhibit A)		$ 6,224,293

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, 2013

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 6,158,006	$ 842,434	$ 646,611	$ 1,121	$ 7,648,172
Licenses and Permits	22,491	605	519	0	23,615
Fines, Forfeitures, and Penalties	131,563	0	0	11,417	142,980
Charges for Current Services	87,592	0	0	1,129,025	1,216,617
Other Local Revenues	209,961	26,689	73	11,061	247,784
Fees Received from County Officials	996,865	0	0	0	996,865
State of Tennessee	1,496,499	2,138,489	0	150,000	3,784,988
Federal Government	126,938	0	0	295,457	422,395
Other Governments and Citizens Groups	291,670	0	1,965,475	0	2,257,145
Total Revenues	$ 9,521,585	$ 3,008,217	$ 2,612,678	$ 1,598,081	$ 16,740,561
Expenditures					
Current:					
General Government	$ 1,155,722	$ 0	$ 0	$ 0	$ 1,155,722
Finance	671,543	0	0	0	671,543
Administration of Justice	1,544,495	0	0	2,260	1,546,755
Public Safety	4,125,406	0	0	25,158	4,150,564
Public Health and Welfare	485,989	0	0	1,120,533	1,606,522
Social, Cultural, and Recreational Services	224,909	0	0	1,596	226,505
Agriculture and Natural Resources	201,166	0	0	0	201,166
Other Operations	886,546	0	0	150,000	1,036,546
Highways	0	3,457,932	0	0	3,457,932
Instruction	34,122	0	0	0	34,122
Debt Service:					
Principal on Debt	0	0	2,185,416	0	2,185,416
Interest on Debt	0	0	478,603	0	478,603
Other Debt Service	0	0	108,932	0	108,932
Capital Projects	0	0	0	302,362	302,362
Total Expenditures	$ 9,329,898	$ 3,457,932	$ 2,772,951	$ 1,601,909	$ 17,162,690
Excess (Deficiency) of Revenues Over Expenditures	$ 191,687	$ (449,715)	$ (160,273)	$ (3,828)	$ (422,129)
Other Financing Sources (Uses)					
Insurance Recovery	$ 11,904	$ 0	$ 0	$ 0	$ 11,904
Total Other Financing Sources (Uses)	$ 11,904	$ 0	$ 0	$ 0	$ 11,904
Net Change in Fund Balances	$ 203,591	$ (449,715)	$ (160,273)	$ (3,828)	$ (410,225)
Reclassification - See Note I.D.9.	0	0	0	(104,594)	(104,594)
Fund Balance, July 1, 2012	3,908,201	1,335,088	3,791,358	966,405	10,001,052
Fund Balance, June 30, 2013	$ 4,111,792	$ 885,373	$ 3,631,085	$ 857,983	$ 9,486,233

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, 2013

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)		$ (410,225)
(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	$ 1,302,862	
Less: current-year depreciation expense	(1,160,202)	142,660
(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, 2013	$ 500,035	
Less: deferred delinquent property taxes and other deferred June 30, 2012	(428,447)	71,588
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, 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 position. Also, governmental funds report the effect of 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.		
Add: principal payments on notes	$ 104,762	
Add: principal payments on other loans	212,431	
Add: principal payments on bonds	1,760,000	
Add: principal payments on capital lease	108,223	
Less: principal contribution on capital lease from School Department	(108,223)	
Add: change in premium on debt issuances	16,687	
Less: change in deferred amount on refunding debt	(51,813)	2,042,067
(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		13,902
Change in net position of governmental activities (Exhibit B)		$ 1,859,992

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

Exhibit C-5

Lauderdale County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 6,158,006	$ 6,300,987	$ 6,300,987	$ (142,981)
Licenses and Permits	22,491	27,600	27,600	(5,109)
Fines, Forfeitures, and Penalties	131,563	104,450	104,450	27,113
Charges for Current Services	87,592	61,450	61,450	26,142
Other Local Revenues	209,961	75,200	75,200	134,761
Fees Received from County Officials	996,865	937,500	937,500	59,365
State of Tennessee	1,496,499	1,346,428	1,350,248	146,251
Federal Government	126,938	88,738	128,738	(1,800)
Other Governments and Citizens Groups	291,670	240,000	240,000	51,670
Total Revenues	$ 9,521,585	$ 9,182,353	$ 9,226,173	$ 295,412
Expenditures				
General Government				
County Commission	$ 48,557	$ 61,450	$ 61,450	$ 12,893
County Mayor/Executive	231,670	241,933	241,933	10,263
County Attorney	9,032	40,000	40,000	30,968
Election Commission	260,795	281,755	281,755	20,960
Register of Deeds	129,569	137,260	137,260	7,691
Development	119,287	125,000	125,000	5,713
Planning	19,054	34,690	34,690	15,636
County Buildings	333,753	336,231	351,231	17,478
Other General Administration	4,005	4,315	4,315	310
Finance				
Property Assessor's Office	188,426	201,346	201,941	13,515
Reappraisal Program	32,532	33,000	33,426	894
County Trustee's Office	181,623	189,967	189,967	8,344
County Clerk's Office	268,962	282,845	282,845	13,883
Administration of Justice				
Circuit Court	208,952	233,143	232,143	23,191
General Sessions Judge	98,123	99,745	99,745	1,622
General Sessions Court Clerk	293,528	314,957	315,957	22,429
Chancery Court	151,101	157,220	162,733	11,632
Juvenile Court	709,220	720,430	720,430	11,210
Other Administration of Justice	68,571	68,571	68,571	0
Victims Assistance Programs	15,000	15,000	15,000	0
Public Safety				
Sheriff's Department	2,052,377	2,154,740	2,184,740	132,363
Administration of the Sexual Offender Registry	2,100	1,500	2,100	0
Jail	1,798,743	1,813,793	1,813,793	15,050
Fire Prevention and Control	51,411	52,453	52,453	1,042
Civil Defense	140,227	121,365	161,365	21,138
Rescue Squad	3,856	3,860	3,860	4
Other Emergency Management	76,692	87,969	87,969	11,277
Public Health and Welfare				
Local Health Center	55,952	58,112	58,112	2,160
Rabies and Animal Control	124,755	80,097	125,647	892
Dental Health Program	140,838	156,000	156,000	15,162

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Health and Welfare (Cont.)				
Alcohol and Drug Programs	$ 39,787	$ 40,000	$ 40,000	$ 213
Other Local Health Services	73,493	52,015	73,625	132
Sanitation Education/Information	51,164	55,144	55,144	3,980
Social, Cultural, and Recreational Services				
Libraries	185,309	191,215	198,855	13,546
Parks and Fair Boards	39,600	39,600	39,600	0
Agriculture and Natural Resources				
Agriculture Extension Service	83,622	110,252	110,252	26,630
Soil Conservation	117,544	117,586	117,656	112
Other Operations				
Housing and Urban Development	25,326	31,886	31,886	6,560
Veterans' Services	17,313	18,000	18,000	687
Other Charges	189,118	195,600	195,600	6,482
Contributions to Other Agencies	178,757	174,507	178,757	0
Employee Benefits	454,288	257,500	472,500	18,212
Miscellaneous	21,744	33,500	33,500	11,756
Instruction				
Student Body Education Program	34,122	30,000	42,562	8,440
Total Expenditures	$ 9,329,898	$ 9,455,552	$ 9,854,368	$ 524,470
Excess (Deficiency) of Revenues Over Expenditures	$ 191,687	$ (273,199)	$ (628,195)	$ 819,882
Other Financing Sources (Uses)				
Insurance Recovery	$ 11,904	$ 0	$ 0	$ 11,904
Total Other Financing Sources	$ 11,904	$ 0	$ 0	$ 11,904
Net Change in Fund Balance	$ 203,591	$ (273,199)	$ (628,195)	$ 831,786
Fund Balance, July 1, 2012	3,908,201	3,915,664	3,915,664	(7,463)
Fund Balance, June 30, 2013	$ 4,111,792	$ 3,642,465	$ 3,287,469	$ 824,323

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

Exhibit C-6

Lauderdale County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 842,434	$ 919,241	$ 913,061	$ (70,627)
Licenses and Permits	605	700	700	(95)
Other Local Revenues	26,689	37,500	37,500	(10,811)
State of Tennessee	2,138,489	2,491,750	2,491,750	(353,261)
Total Revenues	$ 3,008,217	$ 3,449,191	$ 3,443,011	$ (434,794)
Expenditures				
Highways				
Administration	$ 191,846	$ 194,506	$ 194,506	$ 2,660
Highway and Bridge Maintenance	1,260,943	1,484,658	1,484,658	223,715
Operation and Maintenance of Equipment	692,678	764,534	759,534	66,856
Other Charges	125,490	119,789	124,789	(701)
Employee Benefits	411,107	491,684	491,684	80,577
Capital Outlay	775,868	1,140,000	1,190,000	414,132
Total Expenditures	$ 3,457,932	$ 4,195,171	$ 4,245,171	$ 787,239
Excess (Deficiency) of Revenues Over Expenditures	$ (449,715)	$ (745,980)	$ (802,160)	$ 352,445
Net Change in Fund Balance	$ (449,715)	$ (745,980)	$ (802,160)	$ 352,445
Fund Balance, July 1, 2012	1,335,088	1,504,707	1,504,707	(169,619)
Fund Balance, June 30, 2013	$ 885,373	$ 758,727	$ 702,547	$ 182,826

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

Exhibit D-1

Lauderdale County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

	Business-type Activities Major Fund Solid Waste Disposal
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 1,180,717
Accounts Receivable	31,121
Due from Other Governments	1,879
Total Current Assets	$ 1,213,717
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	$ 160,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	207,164
Other Capital Assets	231,602
Total Noncurrent Assets	$ 598,766
Total Assets	$ 1,812,483
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 17,038
Payroll Deductions Payable	930
Total Current Liabilities	$ 17,968
Noncurrent Liabilities:	
Due Within One Year	$ 6,974
Due in More Than One Year	153,668
Total Noncurrent Liabilities	$ 160,642
Total Liabilities	$ 178,610
NET POSITION	
Net Investment in Capital Assets	$ 598,766
Unrestricted	1,035,107
Total Net Position	$ 1,633,873

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 Position
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities Major Fund Solid Waste Disposal
Operating Revenues	
Tipping Fees	$ 437,775
Sale of Recycled Materials	2,917
Miscellaneous Refunds	18,525
Other General Service Charges	600
Total Operating Revenues	$ 459,817
Operating Expenses	
Supervisor/Director	$ 27,514
Salary Supplements	5,000
Equipment Operators	47,945
Bonus Payments	1,800
Social Security	4,339
State Retirement	7,297
Employee and Dependent Insurance	25,847
Employer Medicare	1,015
Communication	1,372
Contracts with Private Agencies	281,928
Maintenance Agreements	5,500
Maintenance and Repair Services - Buildings	1,718
Maintenance and Repair Services - Equipment	14,293
Travel	556
Diesel Fuel	7,021
Gasoline	1,181
Office Supplies	383
Utilities	2,619
Other Supplies and Materials	1,093
Building and Contents Insurance	302
Medical Claims	10,853
Trustee's Commission	95
Vehicle and Equipment Insurance	394
Worker's Compensation Insurance	2,784
Depreciation	50,171
Landfill Closure/Postclosure Care Costs	2,995
Total Operating Expenses	$ 506,015
Operating Income (Loss)	$ (46,198)

(Continued)

Exhibit D-2

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

	Business-type Activities Major Fund Solid Waste Disposal
Nonoperating Revenues (Expenses)	
Investment Income	$ 8,882
Solid Waste Grants	7,819
Total Nonoperating Revenues (Expenses)	$ 16,701
Change in Net Position	$ (29,497)
Net Position, July 1, 2012	1,663,370
Net Position, June 30, 2013	$ 1,633,873

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, 2013

	Business-type Activities Major Fund Solid Waste Disposal
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 455,515
Receipts from Others	22,042
Payments for Waste Collections and Disposal Activity	(441,855)
Net Cash Provided By (Used In) Operating Activities	$ 35,702
Cash Flows from Noncapital Financing Activities	
Receipts from Grants	$ 7,819
Net Cash Provided By (Used In) Noncapital Financing Activities	$ 7,819
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	$ (135,962)
	$ (135,962)
Cash Flows from Investing Activities	
Interest on Investments	$ 8,882
Net Cash Provided By (Used In) Investing Activities	$ 8,882
Increase (Decrease) in Cash	$ (83,559)
Cash, July 1, 2012	1,264,276
Cash, June 30, 2013	$ 1,180,717
Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ (46,198)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	50,171
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	18,061
(Increase) Decrease in Due from Other Governments	(321)
Increase (Decrease) in Accounts Payable	17,038
Increase (Decrease) in Payroll Deductions Payable	930
Increase (Decrease) in Accrued Liability for Landfill Closure/Postclosure Care Costs	(3,979)
Net Cash Provided By (Used In) Operating Activities	$ 35,702
Reconciliation of Cash With Statement of Net Position	
Cash Per Net Position	$ 1,180,717
Cash, June 30, 2013	$ 1,180,717

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, 2013

	Agency Funds
ASSETS	
Cash	$ 652,959
Equity in Pooled Cash and Investments	2,494,525
Accounts Receivable	2,373
Due from Other Governments	368,232
Total Assets	$ 3,518,089
LIABILITIES	
Due to Cities	$ 166,056
Due to Other Taxing Units	2,270,579
Due to Litigants, Heirs, and Others	786,494
Due to Joint Ventures	294,960
Total Liabilities	$ 3,518,089

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

LAUDERDALE COUNTY, TENNESSEE
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LAUDERDALE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 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 Position 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 from prior years of $7,076 were contributed to the School Department during the year ended June 30, 2013.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. 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.

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, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 position 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 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.87 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets (excluding the Lauderdale County Ambulance Authority, special revenue fund) are defined by the government as assets with an initial, individual cost of

$5,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	20
Bridges	20 - 30

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources:

current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. 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.

6. 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 Position. Debt premiums and discounts are deferred and are amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

7. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Lauderdale County had $12,882,232 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 position 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 by resolution 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.

8. Restatement

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. A restatement to beginning net position totaling $194,198 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

9. Reclassification

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, the balance of this fund ($104,594) was reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

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 Position

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 Position.

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 Position.

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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees funds (special revenue funds), which is not budgeted, and the capital projects 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, 2013, the Lauderdale County School Department reported the following significant encumbrances:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	School Renovations	$ 1,297,905

B. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of $75,514 at June 30, 2013. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Charges major appropriations category (the legal level of control) of the Highway/Public Works Fund by $701. Expenditures exceeded total appropriations in the Ambulance Service Fund by $22,023. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

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 Lauderdale County School Department, and the 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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2013, Lauderdale County had the following investments carried at fair value. 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)	Fair Value
State Treasurer's Investment Pool	11 to 138	$ 349,229

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, 2013, 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, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
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	$ 11,170,931	$ 114,377	$ 0	$ 11,285,308
Infrastructure	2,414,622	221,011	0	2,635,633
Other Capital Assets	5,397,783	967,474	75,539	6,289,718
Total Capital Assets Depreciated	$ 18,983,336	$ 1,302,862	$ 75,539	$ 20,210,659

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 5,206,788	$ 445,893	$ 0	$ 5,652,681
Infrastructure	537,179	88,938	0	626,117
Other Capital Assets	4,002,626	625,371	75,539	4,552,458
Total Accumulated Depreciation	$ 9,746,593	$ 1,160,202	$ 75,539	$ 10,831,256
Total Capital Assets Depreciated, Net	$ 9,236,743	$ 142,660	$ 0	$ 9,379,403
Governmental Activities Capital Assets, Net	$ 10,149,170	$ 142,660	$ 0	$ 10,291,830

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

Governmental Activities:

General Government	$ 55,176
Finance	16,517
Administration of Justice	91,624
Public Safety	367,133
Public Health and Welfare	139,583
Social, Cultural, and Recreational Services	42,421
Highway/Public Works	447,748
Total Depreciation Expense - Governmental Activities	$ 1,160,202

Business-type Activities:

	Balance 7-1-12	Increases	Balance 6-30-13
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	135,962	761,564
Total Capital Assets Depreciated	$ 926,020	$ 135,962	$ 1,061,982
Less Accumulated Depreciation For:			
Buildings and Improvements	$ 85,744	$ 7,510	$ 93,254
Other Capital Assets	487,301	42,661	529,962
Total Accumulated Depreciation	$ 573,045	$ 50,171	$ 623,216
Total Capital Assets Depreciated, Net	$ 352,975	$ 85,791	$ 438,766
Business-type Activities Capital Assets, Net	$ 512,975	$ 85,791	$ 598,766

The business-type activities had no decreases in capital assets during the year. Depreciation expense for the business-type activities was $50,171.

Discretely Presented Lauderdale County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	$ 1,378,648	$ 0	$ 0	$ 1,378,648
Construction in Progress	0	813,835	0	813,835
Total Capital Assets Not Depreciated	$ 1,378,648	$ 813,835	$ 0	$ 2,192,483

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Buildings and Improvements	$ 37,105,203	$ 0	$ 0	$ 37,105,203
Infrastructure	233,000	0	0	233,000
Other Capital Assets	6,209,048	498,439	17,644	6,689,843
Total Capital Assets Depreciated	$ 43,547,251	$ 498,439	$ 17,644	$ 44,028,046
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 19,197,525	$ 953,084	$ 0	$ 20,150,609
Infrastructure	48,557	11,650	0	60,207
Other Capital Assets	3,766,822	389,784	17,644	4,138,962
Total Accumulated Depreciation	$ 23,012,904	$ 1,354,518	$ 17,644	$ 24,349,778
Total Capital Assets Depreciated, Net	$ 20,534,347	$ (856,079)	$ 0	$ 19,678,268
Governmental Activities Capital Assets, Net	$ 21,912,995	$ (42,244)	$ 0	$ 21,870,751

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

Governmental Activities:

Instruction	$ 1,023,304
Support Services	287,084
Operation of Non-Instructional Services	44,130
Total Depreciation Expense - Governmental Activities	$ 1,354,518

C. Construction Commitments

At June 30, 2013, the discretely presented General Purpose School Fund had uncompleted construction contracts of $1,297,905 for renovations to county school buildings. Funding has been received for these future expenditures.

D. Interfund Receivable, Payable, and Transfer

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	$ 2,930

This balance resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Interfund Transfer:

An interfund transfer for the year ended June 30, 2013, consisted of the following amount:

Discretely Presented Lauderdale County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	$ 36,367

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. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Lauderdale County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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 ten 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, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds - Refunding	2 to 4 %	4-1-22	$ 13,835,000	$ 10,925,000
Capital Outlay Notes	0	8-15-14	800,000	151,189
Other Loans	Variable	9-15-27	3,523,000	3,024,376

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, 2013, the variable interest rate was .33 percent and other fees totaled .66 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, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
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
2019-2022	3,745,000	191,455	3,936,455
Total	$ 10,925,000	$ 1,057,975	$ 11,982,975

Year Ending June 30	Notes Principal	Notes Total
2014	$ 79,761	$ 79,761
2015	71,428	71,428
Total	$ 151,189	$ 151,189

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Other Fees	Other Loans Total
2014	$ 213,431	$ 124,922	$ 8,252	$ 346,605
2015	215,431	124,737	7,883	348,051
2016	216,431	124,546	7,500	348,477
2017	218,431	124,351	7,111	349,893
2018	220,431	124,150	6,708	351,289
2019-2023	1,129,155	617,509	27,058	1,773,722
2024-2028	811,066	502,059	12,129	1,325,254
Total	$ 3,024,376	$ 1,742,274	$ 76,641	$ 4,843,291

There is $3,631,085 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled $507, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2012	$ 12,685,000	$ 255,951	$ 3,236,807
Reductions	(1,760,000)	(104,762)	(212,431)
Balance, June 30, 2013	$ 10,925,000	$ 151,189	$ 3,024,376
Balance Due Within One Year	$ 1,795,000	$ 79,761	$ 213,431

	Capital Leases
Balance, July 1, 2012	$ 0
Reclassification of School Debt	108,223
Reductions	(108,223)
Balance, June 30, 2013	$ 0
Balance Due Within One Year	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	$ 14,100,565
Less: Balance Due Within One Year	(2,088,192)
Add: Unamortized Premium on Debt	141,624
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 12,153,997

Lauderdale County Solid Waste Disposal Fund (enterprise fund)

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2013, was as follows:

Business-type Activities:

	Postclosure Care Costs
Balance, July 1, 2012	$ 164,621
Additions	2,995
Reductions	(6,974)
Balance, June 30, 2013	$ 160,642
Balance Due Within One Year	$ 6,974

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	$ 160,642
Less: Balance Due Within One Year	(6,974)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 153,668

Discretely Presented Lauderdale County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Lauderdale County School Department for the year ended June 30, 2013, was as follows:

	Capital Lease	Other Postemployment Benefits
Balance, July 1, 2012	$ 108,223	$ 893,068
Additions	0	535,804
Reductions	0	(353,662)
Reclassification of School Debt	(108,223)	0
Balance, June 30, 2013	$ 0	$ 1,075,210
Balance Due Within One Year	$ 0	$ 0

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

F. Pledges of Future Revenues

Local Option Sales Tax Revenues Pledged

In 1995, the citizens of Lauderdale County voted to increase the local option sales tax rate from two percent to 2.75 percent. The county and all local incorporated municipalities pledged their additional sales tax collections generated from the .75 percent increase to repay $9 million and $8 million in general obligation school bonds issued December 1, 1995, and March 1, 1996, respectively, to finance school construction/renovations and to provide salary improvements and/or increases for classroom teachers and principals for a period of ten years after the $17 million school bonds are repaid. The county has pledged 100 percent of its .75 percent increase in sales tax collections for ten years, and the incorporated municipalities have pledged 100 percent for the first applicable year with a decrease of ten percent annually. This 1995 pledge continues for 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 $5,256,026 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 $1,206,466 and $1,081,955, 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 $418,960 and $1,200,000, respectively.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Lauderdale County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the

State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were $64,935 and $33,385, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Primary Government

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

Discretely Presented Lauderdale County School Department

The discretely presented Lauderdale County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated* (*TCA*), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk of losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

Lauderdale County and the discretely presented School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The government pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements;* Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34);* Statement No. 62,

Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Lauderdale County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62,* which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the

nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Contingent Liabilities

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, 2013, future principal requirements were $4,220,000, and future interest requirements were $1,098,156.

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

D. Changes in Administration

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.

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Lauderdale County closed its sanitary landfill in 2001. The $160,642 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Twenty-fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fifth Judicial District, Fayette, Hardeman, Lauderdale, McNairy, and Tipton counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Lauderdale County made no contributions to the DTF for the year ended June 30, 2013.

The HTL Advantage is a joint venture between Haywood, Tipton, and Lauderdale counties and the cities of Brownsville, Ripley, and Covington. The board comprises ten members and consists of the mayors from each of the counties and cities, and one member from the Southwest Tennessee Electric Cooperative, the Covington Electric System, Ripley Power and Light, and the Brownsville Electric System. The purpose of the board is to establish and operate an office that markets the entire defined region for economic development and to bring the region attention of prospective industrial and commercial interests, which would be beneficial for the common good of all entities involved herein. The counties, cities, and electric systems provide the funding for the board. Lauderdale County contributed $50,000 to HTL Advantage during the year.

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 $36,395 to the LCECD for the year ended June 30, 2013.

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 Street
Ripley, TN 38063

HTL Advantage
1469 South Main Street
Covington, TN 38019

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

G. Retirement Commitments

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, 2013, was 8.87 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, 2013, Lauderdale County's annual pension cost of $834,619 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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, 2011, was two 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
6-30-13	$834,619	100%	$0
6-30-12	803,968	100	0
6-30-11	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.

SCHOOL TEACHERS

Plan Description

The Lauderdale County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 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, 2013, 2012, and 2011, were $1,519,861, $1,534,002, and $1,590,370, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

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 in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The 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, 2013, the Lauderdale School Department contributed $353,662 for postemployment health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	$ 538,000
Interest on the NOPEBO	35,723
Adjustment to the ARC	(37,919)
Annual OPEB cost	$ 535,804
Amount of contribution	(353,662)
Increase/decrease in NOPEBO	$ 182,142
Net OPEB obligation, 7-1-12	893,068
Net OPEB obligation, 6-30-13	$ 1,075,210

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	$ 463,459	82.06 %	$ 696,945
6-30-12	"	531,286	63.09	893,068
6-30-13	"	535,804	66.01	1,075,210

Funded Status and Funding Progress

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

	Local Education Group Plan
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 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 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 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 percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. Purchasing Laws

Office of County Mayor

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

Office of Highway Commissioner

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

Office of Director of Schools

Purchasing procedures for the discretely presented Lauderdale County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of

Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding $10,000.

VI. OTHER NOTES – LAUDERDALE COUNTY 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:

	6-30-13
Cash in Bank	$ 112,081

Cash in bank is insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). Under the laws of Tennessee, the 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, 2013, the 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 nine 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 $83,175 for the year ended June 30, 2013.

Capital assets are summarized as follows:

	Balance 7-1-12	Additions	Balance 6-30-13
Capital Assets Depreciated:			
Vehicles	$ 253,432	$ 273,807	$ 527,239
Equipment	69,293	57,532	126,825
Total Capital Assets Being Depreciated	$ 322,725	$ 331,339	$ 654,064
Less Accumulated Depreciation For:			
Vehicles	$ 184,459	$ 72,781	$ 257,240
Equipment	61,150	10,394	71,544
Total Depreciation	$ 245,609	$ 83,175	$ 328,784
Total Capital Assets, Net of Depreciation	$ 77,116	$ 248,164	$ 325,280

D. Allowance for Uncollectible Accounts

The authority's allowance for estimated uncollectible receivables at June 30, 2013, was $253,425.

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. Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by the creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the authority's board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the authority's board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above categories.

When both restricted and unrestricted fund balances are available for use, it is the authority's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

H. 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 exceeded budgeted revenues and total expenditures exceeded total budgeted expenditures. The authority had a material excess of expenditures over appropriations.

I. Pension Plan

The pension fund of the Lauderdale County Ambulance Authority is included in the total retirement program for Lauderdale County, Tennessee, under the Tennessee Consolidated Retirement System. Five percent is deducted from the employees' checks, and the county pays a percentage match of 8.87 percent to fund the employees retirement. Retirement is based on 30 years of service or reaching the age of 60. For details relative to the funding status and progress, actuarial determined contribution requirements and contributions made, and trend information, refer to Note V.G.

J. 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.

K. 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 (GASB) 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. 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.

Deposits and Investments

The 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, 2013, the water system did not own any types of securities other than those permitted by statute.

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

Capital Assets

Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their estimated 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:

Asset	Years
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 water system accrues vacation and compensated time for its employees to use in future periods.

Inventory

Inventory of supplies are recorded at historical cost using the first in-first out method.

Risk Management

The water system is exposed to various risks or losses related to tort; theft of, damage to assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2013, the water system was covered by insurance for these various risks at a cost it considered to be economically justifiable. There were no significant reductions in coverage the past fiscal year and there were no settlements exceeding 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 water system's deposits and investments at June 30, 2013, consisted of the following:

Deposits:	
Cash on Hand	$ 245
Cash in Bank	485,659
Cash on Deposit With County Trustee	431,648
Total Cash and Cash Equivalents	$ 917,552
Investments:	
Certificates of Deposit Managed by County Trustee	$ 1,150,000

The water system's deposits and investments at June 30, 2013, 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 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. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Not Depreciated:			
Land	$ 10,000	$ 0	$ 10,000
Total Capital Assets Not Depreciated	$ 10,000	$ 0	$ 10,000
Capital Assets Depreciated:			
Water Plant	$ 8,212,486	$ 52,393	$ 8,264,879
Plant Equipment	87,320	3,070	90,390
Office Equipment	51,154	0	51,154
Equipment	294,599	0	294,599
Total Capital Assets Depreciated	$ 8,645,559	$ 55,463	$ 8,701,022
Less Accumulated Depreciation:			
Water Plant	$ 4,083,466	$ 229,325	$ 4,312,791
Plant Equipment	39,953	6,452	46,405
Office Equipment	33,447	5,233	38,680
Equipment	183,540	32,224	215,764
Total Accumulated Depreciation	$ 4,340,406	$ 273,234	$ 4,613,640
Total Capital Assets Depreciated, Net	$ 4,305,153	$ (217,771)	$ 4,087,382
Business-type Activities Capital Assets, Net	$ 4,315,153	$ (217,771)	$ 4,097,382

There were no decreases in capital assets to report during the year ended June 30, 2013.

E. Bonds Payable

The water system's bond payable loans were retired as of June 30, 2013.

Net changes for the year ended June 30, 2013, in bond balances are:

	Bonds
Balance, July 1, 2012	$ 693,470
Reductions	(693,470)
Balance, June 30, 2013	$ 0

F. 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.

G. Concentration of Credit Risk

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

H. Retirement Plan

Employees of the 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, 2013, was 8.87 percent of annual covered payroll. Retirement is based on 30 years of service or reaching the age of 60. For details relative to the funding status, contributions, retirement requirements, actuarial information, and trend information for the Lauderdale County plan, see Note V.G.

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. An eight-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.

3. Assets, Liabilities, and Net Position or Equity

a. Deposits and Investments

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

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

b. Receivables and Service Fees

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

At June 30, 2013, accounts receivable represent service fees collected by the entities named above and are 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 $62,067 for the year ended June 30, 2013.

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.

Length of Service	Benefit
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.

f. Deferred Outflows/Inflows of Resources

During the year ended June 30, 2013, the district adopted the provisions of Governmental Accounting Standards Board Statement No. 63*, Reporting Deferred Outflows, Deferred Inflows and Net Position*. The objective of the statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district does not have any items that qualify for reporting in this category as of June 30, 2013.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The district does

not have any items that qualify for reporting in this category as of June 30, 2013.

g. Net Position Flow Assumption

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

h. Net Position

Equity is classified as net position and displayed in the following three components:

1.) Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

2.) Restricted for debt service – Consists of net position for which constraints are placed thereon by lenders less any related liabilities.

3.) Unrestricted – All other net position that does not meet the description of the above categories.

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

Expenditures were less than appropriations in total. However, overages were noted in unemployment compensation of $9 and utilities – electric of $128.

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	$ 591,593
Certificates of Deposit	200,276
Total	$ 791,869

Cash in bank and certificates of deposits are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2013, 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. Receivable – Employees

In the year ended June 30, 2012, employees received insurance reimbursement monies that belonged to the district. The employees agreed to repay the amounts received through payroll deductions. The employees are current at June 30, 2013, in the payment arrangements.

3. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Depreciated:			
Buildings and Improvements	$ 167,072	$ 0	$ 167,072
Communications Equipment	589,122	10,367	599,489
Office Equipment	69,866	0	69,866
Furniture and Fixtures	16,125	0	16,125
Total Capital Assets Depreciated	$ 842,185	$ 10,367	$ 852,552
Less Accumulated Depreciation:			
Buildings and Improvements	$ 41,380	$ 4,058	$ 45,438
Communications Equipment	256,425	53,853	310,278
Office Equipment	64,895	3,185	68,080
Furniture and Fixtures	12,268	971	13,239
Total Accumulated Depreciation	$ 374,968	$ 62,067	$ 437,035
Business-type Activities Capital Assets, Net	$ 467,217	$ (51,700)	$ 415,517

There were no decreases in capital assets to report during the year ended June 30, 2013.

4. 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 $3,492.

The following is a schedule by year of expected minimum future rentals on operating leases as of June 30, 2013:

Year Ending June 30	Amount
2014	$ 41,904
2015	41,904
2016	41,904
2017	41,904
2018	41,904

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, 2013, was 1.54 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, 2013, the district's annual pension cost of $1,414 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 ten-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, 2011, was one year. 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
6-30-13	$ 1,414	100%	$ 0
6-30-12	5,427	100	0
6-30-11	6,414	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 Funding Progress – Pension Plan
Primary Government and Discretely Presented Lauderdale County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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-2

Lauderdale County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Lauderdale County School Department
June 30, 2013

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (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, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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 – In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the 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.

Community Development/Industrial Park Fund – The Community Development/ Industrial Park Fund is used to account for revenues received from public works grants provided for industrial development projects.

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, 2013

	Special Revenue Funds					Capital Projects Fund	
	Law Library	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total	Education Capital Projects	Total Nonmajor Governmental Funds
ASSETS							
Cash	$ 0	$ 112,081	$ 0	$ 2,930	$ 115,011	$ 0	$ 115,011
Equity in Pooled Cash and Investments	3,709	0	8,438	0	12,147	344,556	356,703
Accounts Receivable	0	673,286	2,000	0	675,286	0	675,286
Allowance for Uncollectibles	0	(253,425)	0	0	(253,425)	0	(253,425)
Total Assets	$ 3,709	$ 531,942	$ 10,438	$ 2,930	$ 549,019	$ 344,556	$ 893,575
LIABILITIES							
Accounts Payable	$ 140	$ 8,914	$ 35	$ 0	$ 9,089	$ 0	$ 9,089
Accrued Payroll	0	23,573	0	0	23,573	0	23,573
Due to Other Funds	0	0	0	2,930	2,930	0	2,930
Total Liabilities	$ 140	$ 32,487	$ 35	$ 2,930	$ 35,592	$ 0	$ 35,592
FUND BALANCES							
Restricted:							
Restricted for Public Safety	$ 0	$ 0	$ 10,403	$ 0	$ 10,403	$ 0	$ 10,403
Restricted for Public Health and Welfare	0	499,455	0	0	499,455	0	499,455
Restricted for Social, Cultural, and Recreational Services	3,569	0	0	0	3,569	0	3,569
Restricted for Capital Projects	0	0	0	0	0	344,556	344,556
Total Fund Balances	$ 3,569	$ 499,455	$ 10,403	$ 0	$ 513,427	$ 344,556	$ 857,983
Total Liabilities and Fund Balances	$ 3,709	$ 531,942	$ 10,438	$ 2,930	$ 549,019	$ 344,556	$ 893,575

Exhibit G-2

Lauderdale County, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds					
	Law Library	Ambulance Service	Drug Control	District Attorney General	Constitu - tional Officers - Fees	Total
Revenues						
Local Taxes	$ 1,121	$ 0	$ 0	$ 0	$ 0	$ 1,121
Fines, Forfeitures, and Penalties	0	0	11,417	0	0	11,417
Charges for Current Services	0	1,126,765	0	0	2,260	1,129,025
Other Local Revenues	0	61	11,000	0	0	11,061
State of Tennessee	0	0	0	0	0	0
Federal Government	0	0	171	0	0	171
Total Revenues	$ 1,121	$ 1,126,826	$ 22,588	$ 0	$ 2,260	$ 1,152,795
Expenditures						
Current:						
Administration of Justice	$ 0	$ 0	$ 0	$ 0	$ 2,260	$ 2,260
Public Safety	0	0	25,158	0	0	25,158
Public Health and Welfare	0	1,120,533	0	0	0	1,120,533
Social, Cultural, and Recreational Services	1,596	0	0	0	0	1,596
Other Operations	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	$ 1,596	$ 1,120,533	$ 25,158	$ 0	$ 2,260	$ 1,149,547
Excess (Deficiency) of Revenues Over Expenditures	$ (475)	$ 6,293	$ (2,570)	$ 0	$ 0	$ 3,248
Net Change in Fund Balances	$ (475)	$ 6,293	$ (2,570)	$ 0	$ 0	$ 3,248
Reclassification - See Note I.D.9.	0	0	0	(104,594)	0	(104,594)
Fund Balance, July 1, 2012	4,044	493,162	12,973	104,594	0	614,773
Fund Balance, June 30, 2013	$ 3,569	$ 499,455	$ 10,403	$ 0	$ 0	$ 513,427

(Continued)

Exhibit G-2

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

	Capital Projects Funds				
	General Capital Projects	Community Development/ Industrial Park	Education Capital Projects	Total	Total Nonmajor Governmental Funds
Revenues					
Local Taxes	$ 0	$ 0	$ 0	$ 0	$ 1,121
Fines, Forfeitures, and Penalties	0	0	0	0	11,417
Charges for Current Services	0	0	0	0	1,129,025
Other Local Revenues	0	0	0	0	11,061
State of Tennessee	0	150,000	0	150,000	150,000
Federal Government	295,286	0	0	295,286	295,457
Total Revenues	$ 295,286	$ 150,000	$ 0	$ 445,286	$ 1,598,081
Expenditures					
Current:					
Administration of Justice	$ 0	$ 0	$ 0	$ 0	$ 2,260
Public Safety	0	0	0	0	25,158
Public Health and Welfare	0	0	0	0	1,120,533
Social, Cultural, and Recreational Services	0	0	0	0	1,596
Other Operations	0	150,000	0	150,000	150,000
Capital Projects	295,286	0	7,076	302,362	302,362
Total Expenditures	$ 295,286	$ 150,000	$ 7,076	$ 452,362	$ 1,601,909
Excess (Deficiency) of Revenues Over Expenditures	$ 0	$ 0	$ (7,076)	$ (7,076)	$ (3,828)
Net Change in Fund Balances	$ 0	$ 0	$ (7,076)	$ (7,076)	$ (3,828)
Reclassification - See Note I.D.9.	0	0	0	0	(104,594)
Fund Balance, July 1, 2012	0	0	351,632	351,632	966,405
Fund Balance, June 30, 2013	$ 0	$ 0	$ 344,556	$ 344,556	$ 857,983

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,121	$ 1,000	$ 1,000	$ 121
Total Revenues	$ 1,121	$ 1,000	$ 1,000	$ 121
Expenditures				
Social, Cultural, and Recreational Services				
Libraries	$ 1,596	$ 2,030	$ 2,030	$ 434
Total Expenditures	$ 1,596	$ 2,030	$ 2,030	$ 434
Excess (Deficiency) of Revenues Over Expenditures	$ (475)	$ (1,030)	$ (1,030)	$ 555
Net Change in Fund Balance	$ (475)	$ (1,030)	$ (1,030)	$ 555
Fund Balance, July 1, 2012	4,044	4,153	4,153	(109)
Fund Balance, June 30, 2013	$ 3,569	$ 3,123	$ 3,123	$ 446

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 1,126,765	$ 1,100,000	$ 1,100,000	$ 26,765
Other Local Revenues	61	0	0	61
Total Revenues	$ 1,126,826	$ 1,100,000	$ 1,100,000	$ 26,826
Expenditures				
Public Health and Welfare				
Ambulance/Emergency Medical Services	$ 1,120,533	$ 1,098,510	$ 1,098,510	$ (22,023)
Total Expenditures	$ 1,120,533	$ 1,098,510	$ 1,098,510	$ (22,023)
Excess (Deficiency) of Revenues Over Expenditures	$ 6,293	$ 1,490	$ 1,490	$ 4,803
Net Change in Fund Balance	$ 6,293	$ 1,490	$ 1,490	$ 4,803
Fund Balance, July 1, 2012	493,162	493,162	493,162	0
Fund Balance, June 30, 2013	$ 499,455	$ 494,652	$ 494,652	$ 4,803

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 11,417	$ 9,000	$ 9,000	$ 2,417
Other Local Revenues	11,000	12,536	12,536	(1,536)
Federal Government	171	0	0	171
Total Revenues	$ 22,588	$ 21,536	$ 21,536	$ 1,052
Expenditures				
Public Safety				
Drug Enforcement	$ 25,158	$ 34,900	$ 34,900	$ 9,742
Total Expenditures	$ 25,158	$ 34,900	$ 34,900	$ 9,742
Excess (Deficiency) of Revenues Over Expenditures	$ (2,570)	$ (13,364)	$ (13,364)	$ 10,794
Net Change in Fund Balance	$ (2,570)	$ (13,364)	$ (13,364)	$ 10,794
Fund Balance, July 1, 2012	12,973	13,364	13,364	(391)
Fund Balance, June 30, 2013	$ 10,403	$ 0	$ 0	$ 10,403

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 646,611	$ 697,010	$ 697,010	$ (50,399)
Licenses and Permits	519	300	300	219
Other Local Revenues	73	0	0	73
Other Governments and Citizens Groups	1,965,475	1,979,621	2,134,621	(169,146)
Total Revenues	$ 2,612,678	$ 2,676,931	$ 2,831,931	$ (219,253)
Expenditures				
Principal on Debt				
General Government	$ 503,334	$ 563,334	$ 503,334	$ 0
Education	1,682,082	1,573,859	1,682,082	0
Interest on Debt				
General Government	36,025	101,013	72,050	36,025
Education	442,578	402,743	449,520	6,942
Other Debt Service				
General Government	106,464	25,600	114,563	8,099
Education	2,468	3,018	3,018	550
Total Expenditures	$ 2,772,951	$ 2,669,567	$ 2,824,567	$ 51,616
Excess (Deficiency) of Revenues Over Expenditures	$ (160,273)	$ 7,364	$ 7,364	$ (167,637)
Net Change in Fund Balance	$ (160,273)	$ 7,364	$ 7,364	$ (167,637)
Fund Balance, July 1, 2012	3,791,358	3,934,067	3,934,067	(142,709)
Fund Balance, June 30, 2013	$ 3,631,085	$ 3,941,431	$ 3,941,431	$ (310,346)

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 grants and other restricted revenues for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

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

Exhibit I-1

Lauderdale County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	Agency Funds				
	Local Sales Tax	Constitu-tional Officers - Agency	Judicial District Drug	District Attorney General	Total
ASSETS					
Cash	$ 0	$ 652,959	$ 0	$ 0	$ 652,959
Equity in Pooled Cash and Investments	2,075,528	0	289,505	129,492	2,494,525
Accounts Receivable	0	2,373	0	0	2,373
Due from Other Governments	361,107	0	5,455	1,670	368,232
Total Assets	$ 2,436,635	$ 655,332	$ 294,960	$ 131,162	$ 3,518,089
LIABILITIES					
Due to Cities	$ 166,056	$ 0	$ 0	$ 0	$ 166,056
Due to Other Taxing Units	2,270,579	0	0	0	2,270,579
Due to Litigants, Heirs, and Others	0	655,332	0	131,162	786,494
Due to Joint Ventures	0	0	294,960	0	294,960
Total Liabilities	$ 2,436,635	$ 655,332	$ 294,960	$ 131,162	$ 3,518,089

Exhibit I-2

Lauderdale County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
Local Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 2,233,443	$ 2,167,995	$ 2,325,910	$ 2,075,528
Due from Other Governments	368,103	361,107	368,103	361,107
Total Assets	$ 2,601,546	$ 2,529,102	$ 2,694,013	$ 2,436,635
Liabilities				
Due to Cities	$ 161,821	$ 166,056	$ 161,821	$ 166,056
Due to Other Taxing Units	2,439,725	2,363,046	2,532,192	2,270,579
Total Liabilities	$ 2,601,546	$ 2,529,102	$ 2,694,013	$ 2,436,635
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 639,458	$ 4,702,008	$ 4,688,507	$ 652,959
Accounts Receivable	2,587	2,373	2,587	2,373
Total Assets	$ 642,045	$ 4,704,381	$ 4,691,094	$ 655,332
Liabilities				
Due to Litigants, Heirs, and Others	$ 642,045	$ 4,704,381	$ 4,691,094	$ 655,332
Total Liabilities	$ 642,045	$ 4,704,381	$ 4,691,094	$ 655,332
Judicial District Drug Fund				
Assets				
Equity in Pooled Cash and Investments	$ 338,168	$ 188,838	$ 237,501	$ 289,505
Due from Other Governments	0	5,455	0	5,455
Total Assets	$ 338,168	$ 194,293	$ 237,501	$ 294,960
Liabilities				
Due to Joint Ventures	$ 338,168	$ 194,293	$ 237,501	$ 294,960
Total Liabilities	$ 338,168	$ 194,293	$ 237,501	$ 294,960
District Attorney General Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 140,080	$ 10,588	$ 129,492
Due from Other Governments	0	5,755	4,085	1,670
Total Assets	$ 0	$ 145,835	$ 14,673	$ 131,162
Liabilities				
Due to Litigants, Heirs, and Others	$ 0	$ 145,835	$ 14,673	$ 131,162
Total Liabilities	$ 0	$ 145,835	$ 14,673	$ 131,162

(Continued)

Exhibit I-2

Lauderdale County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds (Cont.)

Totals - All Agency Funds				
Assets				
Cash	$ 639,458	$ 4,702,008	$ 4,688,507	$ 652,959
Equity in Pooled Cash and Investments	2,571,611	2,496,913	2,573,999	2,494,525
Accounts Receivable	2,587	2,373	2,587	2,373
Due from Other Governments	368,103	372,317	372,188	368,232
Total Assets	$ 3,581,759	$ 7,573,611	$ 7,637,281	$ 3,518,089
Liabilities				
Due to Cities	$ 161,821	$ 166,056	$ 161,821	$ 166,056
Due to Other Taxing Units	2,439,725	2,363,046	2,532,192	2,270,579
Due to Litigants, Heirs, and Others	642,045	4,850,216	4,705,767	786,494
Due to Joint Ventures	338,168	194,293	237,501	294,960
Total Liabilities	$ 3,581,759	$ 7,573,611	$ 7,637,281	$ 3,518,089

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, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:					
Instruction	$ 23,152,471	$ 4,001	$ 3,026,995	$ 0	$ (20,121,475)
Support Services	11,477,514	64,612	625,907	1,104,540	(9,682,455)
Operation of Non-Instructional Services	4,454,732	491,524	3,769,156	0	(194,052)
Other Debt Service	1,243,274	0	0	0	(1,243,274)
Total Governmental Activities	$ 40,327,991	$ 560,137	$ 7,422,058	$ 1,104,540	$ (31,241,256)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 2,750,845
Local Option Sales Taxes					1,799,657
Wheel Tax					176,622
Other Local Taxes					2,248
Grants and Contributions Not Restricted for Specific Programs					25,677,887
Unrestricted Investment Income					108,451
Miscellaneous					143,896
Total General Revenues					$ 30,659,606
Change in Net Position					$ (581,650)
Net Position, July 1, 2012					24,595,814
Net Position, June 30, 2013					$ 24,014,164

Exhibit J-2

Lauderdale County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lauderdale County School Department
June 30, 2013

	Major Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total Governmental Funds
ASSETS				
Equity in Pooled Cash and Investments	$ 1,914,747	$ 0	$ 274,104	$ 2,188,851
Accounts Receivable	22,349	0	0	22,349
Due from Other Governments	722,762	388,275	474,651	1,585,688
Property Taxes Receivable	3,416,377	0	0	3,416,377
Allowance for Uncollectible Property Taxes	(170,320)	0	0	(170,320)
Accrued Interest Receivable	11,981	0	0	11,981
Total Assets	$ 5,917,896	$ 388,275	$ 748,755	$ 7,054,926
LIABILITIES				
Accounts Payable	$ 5,623	$ 0	$ 0	$ 5,623
Payroll Deductions Payable	539,730	91,916	0	631,646
Cash Overdraft	0	75,514	0	75,514
Total Liabilities	$ 545,353	$ 167,430	$ 0	$ 712,783
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	$ 3,123,520	$ 0	$ 0	$ 3,123,520
Deferred Delinquent Property Taxes	111,950	0	0	111,950
Other Deferred/Unavailable Revenue	178,692	64,756	0	243,448
Total Deferred Inflows of Resources	$ 3,414,162	$ 64,756	$ 0	$ 3,478,918
FUND BALANCES				
Restricted:				
Restricted for Education	$ 330,866	$ 56,089	$ 0	$ 386,955
Restricted for Operation of Non-Instructional Services	0	0	748,755	748,755
Restricted for Capital Outlay	1,297,905	0	0	1,297,905
Assigned:				
Assigned for Education	18,947	100,000	0	118,947
Unassigned	310,663	0	0	310,663
Total Fund Balances	$ 1,958,381	$ 156,089	$ 748,755	$ 2,863,225
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,917,896	$ 388,275	$ 748,755	$ 7,054,926

Exhibit J-3

Lauderdale County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Lauderdale County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		$ 2,863,225
(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: construction in progress	813,835	
Add: buildings and improvements net of accumulated depreciation	16,954,594	
Add: infrastructure net of accumulated depreciation	172,793	
Add: other capital assets net of accumulated depreciation	2,550,881	21,870,751
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		(1,075,210)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		355,398
Net position of governmental activities (Exhibit A)		$ 24,014,164

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, 2013

	Major Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total Governmental Funds
Revenues				
Local Taxes	$ 4,806,807	$ 0	$ 0	$ 4,806,807
Licenses and Permits	4,153	0	0	4,153
Fines, Forfeitures, and Penalties	1,363	0	0	1,363
Charges for Current Services	64,987	0	491,524	556,511
Other Local Revenues	223,565	0	41,880	265,445
State of Tennessee	25,348,709	0	25,571	25,374,280
Federal Government	681,625	4,963,314	2,434,727	8,079,666
Other Governments and Citizens Groups	585,737	0	0	585,737
Total Revenues	$ 31,716,946	$ 4,963,314	$ 2,993,702	$ 39,673,962
Expenditures				
Current:				
Instruction	$ 18,861,507	$ 3,989,853	$ 0	$ 22,851,360
Support Services	10,235,161	834,129	0	11,069,290
Operation of Non-Instructional Services	1,159,143	220,397	3,046,376	4,425,916
Capital Outlay	524,114	0	0	524,114
Debt Service:				
Other Debt Service	1,355,000	0	0	1,355,000
Total Expenditures	$ 32,134,925	$ 5,044,379	$ 3,046,376	$ 40,225,680
Excess (Deficiency) of Revenues Over Expenditures	$ (417,979)	$ (81,065)	$ (52,674)	$ (551,718)
Other Financing Sources (Uses)				
Insurance Recovery	$ 10,349	$ 0	$ 0	$ 10,349
Transfers In	36,367	0	0	36,367
Transfers Out	0	(36,367)	0	(36,367)
Total Other Financing Sources (Uses)	$ 46,716	$ (36,367)	$ 0	$ 10,349
Net Change in Fund Balances	$ (371,263)	$ (117,432)	$ (52,674)	$ (541,369)
Fund Balance, July 1, 2012	2,329,644	273,521	801,429	3,404,594
Fund Balance, June 30, 2013	$ 1,958,381	$ 156,089	$ 748,755	$ 2,863,225

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, 2013

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)		$ (541,369)
(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	$ 1,312,274	
Less: current-year depreciation expense	(1,354,518)	(42,244)
(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, 2013	$ 355,398	
Less: deferred delinquent property taxes and other deferred June 30, 2012	(283,019)	72,379
(3) The issuance of long-term debt (e.g., 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 position.		
Add: principal contribution on capital lease for primary government		108,223
(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	$ 3,503	
Change in other postemployment benefits liability	(182,142)	(178,639)
Change in net position of governmental activities (Exhibit B)		$ (581,650)

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 4,806,807	$ 0	$ 0	$ 4,806,807	$ 5,089,046	$ 5,089,046	$ (282,239)
Licenses and Permits	4,153	0	0	4,153	3,800	3,800	353
Fines, Forfeitures, and Penalties	1,363	0	0	1,363	1,000	1,000	363
Charges for Current Services	64,987	0	0	64,987	22,000	78,526	(13,539)
Other Local Revenues	223,565	0	0	223,565	157,500	212,517	11,048
State of Tennessee	25,348,709	0	0	25,348,709	24,055,301	25,696,727	(348,018)
Federal Government	681,625	0	0	681,625	63,000	552,686	128,939
Other Governments and Citizens Groups	585,737	0	0	585,737	550,000	2,449,163	(1,863,426)
Total Revenues	$ 31,716,946	$ 0	$ 0	$ 31,716,946	$ 29,941,647	$ 34,083,465	$ (2,366,519)
Expenditures							
Instruction							
Regular Instruction Program	$ 15,356,668	$ (3,443)	$ 396	$ 15,353,621	$ 15,692,266	$ 15,593,771	$ 240,150
Special Education Program	2,522,397	0	0	2,522,397	2,592,171	2,583,671	61,274
Vocational Education Program	982,442	0	0	982,442	968,523	1,015,523	33,081
Support Services							
Attendance	16,858	0	0	16,858	17,726	17,876	1,018
Health Services	248,087	0	0	248,087	144,146	252,347	4,260
Other Student Support	943,215	(414)	0	942,801	915,881	953,877	11,076
Regular Instruction Program	635,044	0	0	635,044	609,393	646,561	11,517
Special Education Program	497,986	0	0	497,986	353,829	504,366	6,380
Vocational Education Program	109,038	0	0	109,038	103,037	114,887	5,849
Other Programs	98,320	0	0	98,320	105,000	203,320	105,000
Board of Education	375,411	0	0	375,411	373,495	392,786	17,375
Director of Schools	324,153	(102)	0	324,051	347,408	343,202	19,151
Office of the Principal	2,192,251	(2,431)	0	2,189,820	2,034,485	2,231,520	41,700
Fiscal Services	196,162	0	0	196,162	197,864	197,124	962
Operation of Plant	2,151,518	0	0	2,151,518	2,146,307	2,162,807	11,289

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Maintenance of Plant	$ 746,557	$ (230)	$ 3,356	$ 749,683	$ 588,940	$ 765,740	$ 16,057
Transportation	1,651,073	(103)	0	1,650,970	1,716,479	1,687,656	36,686
Central and Other	49,488	0	0	49,488	61,402	50,552	1,064
Operation of Non-Instructional Services							
Community Services	213,107	(1,117)	0	211,990	35,362	215,465	3,475
Early Childhood Education	946,036	(4,289)	15,195	956,942	0	957,313	371
Capital Outlay							
Regular Capital Outlay	524,114	(622,882)	1,297,905	1,199,137	14,436	2,267,985	1,068,848
Principal on Debt							
Education	0	0	0	0	147,160	0	0
Interest on Debt							
Education	0	0	0	0	7,840	0	0
Other Debt Service							
Education	1,355,000	0	0	1,355,000	1,200,000	1,355,000	0
Total Expenditures	$ 32,134,925	$ (635,011)	$ 1,316,852	$ 32,816,766	$ 30,373,150	$ 34,513,349	$ 1,696,583
Excess (Deficiency) of Revenues Over Expenditures	$ (417,979)	$ 635,011	$ (1,316,852)	$ (1,099,820)	$ (431,503)	$ (429,884)	$ (669,936)
Other Financing Sources (Uses)							
Insurance Recovery	$ 10,349	$ 0	$ 0	$ 10,349	$ 0	$ 0	$ 10,349
Transfers In	36,367	0	0	36,367	0	0	36,367
Transfers Out	0	0	0	0	0	(1,622)	1,622
Total Other Financing Sources	$ 46,716	$ 0	$ 0	$ 46,716	$ 0	$ (1,622)	$ 48,338
Net Change in Fund Balance	$ (371,263)	$ 635,011	$ (1,316,852)	$ (1,053,104)	$ (431,503)	$ (431,506)	$ (621,598)
Fund Balance, July 1, 2012	2,329,644	(635,011)	0	1,694,633	2,151,310	2,151,310	(456,677)
Fund Balance, June 30, 2013	$ 1,958,381	$ 0	$ (1,316,852)	$ 641,529	$ 1,719,807	$ 1,719,804	$ (1,078,275)

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Federal Government	$ 4,963,314	$ 0	$ 4,963,314	$ 5,340,920	$ 5,564,656	$ (601,342)
Total Revenues	$ 4,963,314	$ 0	$ 4,963,314	$ 5,340,920	$ 5,564,656	$ (601,342)
Expenditures						
Instruction						
Regular Instruction Program	$ 2,868,834	$ (54,816)	$ 2,814,018	$ 2,825,842	$ 3,106,334	$ 292,316
Special Education Program	1,074,671	0	1,074,671	1,085,264	1,085,264	10,593
Vocational Education Program	46,348	(3,159)	43,189	43,000	43,189	0
Support Services						
Other Student Support	119,394	0	119,394	185,106	181,229	61,835
Regular Instruction Program	543,598	(9,068)	534,530	670,424	641,104	106,574
Special Education Program	110,171	0	110,171	110,171	110,171	0
Vocational Education Program	3,120	0	3,120	2,500	3,120	0
Office of the Principal	34,248	0	34,248	122,633	122,633	88,385
Transportation	23,598	0	23,598	47,578	45,528	21,930
Operation of Non-Instructional Services						
Community Services	220,397	(3,914)	216,483	216,663	221,610	5,127
Total Expenditures	$ 5,044,379	$ (70,957)	$ 4,973,422	$ 5,309,181	$ 5,560,182	$ 586,760
Excess (Deficiency) of Revenues Over Expenditures	$ (81,065)	$ 70,957	$ (10,108)	$ 31,739	$ 4,474	$ (14,582)
Other Financing Sources (Uses)						
Transfers Out	$ (36,367)	$ 0	$ (36,367)	$ (35,909)	$ (39,866)	$ 3,499
Total Other Financing Sources	$ (36,367)	$ 0	$ (36,367)	$ (35,909)	$ (39,866)	$ 3,499

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balance	$ (117,432)	$ 70,957	$ (46,475)	$ (4,170)	$ (35,392)	$ (11,083)
Fund Balance, July 1, 2012	273,521	(70,957)	202,564	202,564	202,564	0
Fund Balance, June 30, 2013	$ 156,089	$ 0	$ 156,089	$ 198,394	$ 167,172	$ (11,083)

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 491,524	$ 518,937	$ 518,937	$ (27,413)
Other Local Revenues	41,880	1,200	1,200	40,680
State of Tennessee	25,571	25,000	25,000	571
Federal Government	2,434,727	2,493,835	2,493,835	(59,108)
Total Revenues	$ 2,993,702	$ 3,038,972	$ 3,038,972	$ (45,270)
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 3,046,376	$ 3,172,694	$ 3,177,694	$ 131,318
Total Expenditures	$ 3,046,376	$ 3,172,694	$ 3,177,694	$ 131,318
Excess (Deficiency) of Revenues Over Expenditures	$ (52,674)	$ (133,722)	$ (138,722)	$ 86,048
Net Change in Fund Balance	$ (52,674)	$ (133,722)	$ (138,722)	$ 86,048
Fund Balance, July 1, 2012	801,429	772,471	772,471	28,958
Fund Balance, June 30, 2013	$ 748,755	$ 638,749	$ 633,749	$ 115,006

Miscellaneous Schedules

Exhibit K-1

Lauderdale County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Lease, and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured During Period	Outstanding 6-30-13
NOTES PAYABLE							
Payable through General Debt Service Fund							
Health Department Construction	$ 300,000	0 %	11-7-04	9-1-13	$ 41,667	$ 33,334	$ 8,333
School Energy Efficiency Loan	500,000	0	8-21-07	8-15-14	214,284	71,428	142,856
Total Notes Payable					$ 255,951	$ 104,762	$ 151,189
OTHER LOANS PAYABLE							
Payable through General Debt Service Fund							
Public Works Projects	1,000,000	Variable	1-28-09	5-25-25	$ 845,000	$ 55,000	$ 790,000
Qualified School Construction Bonds, Series 2010	2,523,000	(1)	10-7-10	9-15-27	2,391,807	157,431	2,234,376
Total Other Loans Payable					$ 3,236,807	$ 212,431	$ 3,024,376
CAPITAL LEASE PAYABLE							
Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund							
Computers	505,086	6.09	12-18-08	11-18-12	$ 108,223	$ 108,223	$ 0
Total Capital Lease					$ 108,223	$ 108,223	$ 0
BONDS PAYABLE							
Payable through General Debt Service Fund							
G.O. School, Series 2003	9,835,000	2 to 3.75	5-1-03	4-1-13	$ 325,000	$ 325,000	$ 0
G.O. School Refunding, Series 2003	9,840,000	3 to 4	6-1-03	4-1-13	895,000	895,000	0
G.O. Refunding, Series 2006	4,605,000	3.75 to 4	5-10-06	4-1-16	2,235,000	445,000	1,790,000
G.O. School Refunding, Series 2012	9,230,000	2 to 2.25	4-18-12	4-1-22	9,230,000	95,000	9,135,000
Total Bonds Payable					$ 12,685,000	$ 1,760,000	$ 10,925,000

(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

Year Ending June 30	Notes	
	Principal	Total
2014	$ 79,761	$ 79,761
2015	71,428	71,428
Total	$ 151,189	$ 151,189

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2014	$ 213,431	$ 124,922	$ 8,252	$ 346,605
2015	215,431	124,737	7,883	348,051
2016	216,431	124,546	7,500	348,477
2017	218,431	124,351	7,111	349,893
2018	220,431	124,150	6,708	351,289
2019	222,431	123,942	6,292	352,665
2020	224,431	123,728	5,863	354,022
2021	225,431	123,506	5,421	354,358
2022	227,431	123,282	4,972	355,685
2023	229,431	123,051	4,510	356,992
2024	231,431	122,814	4,035	358,280
2025	234,431	122,569	3,547	360,547
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	$ 3,024,376	$ 1,742,274	$ 76,641	$ 4,843,291

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	$ 10,925,000	$ 1,057,975	$ 11,982,975

(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, 2013

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	$ 36,367
Total Transfers Discretely Presented Lauderdale County School Department			$ 36,367

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, 2013

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	69,013		100,000	"
Director of Schools:					
Joel Hassell (7-1-12 through 12-31-12)	State Board of Education and County Board of Education	61,000	(1)	150,000	Tennessee Risk Management Trust
Shawn Kimble (1-1-13 through 6-30-13)	State Board of Education and County Board of Education	56,000	(2)	150,000	"
Trustee	Section 8-24-102, *TCA*	62,739		1,162,100	RLI Insurance Company
Assessor of Property:					
Jerry Buckner (7-1-12 through 8-31-12)	Section 8-24-102, *TCA*	10,374		10,000	"
Renate Jennings (9-1-12 through 6-30-13)	Section 8-24-102, *TCA*	52,283		50,000	Western Surety Company
County Clerk	Section 8-24-102, *TCA*	62,739		50,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, *TCA*	62,739		50,000	"
Clerk and Master	Section 8-24-102, *TCA* and Chancery Court Judge	62,739	(3)	300,000	"
Register of Deeds	Section 8-24-102, *TCA*	62,739		25,000	"
Sheriff	Section 8-24-102, *TCA*	69,013	(4)	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 $3,600.
(2) Includes a chief executive officer training supplement of $1,000. Does not include a travel allowance of $3,900.
(3) Does not include special commissioner fees of $2,260.
(4) Does not include a law enforcement training supplement of $600.

Exhibit K-5

Lauderdale County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2013

		Special Revenue Funds				
	General	Law Library	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Local Taxes						
County Property Taxes						
Current Property Tax	$ 4,502,060	$ 0	$ 0	$ 0	$ 0	$ 672,289
Trustee's Collections - Prior Year	219,748	0	0	0	0	38,071
Circuit/Clerk & Master Collections - Prior Years	124,166	0	0	0	0	19,896
Interest and Penalty	39,575	0	0	0	0	6,288
Payments in-Lieu-of Taxes - T.V.A.	567	0	0	0	0	85
Payments in-Lieu-of Taxes - Local Utilities	57,803	0	0	0	0	8,668
Payments in-Lieu-of Taxes - Other	85,253	0	0	0	0	5,675
County Local Option Taxes						
Hotel/Motel Tax	23,911	0	0	0	0	0
Wheel Tax	883,342	0	0	0	0	88,426
Litigation Tax - General	56,189	0	0	0	0	0
Litigation Tax - Special Purpose	12,003	1,121	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	3,719	0	0	0	0	0
Litigation Tax - Courtroom Security	507	0	0	0	0	0
Business Tax	77,506	0	0	0	0	0
Statutory Local Taxes						
Bank Excise Tax	20,249	0	0	0	0	3,036
Wholesale Beer Tax	44,809	0	0	0	0	0
Interstate Telecommunications Tax	6,599	0	0	0	0	0
Total Local Taxes	$ 6,158,006	$ 1,121	$ 0	$ 0	$ 0	$ 842,434
Licenses and Permits						
Licenses						
Animal Registration	$ 8,913	$ 0	$ 0	$ 0	$ 0	$ 0
Cable TV Franchise	4,032	0	0	0	0	605
Permits						
Beer Permits	475	0	0	0	0	0
Building Permits	7,671	0	0	0	0	0
Other Permits	1,400	0	0	0	0	0
Total Licenses and Permits	$ 22,491	$ 0	$ 0	$ 0	$ 0	$ 605
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 3,048	$ 0	$ 0	$ 0	$ 0	$ 0
Officers Costs	6,685	0	0	0	0	0
Drug Control Fines	705	0	0	705	0	0

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds				
		Law Library	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Fines, Forfeitures, and Penalties (Cont.)						
Circuit Court (Cont.)						
Drug Court Fees	$ 1,025	$ 0	$ 0	$ 0	$ 0	$ 0
Jail Fees	2,755	0	0	0	0	0
DUI Treatment Fines	285	0	0	0	0	0
Data Entry Fee - Circuit Court	1,316	0	0	0	0	0
Victims Assistance Assessments	2,902	0	0	0	0	0
General Sessions Court						
Fines	29,411	0	0	0	0	0
Fines for Littering	95	0	0	0	0	0
Officers Costs	17,987	0	0	0	0	0
Game and Fish Fines	273	0	0	0	0	0
Drug Control Fines	2,394	0	0	2,394	0	0
Drug Court Fees	4,706	0	0	0	0	0
Jail Fees	16,887	0	0	0	0	0
DUI Treatment Fines	4,676	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,817	0	0	0	0	0
Victims Assistance Assessments	18,563	0	0	0	0	0
Juvenile Court						
Fines	4,126	0	0	0	0	0
Chancery Court						
Officers Costs	1,060	0	0	0	0	0
Data Entry Fee - Chancery Court	2,722	0	0	0	0	0
Judicial District Drug Program						
Drug Task Force Forfeitures and Seizures	2,125	0	0	8,318	0	0
Total Fines, Forfeitures, and Penalties	$ 131,563	$ 0	$ 0	$ 11,417	$ 0	$ 0
Charges for Current Services						
General Service Charges						
Patient Charges	$ 0	$ 0	$ 1,126,765	$ 0	$ 0	$ 0
Fees						
Subdivision Lot Fees	425	0	0	0	0	0
Copy Fees	1,627	0	0	0	0	0
Library Fees	4,732	0	0	0	0	0
Telephone Commissions	67,520	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	2,260	0
Data Processing Fee - Register	6,346	0	0	0	0	0
Data Processing Fee - Sheriff	1,451	0	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				
	General	Law Library	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Charges for Current Services (Cont.)						
Fees (Cont.)						
Sexual Offender Registration Fees - Sheriff	$ 3,600	$ 0	$ 0	$ 0	$ 0	$ 0
Data Processing Fee - County Clerk	1,360	0	0	0	0	0
Education Charges						
Tuition - Other	531	0	0	0	0	0
Total Charges for Current Services	$ 87,592	$ 0	$ 1,126,765	$ 0	$ 2,260	$ 0
Other Local Revenues						
Recurring Items						
Investment Income	$ 3,800	$ 0	$ 61	$ 0	$ 0	$ 0
Commissary Sales	18,911	0	0	0	0	0
Sale of Recycled Materials	210	0	0	0	0	0
Refund of Telecommunication & Internet Fees (E-Rate)	3,333	0	0	0	0	0
Commodity Rebates	1,600	0	0	0	0	0
Miscellaneous Refunds	43,744	0	0	0	0	0
Expenditure Credits	127,825	0	0	0	0	23,689
Nonrecurring Items						
Sale of Equipment	9,275	0	0	11,000	0	3,000
Sale of Property	647	0	0	0	0	0
Damages Recovered from Individuals	616	0	0	0	0	0
Total Other Local Revenues	$ 209,961	$ 0	$ 61	$ 11,000	$ 0	$ 26,689
Fees Received from County Officials						
Fees in-Lieu-of Salary						
County Clerk	$ 286,829	$ 0	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	81,117	0	0	0	0	0
General Sessions Court Clerk	131,499	0	0	0	0	0
Clerk and Master	88,695	0	0	0	0	0
Register	69,914	0	0	0	0	0
Sheriff	11,504	0	0	0	0	0
Trustee	327,307	0	0	0	0	0
Total Fees Received from County Officials	$ 996,865	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 9,000	$ 0	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				
	General	Law Library	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
State of Tennessee (Cont.)						
Public Safety Grants						
Law Enforcement Training Programs	$ 15,000	$ 0	$ 0	$ 0	$ 0	$ 0
Safe and Drug - Free Schools and Communities	39,788	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	152,378	0	0	0	0	0
Public Works Grants						
Bridge Program	0	0	0	0	0	221,011
State Aid Program	0	0	0	0	0	152,367
Litter Program	42,596	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
State Education Funds						
Adult Vocational	12,559	0	0	0	0	0
Other State Revenues						
Income Tax	17,066	0	0	0	0	0
Beer Tax	18,586	0	0	0	0	0
Alcoholic Beverage Tax	53,716	0	0	0	0	0
Mixed Drink Tax	778	0	0	0	0	0
State Revenue Sharing - T.V.A.	136,050	0	0	0	0	53,448
Emergency Hospital - Prisoners	53,726	0	0	0	0	0
Contracted Prisoner Boarding	836,427	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,691,593
Petroleum Special Tax	0	0	0	0	0	20,070
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	73,634	0	0	0	0	0
Other State Revenues	20,031	0	0	0	0	0
Total State of Tennessee	$ 1,496,499	$ 0	$ 0	$ 0	$ 0	$ 2,138,489
Federal Government						
Federal Through State						
USDA - Other	$ 14,106	$ 0	$ 0	$ 0	$ 0	$ 0
Community Development	0	0	0	0	0	0
Civil Defense Reimbursement	28,000	0	0	0	0	0
Homeland Security Grants	28,662	0	0	0	0	0
Law Enforcement Grants	28,569	0	0	0	0	0
Direct Federal Revenue						
FHA Grant	22,401	0	0	0	0	0
Asset Forfeiture Funds	0	0	0	171	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				
	General	Law Library	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Federal Government (Cont.)						
Direct Federal Revenue (Cont.)						
Other Direct Federal Revenue	$ 5,200	$ 0	$ 0	$ 0	$ 0	$ 0
Total Federal Government	$ 126,938	$ 0	$ 0	$ 171	$ 0	$ 0
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 215,339	$ 0	$ 0	$ 0	$ 0	$ 0
Contracted Services	75,981	0	0	0	0	0
Citizens Groups						
Donations	350	0	0	0	0	0
Total Other Governments and Citizens Groups	$ 291,670	$ 0	$ 0	$ 0	$ 0	$ 0
Total	$ 9,521,585	$ 1,121	$ 1,126,826	$ 22,588	$ 2,260	$ 3,008,217

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 579,831	$ 0	$ 0	$ 5,754,180
Trustee's Collections - Prior Year	13,205	0	0	271,024
Circuit/Clerk & Master Collections - Prior Years	7,577	0	0	151,639
Interest and Penalty	2,914	0	0	48,777
Payments in-Lieu-of Taxes - T.V.A.	73	0	0	725
Payments in-Lieu-of Taxes - Local Utilities	7,445	0	0	73,916
Payments in-Lieu-of Taxes - Other	10,980	0	0	101,908
County Local Option Taxes				
Hotel/Motel Tax	0	0	0	23,911
Wheel Tax	0	0	0	971,768
Litigation Tax - General	0	0	0	56,189
Litigation Tax - Special Purpose	0	0	0	13,124
Litigation Tax - Jail, Workhouse, or Courthouse	21,978	0	0	25,697
Litigation Tax - Courtroom Security	0	0	0	507
Business Tax	0	0	0	77,506
Statutory Local Taxes				
Bank Excise Tax	2,608	0	0	25,893
Wholesale Beer Tax	0	0	0	44,809
Interstate Telecommunications Tax	0	0	0	6,599
Total Local Taxes	$ 646,611	$ 0	$ 0	$ 7,648,172
Licenses and Permits				
Licenses				
Animal Registration	$ 0	$ 0	$ 0	$ 8,913
Cable TV Franchise	519	0	0	5,156
Permits				
Beer Permits	0	0	0	475
Building Permits	0	0	0	7,671
Other Permits	0	0	0	1,400
Total Licenses and Permits	$ 519	$ 0	$ 0	$ 23,615
Fines, Forfeitures, and Penalties				
Circuit Court				
Fines	$ 0	$ 0	$ 0	$ 3,048
Officers Costs	0	0	0	6,685
Drug Control Fines	0	0	0	1,410

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total
Fines, Forfeitures, and Penalties (Cont.)				
Circuit Court (Cont.)				
Drug Court Fees	$ 0	$ 0	$ 0	$ 1,025
Jail Fees	0	0	0	2,755
DUI Treatment Fines	0	0	0	285
Data Entry Fee - Circuit Court	0	0	0	1,316
Victims Assistance Assessments	0	0	0	2,902
General Sessions Court				
Fines	0	0	0	29,411
Fines for Littering	0	0	0	95
Officers Costs	0	0	0	17,987
Game and Fish Fines	0	0	0	273
Drug Control Fines	0	0	0	4,788
Drug Court Fees	0	0	0	4,706
Jail Fees	0	0	0	16,887
DUI Treatment Fines	0	0	0	4,676
Data Entry Fee - General Sessions Court	0	0	0	7,817
Victims Assistance Assessments	0	0	0	18,563
Juvenile Court				
Fines	0	0	0	4,126
Chancery Court				
Officers Costs	0	0	0	1,060
Data Entry Fee - Chancery Court	0	0	0	2,722
Judicial District Drug Program				
Drug Task Force Forfeitures and Seizures	0	0	0	10,443
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 142,980
Charges for Current Services				
General Service Charges				
Patient Charges	$ 0	$ 0	$ 0	$ 1,126,765
Fees				
Subdivision Lot Fees	0	0	0	425
Copy Fees	0	0	0	1,627
Library Fees	0	0	0	4,732
Telephone Commissions	0	0	0	67,520
Special Commissioner Fees/Special Master Fees	0	0	0	2,260
Data Processing Fee - Register	0	0	0	6,346
Data Processing Fee - Sheriff	0	0	0	1,451

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total
Charges for Current Services (Cont.)				
Fees (Cont.)				
Sexual Offender Registration Fees - Sheriff	$ 0	$ 0	$ 0	$ 3,600
Data Processing Fee - County Clerk	0	0	0	1,360
Education Charges				
Tuition - Other	0	0	0	531
Total Charges for Current Services	$ 0	$ 0	$ 0	$ 1,216,617
Other Local Revenues				
Recurring Items				
Investment Income	$ 73	$ 0	$ 0	$ 3,934
Commissary Sales	0	0	0	18,911
Sale of Recycled Materials	0	0	0	210
Refund of Telecommunication & Internet Fees (E-Rate)	0	0	0	3,333
Commodity Rebates	0	0	0	1,600
Miscellaneous Refunds	0	0	0	43,744
Expenditure Credits	0	0	0	151,514
Nonrecurring Items				
Sale of Equipment	0	0	0	23,275
Sale of Property	0	0	0	647
Damages Recovered from Individuals	0	0	0	616
Total Other Local Revenues	$ 73	$ 0	$ 0	$ 247,784
Fees Received from County Officials				
Fees in-Lieu-of Salary				
County Clerk	$ 0	$ 0	$ 0	$ 286,829
Circuit Court Clerk	0	0	0	81,117
General Sessions Court Clerk	0	0	0	131,499
Clerk and Master	0	0	0	88,695
Register	0	0	0	69,914
Sheriff	0	0	0	11,504
Trustee	0	0	0	327,307
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 996,865
State of Tennessee				
General Government Grants				
Juvenile Services Program	$ 0	$ 0	$ 0	$ 9,000

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total
State of Tennessee (Cont.)				
Public Safety Grants				
Law Enforcement Training Programs	$ 0	$ 0	$ 0	$ 15,000
Safe and Drug - Free Schools and Communities	0	0	0	39,788
Health and Welfare Grants				
Health Department Programs	0	0	0	152,378
Public Works Grants				
Bridge Program	0	0	0	221,011
State Aid Program	0	0	0	152,367
Litter Program	0	0	0	42,596
Tennessee Industrial Infrastructure Program	0	0	150,000	150,000
State Education Funds				
Adult Vocational	0	0	0	12,559
Other State Revenues				
Income Tax	0	0	0	17,066
Beer Tax	0	0	0	18,586
Alcoholic Beverage Tax	0	0	0	53,716
Mixed Drink Tax	0	0	0	778
State Revenue Sharing - T.V.A.	0	0	0	189,498
Emergency Hospital - Prisoners	0	0	0	53,726
Contracted Prisoner Boarding	0	0	0	836,427
Gasoline and Motor Fuel Tax	0	0	0	1,691,593
Petroleum Special Tax	0	0	0	20,070
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	73,634
Other State Revenues	0	0	0	20,031
Total State of Tennessee	$ 0	$ 0	$ 150,000	$ 3,784,988
Federal Government				
Federal Through State				
USDA - Other	$ 0	$ 0	$ 0	$ 14,106
Community Development	0	295,286	0	295,286
Civil Defense Reimbursement	0	0	0	28,000
Homeland Security Grants	0	0	0	28,662
Law Enforcement Grants	0	0	0	28,569
Direct Federal Revenue				
FHA Grant	0	0	0	22,401
Asset Forfeiture Funds	0	0	0	171

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total
Federal Government (Cont.)				
Direct Federal Revenue (Cont.)				
Other Direct Federal Revenue	$ 0	$ 0	$ 0	$ 5,200
Total Federal Government	$ 0	$ 295,286	$ 0	$ 422,395
Other Governments and Citizens Groups				
Other Governments				
Contributions	$ 1,965,475	$ 0	$ 0	$ 2,180,814
Contracted Services	0	0	0	75,981
Citizens Groups				
Donations	0	0	0	350
Total Other Governments and Citizens Groups	$ 1,965,475	$ 0	$ 0	$ 2,257,145
Total	$ 2,612,678	$ 295,286	$ 150,000	$ 16,740,561

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, 2013

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 2,526,537	$ 0	$ 0	$ 2,526,537
Trustee's Collections - Prior Year	133,212	0	0	133,212
Circuit/Clerk & Master Collections - Prior Years	75,230	0	0	75,230
Interest and Penalty	23,728	0	0	23,728
Payments in-Lieu-of Taxes - T.V.A.	318	0	0	318
Payments in-Lieu-of Taxes - Local Utilities	32,438	0	0	32,438
Payments in-Lieu-of Taxes - Other	21,238	0	0	21,238
County Local Option Taxes				
Local Option Sales Tax	1,801,353	0	0	1,801,353
Wheel Tax	176,622	0	0	176,622
Statutory Local Taxes				
Bank Excise Tax	11,363	0	0	11,363
Interstate Telecommunications Tax	2,372	0	0	2,372
Other Statutory Local Taxes	2,396	0	0	2,396
Total Local Taxes	$ 4,806,807	$ 0	$ 0	$ 4,806,807
Licenses and Permits				
Licenses				
Marriage Licenses	$ 1,890	$ 0	$ 0	$ 1,890
Cable TV Franchise	2,263	0	0	2,263
Total Licenses and Permits	$ 4,153	$ 0	$ 0	$ 4,153
Fines, Forfeitures, and Penalties				
Juvenile Court				
Fines	$ 1,363	$ 0	$ 0	$ 1,363
Total Fines, Forfeitures, and Penalties	$ 1,363	$ 0	$ 0	$ 1,363
Charges for Current Services				
Education Charges				
Tuition - Regular Day Students	$ 375	$ 0	$ 0	$ 375
Lunch Payments - Children	0	0	194,199	194,199
Lunch Payments - Adults	0	0	64,183	64,183
Income from Breakfast	0	0	4,671	4,671
Special Milk Sales	0	0	3,901	3,901
A la carte Sales	0	0	194,137	194,137
Contract for Instructional Services with Other LEAs	33,347	0	0	33,347
Other Charges for Services				
Other Charges for Services	31,265	0	30,433	61,698
Total Charges for Current Services	$ 64,987	$ 0	$ 491,524	$ 556,511
Other Local Revenues				
Recurring Items				
Investment Income	$ 117,690	$ 0	$ 888	$ 118,578
Refund of Telecommunication & Internet Fees (E-Rate)	43,954	0	0	43,954
Miscellaneous Refunds	47,003	0	40,992	87,995
Nonrecurring Items				
Sale of Equipment	10,206	0	0	10,206
Damages Recovered from Individuals	1,741	0	0	1,741
Contributions and Gifts	2,351	0	0	2,351
Other Local Revenues				
Other Local Revenues	620	0	0	620
Total Other Local Revenues	$ 223,565	$ 0	$ 41,880	$ 265,445

(Continued)

Exhibit K-6

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

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
State of Tennessee				
General Government Grants				
On-Behalf Contributions for OPEB	$ 98,320	$ 0	$ 0	$ 98,320
State Education Funds				
Basic Education Program	23,293,696	0	0	23,293,696
Early Childhood Education	956,997	0	0	956,997
School Food Service	0	0	25,571	25,571
Driver Education	1,566	0	0	1,566
Other State Education Funds	299,848	0	0	299,848
Career Ladder Program	155,215	0	0	155,215
Career Ladder - Extended Contract	75,900	0	0	75,900
Other State Revenues				
Mixed Drink Tax	778	0	0	778
State Revenue Sharing - T.V.A.	440,544	0	0	440,544
Other State Grants	25,845	0	0	25,845
Total State of Tennessee	$ 25,348,709	$ 0	$ 25,571	$ 25,374,280
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 1,457,963	$ 1,457,963
USDA - Commodities	0	0	139,018	139,018
Breakfast	0	0	770,709	770,709
USDA - Other	0	0	67,037	67,037
Vocational Education - Basic Grants to States	0	82,377	0	82,377
Title I Grants to Local Education Agencies	0	1,870,315	0	1,870,315
Special Education - Grants to States	64,537	1,103,008	0	1,167,545
Special Education Preschool Grants	0	35,435	0	35,435
Safe and Drug-free Schools - State Grants	0	218,924	0	218,924
Rural Education	0	84,801	0	84,801
Eisenhower Professional Development State Grants	0	255,170	0	255,170
Race-to-the-Top - ARRA	0	1,119,256	0	1,119,256
Other Federal through State	425,149	194,028	0	619,177
Direct Federal Revenue				
ROTC Reimbursement	69,624	0	0	69,624
Tax Credit Bond Rebate	122,315	0	0	122,315
Total Federal Government	$ 681,625	$ 4,963,314	$ 2,434,727	$ 8,079,666
Other Governments and Citizens Groups				
Other Governments				
Contributions	$ 557,076	$ 0	$ 0	$ 557,076
Citizens Groups				
Donations	28,661	0	0	28,661
Total Other Governments and Citizens Groups	$ 585,737	$ 0	$ 0	$ 585,737
Total	$ 31,716,946	$ 4,963,314	$ 2,993,702	$ 39,673,962

Exhibit K-7

Lauderdale County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund				
General Government				
County Commission				
Board and Committee Members Fees	$	32,292		
Social Security		1,991		
State Retirement		1,490		
Employer Medicare		466		
Audit Services		8,345		
Dues and Memberships		2,854		
Travel		995		
Workers' Compensation Insurance		124		
Total County Commission			$	48,557
County Mayor/Executive				
County Official/Administrative Officer	$	77,304		
Accountants/Bookkeepers		61,725		
Salary Supplements		1,500		
Part-time Personnel		9,336		
Bonus Payments		1,450		
Social Security		8,596		
State Retirement		12,571		
Employee and Dependent Insurance		21,700		
Employer Medicare		2,010		
Communication		861		
Contracts with Private Agencies		6,254		
Dues and Memberships		1,550		
Postal Charges		17,500		
Travel		1,526		
Office Supplies		3,979		
Other Supplies and Materials		779		
Workers' Compensation Insurance		287		
Office Equipment		2,742		
Total County Mayor/Executive				231,670
County Attorney				
Legal Services	$	9,032		
Total County Attorney				9,032
Election Commission				
County Official/Administrative Officer	$	56,465		
Deputy(ies)		50,350		
Clerical Personnel		21,685		
Bonus Payments		1,450		
Other Salaries and Wages		3,099		
Election Commission		5,625		
Election Workers		22,897		
Social Security		7,850		
State Retirement		9,856		
Employee and Dependent Insurance		18,097		
Employer Medicare		1,896		
Audit Services		1,500		
Communication		3,593		
Contracts with Private Agencies		31,027		

(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.)		
Dues and Memberships	$ 200	
Legal Notices, Recording, and Court Costs	3,740	
Printing, Stationery, and Forms	1,008	
Travel	3,925	
Data Processing Supplies	1,594	
Electricity	4,241	
Natural Gas	1,270	
Office Supplies	4,792	
Water and Sewer	898	
Other Supplies and Materials	1,700	
Workers' Compensation Insurance	174	
In Service/Staff Development	1,233	
Office Equipment	630	
Total Election Commission		$ 260,795
Register of Deeds		
County Official/Administrative Officer	$ 62,739	
Deputy(ies)	28,093	
Bonus Payments	600	
Social Security	5,457	
State Retirement	8,110	
Employee and Dependent Insurance	3,616	
Employer Medicare	1,276	
Communication	860	
Contracts with Other Public Agencies	15,472	
Dues and Memberships	603	
Travel	136	
Office Supplies	2,481	
Workers' Compensation Insurance	126	
Total Register of Deeds		129,569
Development		
Consultants	$ 65,000	
Contracts with Government Agencies	36,395	
Other Charges	17,892	
Total Development		119,287
Planning		
Materials Supervisor	$ 8,106	
Salary Supplements	2,585	
Bonus Payments	250	
Board and Committee Members Fees	980	
Social Security	739	
Employer Medicare	173	
Advertising	228	
Communication	770	
Office Supplies	48	
Workers' Compensation Insurance	175	
Other Charges	5,000	
Total Planning		19,054

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
General Government (Cont.)		
County Buildings		
Custodial Personnel	$ 24,102	
Maintenance Personnel	38,872	
Part-time Personnel	8,958	
Overtime Pay	774	
Bonus Payments	1,450	
Social Security	4,241	
State Retirement	5,761	
Employee and Dependent Insurance	12,623	
Employer Medicare	992	
Maintenance and Repair Services - Buildings	171,630	
Custodial Supplies	6,227	
Electricity	24,146	
Water and Sewer	7,923	
Other Supplies and Materials	1,115	
Building and Contents Insurance	23,642	
Workers' Compensation Insurance	1,297	
Total County Buildings		$ 333,753
Other General Administration		
Other Salaries and Wages	$ 3,720	
Social Security	231	
Employer Medicare	54	
Total Other General Administration		4,005
Finance		
Property Assessor's Office		
County Official/Administrative Officer	$ 62,657	
Deputy(ies)	59,705	
Bonus Payments	1,200	
Board and Committee Members Fees	1,560	
Social Security	7,006	
State Retirement	10,960	
Employee and Dependent Insurance	18,453	
Employer Medicare	1,638	
Communication	860	
Contracts with Government Agencies	4,687	
Contracts with Other Public Agencies	3,000	
Contracts with Private Agencies	8,374	
Dues and Memberships	1,565	
Travel	2,212	
Office Supplies	2,822	
Premiums on Corporate Surety Bonds	595	
Workers' Compensation Insurance	1,132	
Total Property Assessor's Office		188,426
Reappraisal Program		
Part-time Personnel	$ 24,335	
Bonus Payments	250	
Social Security	1,524	
Employer Medicare	356	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Finance (Cont.)		
Reappraisal Program (Cont.)		
Contracts with Government Agencies	$ 2,612	
Postal Charges	1,200	
Travel	2,255	
Total Reappraisal Program		$ 32,532
County Trustee's Office		
County Official/Administrative Officer	$ 62,739	
Deputy(ies)	58,224	
Part-time Personnel	212	
Bonus Payments	1,200	
Board and Committee Members Fees	300	
Social Security	6,838	
State Retirement	10,836	
Employee and Dependent Insurance	21,732	
Employer Medicare	1,601	
Communication	1,794	
Contracts with Government Agencies	3,618	
Contracts with Private Agencies	6,031	
Dues and Memberships	703	
Legal Notices, Recording, and Court Costs	173	
Travel	2,113	
Office Supplies	2,944	
Workers' Compensation Insurance	160	
Office Equipment	405	
Total County Trustee's Office		181,623
County Clerk's Office		
County Official/Administrative Officer	$ 62,739	
Deputy(ies)	126,516	
Bonus Payments	3,000	
Social Security	11,126	
State Retirement	17,053	
Employee and Dependent Insurance	18,960	
Employer Medicare	2,602	
Communication	2,298	
Contracts with Other Public Agencies	14,709	
Dues and Memberships	628	
Travel	75	
Office Supplies	5,033	
Workers' Compensation Insurance	250	
Office Equipment	3,973	
Total County Clerk's Office		268,962
Administration of Justice		
Circuit Court		
County Official/Administrative Officer	$ 62,739	
Deputy(ies)	52,073	
Attendants	5,340	
Bonus Payments	1,450	
Jury and Witness Expense	6,181	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Circuit Court (Cont.)		
Social Security	$ 6,649	
State Retirement	10,290	
Employee and Dependent Insurance	18,163	
Employer Medicare	1,627	
Communication	1,556	
Contracts with Other Public Agencies	9,417	
Contracts with Private Agencies	5,807	
Dues and Memberships	573	
Maintenance and Repair Services - Equipment	338	
Postal Charges	3,500	
Travel	2,597	
Remittance of Revenue Collected	1,025	
Office Supplies	11,205	
Workers' Compensation Insurance	254	
Other Charges	471	
Office Equipment	7,697	
Total Circuit Court		$ 208,952
General Sessions Judge		
Judge(s)	$ 79,638	
Social Security	4,800	
State Retirement	7,064	
Employee and Dependent Insurance	3,589	
Employer Medicare	1,123	
Dues and Memberships	425	
Travel	1,379	
Workers' Compensation Insurance	105	
Total General Sessions Judge		98,123
General Sessions Court Clerk		
Deputy(ies)	$ 16,017	
Clerical Personnel	154,050	
Attendants	54,588	
Bonus Payments	4,600	
Social Security	12,548	
State Retirement	15,404	
Employee and Dependent Insurance	25,709	
Employer Medicare	3,079	
Communication	1,532	
Remittance of Revenue Collected	4,706	
Workers' Compensation Insurance	1,295	
Total General Sessions Court Clerk		293,528
Chancery Court		
County Official/Administrative Officer	$ 62,739	
Deputy(ies)	24,967	
Attendants	11,476	
Part-time Personnel	14,142	
Bonus Payments	1,100	
Social Security	6,522	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Chancery Court (Cont.)		
State Retirement	$ 7,833	
Employee and Dependent Insurance	3,633	
Employer Medicare	1,611	
Communication	1,648	
Contracts with Private Agencies	5,877	
Legal Notices, Recording, and Court Costs	50	
Office Supplies	3,649	
Premiums on Corporate Surety Bonds	5,513	
Workers' Compensation Insurance	341	
Total Chancery Court		$ 151,101
Juvenile Court		
County Official/Administrative Officer	$ 46,310	
Judge(s)	79,638	
Deputy(ies)	133,973	
Investigator(s)	67,170	
Probation Officer(s)	27,295	
Youth Service Officer(s)	34,262	
Salary Supplements	900	
Secretary(ies)	50,417	
Attendants	18,570	
Part-time Personnel	4,760	
Bonus Payments	7,350	
In-Service Training	3,510	
Other Per Diem and Fees	450	
Social Security	26,894	
State Retirement	39,325	
Employee and Dependent Insurance	64,405	
Employer Medicare	6,379	
Communication	6,637	
Contracts with Private Agencies	37,032	
Dues and Memberships	640	
Evaluation and Testing	130	
Maintenance and Repair Services - Equipment	4,493	
Maintenance and Repair Services - Vehicles	6,094	
Travel	6,435	
Gasoline	18,588	
Office Supplies	2,645	
Other Supplies and Materials	6,375	
Vehicle and Equipment Insurance	3,543	
Workers' Compensation Insurance	5,000	
Total Juvenile Court		709,220
Other Administration of Justice		
Secretary(ies)	$ 3,994	
Part-time Personnel	41,593	
Bonus Payments	1,000	
Social Security	3,127	
Handling Charges and Administrative Costs	4,480	
State Retirement	752	

(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.)				
Employer Medicare	$	731		
Communication		1,519		
Contracts with Private Agencies		2,100		
Maintenance and Repair Services - Equipment		1,529		
Postal Charges		500		
Data Processing Supplies		1,000		
Office Supplies		1,685		
Testing		130		
Other Supplies and Materials		3,491		
Workers' Compensation Insurance		375		
In Service/Staff Development		70		
Other Charges		495		
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	$	69,013		
Assistant(s)		44,338		
Deputy(ies)		479,902		
Investigator(s)		161,042		
Accountants/Bookkeepers		28,264		
Salary Supplements		15,000		
Dispatchers/Radio Operators		197,507		
Guards		25,235		
Clerical Personnel		22,745		
Part-time Personnel		50,927		
Overtime Pay		9,462		
Bonus Payments		20,150		
Other Salaries and Wages		27,080		
In-Service Training		4,985		
Social Security		68,305		
State Retirement		91,387		
Employee and Dependent Insurance		126,067		
Unemployment Compensation		2,229		
Employer Medicare		15,975		
Other Fringe Benefits		26,872		
Communication		17,199		
Confidential Drug Enforcement Payments		200		
Dues and Memberships		2,100		
Maintenance and Repair Services - Equipment		11,115		
Maintenance and Repair Services - Vehicles		37,515		
Postal Charges		3,500		
Towing Services		2,575		
Travel		11,364		
Other Contracted Services		341		
Data Processing Supplies		2,010		

(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	$ 975	
Electricity	95,977	
Gasoline	163,731	
Law Enforcement Supplies	8,055	
Natural Gas	16,462	
Office Supplies	7,354	
Tires and Tubes	7,809	
Uniforms	9,208	
Water and Sewer	39,928	
Other Supplies and Materials	5,980	
Liability Insurance	15,018	
Vehicle and Equipment Insurance	13,264	
Workers' Compensation Insurance	11,990	
Other Charges	5,489	
Motor Vehicles	74,950	
Office Equipment	1,783	
Total Sheriff's Department		$ 2,052,377
Administration of the Sexual Offender Registry		
Other Supplies and Materials	$ 2,100	
Total Administration of the Sexual Offender Registry		2,100
Jail		
Captain(s)	$ 43,936	
Lieutenant(s)	57,241	
Sergeant(s)	172,848	
Accountants/Bookkeepers	25,756	
Medical Personnel	51,885	
Salary Supplements	9,900	
Guards	465,426	
Cafeteria Personnel	35,386	
Part-time Personnel	26,548	
Overtime Pay	17,271	
Bonus Payments	20,800	
Other Salaries and Wages	4,500	
Social Security	54,562	
State Retirement	67,869	
Employee and Dependent Insurance	104,467	
Employer Medicare	12,760	
Communication	3,083	
Contracts with Private Agencies	9,600	
Medical and Dental Services	161,993	
Travel	5,545	
Other Contracted Services	34,326	
Custodial Supplies	27,319	
Drugs and Medical Supplies	50,685	
Food Preparation Supplies	23,499	
Food Supplies	231,156	
Office Supplies	9,967	
Prisoners Clothing	5,620	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Safety (Cont.)				
Jail (Cont.)				
Uniforms	$	5,152		
Other Supplies and Materials		19,414		
Workers' Compensation Insurance		14,000		
In Service/Staff Development		1,524		
Other Charges		21,962		
Communication Equipment		2,445		
Office Equipment		298		
Total Jail			$	1,798,743
Fire Prevention and Control				
Part-time Personnel	$	15,000		
Bonus Payments		250		
Social Security		946		
Employer Medicare		221		
Contracts with Government Agencies		2,000		
Gasoline		5,302		
Utilities		4,225		
Other Supplies and Materials		5,862		
Building and Contents Insurance		917		
Vehicle and Equipment Insurance		4,808		
Workers' Compensation Insurance		2,760		
In Service/Staff Development		2,014		
Other Charges		7,106		
Total Fire Prevention and Control				51,411
Civil Defense				
Communication Equipment	$	111,565		
Other Equipment		28,662		
Total Civil Defense				140,227
Rescue Squad				
Contributions	$	3,856		
Total Rescue Squad				3,856
Other Emergency Management				
Supervisor/Director	$	46,556		
Bonus Payments		600		
Social Security		2,663		
State Retirement		4,183		
Employee and Dependent Insurance		9,005		
Employer Medicare		623		
Communication		2,867		
Dues and Memberships		15		
Maintenance and Repair Services - Vehicles		581		
Travel		375		
Gasoline		5,841		
Office Supplies		479		
Other Supplies and Materials		1,033		
Vehicle and Equipment Insurance		980		
Workers' Compensation Insurance		680		
Other Charges		211		
Total Other Emergency Management				76,692

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Health and Welfare		
Local Health Center		
Communication	$ 2,820	
Janitorial Services	10,185	
Maintenance and Repair Services - Buildings	6,391	
Other Contracted Services	17,862	
Drugs and Medical Supplies	1,509	
Office Supplies	887	
Utilities	16,298	
Total Local Health Center		$ 55,952
Rabies and Animal Control		
Part-time Personnel	$ 51,804	
Bonus Payments	1,000	
Social Security	3,274	
Employer Medicare	766	
Communication	1,233	
Maintenance and Repair Services - Vehicles	1,659	
Veterinary Services	7,800	
Animal Food and Supplies	6,026	
Custodial Supplies	1,700	
Gasoline	8,014	
Utilities	7,791	
Other Supplies and Materials	3,887	
Workers' Compensation Insurance	697	
Motor Vehicles	9,950	
Other Equipment	19,154	
Total Rabies and Animal Control		124,755
Dental Health Program		
Medical Personnel	$ 22,294	
Clerical Personnel	43,518	
Educational Assistants	33,565	
Bonus Payments	2,650	
Social Security	6,008	
State Retirement	8,021	
Employee and Dependent Insurance	9,278	
Employer Medicare	1,405	
Travel	2,955	
Medical Claims	9,544	
Workers' Compensation Insurance	1,600	
Total Dental Health Program		140,838
Alcohol and Drug Programs		
Other Salaries and Wages	$ 3,120	
Social Security	193	
State Retirement	277	
Employer Medicare	45	
Communication	708	
Contracts with Private Agencies	25,140	
Dues and Memberships	650	
Postal Charges	120	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Alcohol and Drug Programs (Cont.)				
Printing, Stationery, and Forms	$	540		
Rentals		3,600		
Travel		2,455		
Office Supplies		2,939		
Total Alcohol and Drug Programs			$	39,787
Other Local Health Services				
Contracts with Government Agencies	$	4,172		
Contracts with Other Public Agencies		39,450		
Other Contracted Services		29,871		
Total Other Local Health Services				73,493
Sanitation Education/Information				
Guards	$	25,235		
Clerical Personnel		2,658		
Bonus Payments		600		
Social Security		1,529		
State Retirement		2,527		
Employee and Dependent Insurance		8,991		
Employer Medicare		358		
Contracts with Other Public Agencies		8,447		
Workers' Compensation Insurance		369		
Other Charges		450		
Total Sanitation Education/Information				51,164
Social, Cultural, and Recreational Services				
Libraries				
Librarians	$	84,275		
Bonus Payments		1,800		
Social Security		4,746		
State Retirement		7,635		
Employee and Dependent Insurance		18,283		
Employer Medicare		1,110		
Communication		3,658		
Contributions		23,308		
Maintenance and Repair Services - Buildings		5,703		
Library Books/Media		3,749		
Office Supplies		3,524		
Utilities		12,848		
Workers' Compensation Insurance		112		
Office Equipment		14,558		
Total Libraries				185,309
Parks and Fair Boards				
Contributions	$	39,600		
Total Parks and Fair Boards				39,600
Agriculture and Natural Resources				
Agriculture Extension Service				
Salary Supplements	$	47,185		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Agriculture and Natural Resources (Cont.)				
Agriculture Extension Service (Cont.)				
Part-time Personnel	$	4,071		
Social Security		3,862		
State Retirement		7,222		
Employer Medicare		59		
Communication		2,227		
Dues and Memberships		405		
Maintenance and Repair Services - Equipment		3,479		
Travel		4,634		
Other Contracted Services		2,609		
Electricity		5,194		
Natural Gas		1,226		
Water and Sewer		1,349		
Workers' Compensation Insurance		100		
Total Agriculture Extension Service			$	83,622
Soil Conservation				
Assessment Personnel	$	60,250		
Secretary(ies)		23,137		
Bonus Payments		1,800		
Social Security		4,803		
State Retirement		7,556		
Employee and Dependent Insurance		18,117		
Employer Medicare		1,123		
Workers' Compensation Insurance		758		
Total Soil Conservation				117,544
Other Operations				
Housing and Urban Development				
Remittance of Revenue Collected	$	25,326		
Total Housing and Urban Development				25,326
Veterans' Services				
Supervisor/Director	$	13,475		
Bonus Payments		250		
Social Security		851		
Employer Medicare		199		
Communication		836		
Travel		709		
Office Supplies		968		
Workers' Compensation Insurance		25		
Total Veterans' Services				17,313
Other Charges				
Liability Insurance	$	42,594		
Trustee's Commission		122,412		
Other Charges		24,112		
Total Other Charges				189,118
Contributions to Other Agencies				
Contributions	$	178,757		
Total Contributions to Other Agencies				178,757

(Continued)

Exhibit K-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Employee Benefits			
Unemployment Compensation	$ 5,936		
Medical Claims	448,352		
Total Employee Benefits		$ 454,288	
Miscellaneous			
Advertising	$ 1,374		
Other Contracted Services	11,758		
Other Supplies and Materials	284		
Other Charges	8,328		
Total Miscellaneous		21,744	
Instruction			
Student Body Education Program			
Supervisor/Director	$ 11,667		
Social Security	723		
Employer Medicare	169		
Consultants	8,960		
Contributions	12,603		
Total Student Body Education Program		34,122	
Total General Fund			$ 9,329,898
Law Library Fund			
Social, Cultural, and Recreational Services			
Libraries			
Library Books/Media	$ 1,586		
Trustee's Commission	10		
Total Libraries		$ 1,596	
Total Law Library Fund			1,596
Ambulance Service Fund			
Public Health and Welfare			
Ambulance/Emergency Medical Services			
Medical Personnel	$ 656,668		
In-Service Training	6,490		
Social Security	48,065		
State Retirement	33,350		
Medical Insurance	90,664		
Bank Charges	132		
Communication	4,772		
Debt Collection Services	4,003		
Dues and Memberships	305		
Licenses	3,417		
Maintenance and Repair Services - Equipment	58,804		
Other Contracted Services	5,200		
Data Processing Supplies	5,996		
Diesel Fuel	69,961		
Drugs and Medical Supplies	31,876		
Office Supplies	5,650		

(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.)			
Uniforms	$ 1,660		
Utilities	6,040		
Liability Insurance	55,090		
Other Charges	1,053		
Motor Vehicles	31,337		
Total Ambulance/Emergency Medical Services		$ 1,120,533	
Total Ambulance Service Fund			$ 1,120,533
Drug Control Fund			
Public Safety			
Drug Enforcement			
Communication	$ 2,574		
Confidential Drug Enforcement Payments	10,000		
Maintenance and Repair Services - Vehicles	2,469		
Travel	148		
Animal Food and Supplies	527		
Uniforms	127		
Other Supplies and Materials	1,879		
Other Charges	1,845		
Law Enforcement Equipment	5,589		
Total Drug Enforcement		$ 25,158	
Total Drug Control Fund			25,158
Constitutional Officers - Fees Fund			
Administration of Justice			
Chancery Court			
Constitutional Officers' Operating Expenses	$ 2,260		
Total Chancery Court		$ 2,260	
Total Constitutional Officers - Fees Fund			2,260
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 69,013		
Accountants/Bookkeepers	60,158		
Bonus Payments	1,200		
Communication	5,546		
Data Processing Services	8,161		
Dues and Memberships	3,542		
Legal Notices, Recording, and Court Costs	1,655		
Maintenance and Repair Services - Equipment	131		
Medical and Dental Services	579		
Postal Charges	650		
Printing, Stationery, and Forms	254		
Travel	516		
Other Contracted Services	8,605		
Custodial Supplies	1,831		

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Administration (Cont.)		
Drugs and Medical Supplies	$ 16	
Electricity	15,300	
Natural Gas	6,494	
Office Supplies	726	
Water and Sewer	7,469	
Total Administration		$ 191,846
Highway and Bridge Maintenance		
Foremen	$ 116,021	
Equipment Operators	580,002	
Truck Drivers	115,560	
Laborers	41,990	
Bonus Payments	16,200	
Other Contracted Services	1,975	
Asphalt - Cold Mix	7,125	
Asphalt - Liquid	146,108	
Crushed Stone	91,452	
General Construction Materials	1,701	
Other Road Supplies	4,856	
Pipe - Metal	42,506	
Road Signs	6,561	
Small Tools	1,951	
Wood Products	61,934	
Chemicals	18,953	
Other Supplies and Materials	6,048	
Total Highway and Bridge Maintenance		1,260,943
Operation and Maintenance of Equipment		
Mechanic(s)	$ 72,584	
Bonus Payments	1,200	
Laundry Service	15,299	
Maintenance and Repair Services - Equipment	139,828	
Other Contracted Services	507	
Diesel Fuel	211,708	
Equipment and Machinery Parts	128,882	
Garage Supplies	5,474	
Gasoline	26,582	
Lubricants	15,380	
Small Tools	3,945	
Tires and Tubes	46,727	
Other Supplies and Materials	367	
Other Charges	24,195	
Total Operation and Maintenance of Equipment		692,678
Other Charges		
Building and Contents Insurance	$ 39,554	
Liability Insurance	3,398	
Premiums on Corporate Surety Bonds	345	
Trustee's Commission	33,527	
Workers' Compensation Insurance	48,666	
Total Other Charges		125,490

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Employee Benefits			
Social Security	$ 75,276		
State Retirement	95,005		
Employee and Dependent Insurance	157,330		
Unemployment Compensation	8,296		
Other Fringe Benefits	1,691		
Medical Claims	73,509		
Total Employee Benefits		$ 411,107	
Capital Outlay			
Engineering Services	$ 8,779		
Bridge Construction	229,270		
Highway Construction	289,352		
Highway Equipment	248,467		
Total Capital Outlay		775,868	
Total Highway/Public Works Fund			$ 3,457,932
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 415,000		
Principal on Notes	33,334		
Principal on Other Loans	55,000		
Total General Government		$ 503,334	
Education			
Principal on Bonds	$ 1,345,000		
Principal on Notes	71,428		
Principal on Capital Leases	108,223		
Principal on Other Loans	157,431		
Total Education		1,682,082	
Interest on Debt			
General Government			
Interest on Bonds	$ 33,400		
Interest on Other Loans	2,625		
Total General Government		36,025	
Education			
Interest on Bonds	$ 395,801		
Interest on Capital Leases	46,777		
Total Education		442,578	
Other Debt Service			
General Government			
Contributions	$ 88,963		
Trustee's Commission	12,558		
Other Debt Service	4,943		
Total General Government		106,464	

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)			
Other Debt Service (Cont.)			
Education			
Other Debt Service	$ 2,468		
Total Education		$ 2,468	
Total General Debt Service Fund			$ 2,772,951
General Capital Projects Fund			
Capital Projects			
Public Health and Welfare Projects			
Contracts with Private Agencies	$ 11,786		
Transportation Equipment	283,500		
Total Public Health and Welfare Projects		$ 295,286	
Total General Capital Projects Fund			295,286
Community Development/Industrial Park Fund			
Other Operations			
Other Economic and Community Development			
Contracts with Government Agencies	$ 2,900		
Contracts with Other Public Agencies	147,100		
Total Other Economic and Community Development		$ 150,000	
Total Community Development/Industrial Park Fund			150,000
Education Capital Projects Fund			
Capital Projects			
Education Capital Projects			
Contributions	$ 7,076		
Total Education Capital Projects		$ 7,076	
Total Education Capital Projects Fund			7,076
Total Governmental Funds - Primary Government			$ 17,162,690

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, 2013

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 9,848,926	
Career Ladder Program	96,500	
Career Ladder Extended Contracts	44,400	
Educational Assistants	519,659	
Other Salaries and Wages	3,076	
Non-certified Substitute Teachers	202,081	
Social Security	639,778	
State Retirement	928,174	
Medical Insurance	2,286,439	
Unemployment Compensation	93,863	
Employer Medicare	149,643	
Other Contracted Services	277,666	
Instructional Supplies and Materials	106,454	
Textbooks	114,698	
Other Supplies and Materials	15,600	
Other Charges	3,408	
Regular Instruction Equipment	26,303	
Total Regular Instruction Program		$ 15,356,668
Special Education Program		
Teachers	$ 1,774,512	
Career Ladder Program	13,000	
Career Ladder Extended Contracts	12,000	
Homebound Teachers	3,581	
Social Security	106,766	
State Retirement	160,115	
Medical Insurance	400,652	
Employer Medicare	24,969	
Instructional Supplies and Materials	25,118	
Other Supplies and Materials	1,684	
Total Special Education Program		2,522,397
Vocational Education Program		
Teachers	$ 715,652	
Career Ladder Program	4,000	
Career Ladder Extended Contracts	2,000	
Social Security	42,973	
State Retirement	64,083	
Medical Insurance	134,198	
Employer Medicare	10,050	
Instructional Supplies and Materials	9,486	
Total Vocational Education Program		982,442
Support Services		
Attendance		
Supervisor/Director	$ 11,983	
Social Security	728	
State Retirement	1,064	
Medical Insurance	2,194	

(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.)				
Attendance (Cont.)				
Employer Medicare	$	170		
Travel		719		
Total Attendance			$	16,858
Health Services				
Medical Personnel	$	143,819		
Other Salaries and Wages		21,663		
Social Security		8,768		
State Retirement		14,678		
Medical Insurance		45,953		
Employer Medicare		2,050		
Travel		2,425		
Other Supplies and Materials		8,731		
Total Health Services				248,087
Other Student Support				
Supervisor/Director	$	18,388		
Career Ladder Program		7,000		
Guidance Personnel		504,404		
Career Ladder Extended Contracts		2,500		
Social Security		31,858		
State Retirement		47,268		
Medical Insurance		91,179		
Employer Medicare		7,451		
Evaluation and Testing		16,652		
Other Contracted Services		210,319		
Other Supplies and Materials		6,196		
Total Other Student Support				943,215
Regular Instruction Program				
Supervisor/Director	$	69,934		
Career Ladder Program		4,000		
Career Ladder Extended Contracts		1,000		
Librarians		280,240		
Materials Supervisor		69,934		
Instructional Computer Personnel		4,800		
Social Security		25,440		
State Retirement		38,176		
Medical Insurance		90,206		
Employer Medicare		5,950		
Travel		9,325		
Library Books/Media		8,693		
In Service/Staff Development		27,346		
Total Regular Instruction Program				635,044
Special Education Program				
Supervisor/Director	$	73,551		
Secretary(ies)		61,157		
Social Security		7,969		

(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.)				
Special Education Program (Cont.)				
State Retirement	$	11,956		
Medical Insurance		22,209		
Employer Medicare		1,864		
Travel		36,460		
Other Contracted Services		268,012		
Other Supplies and Materials		1,707		
In Service/Staff Development		13,101		
Total Special Education Program			$	497,986
Vocational Education Program				
Supervisor/Director	$	73,551		
Career Ladder Program		3,000		
Career Ladder Extended Contracts		2,000		
Social Security		4,538		
State Retirement		6,975		
Medical Insurance		10,747		
Employer Medicare		1,061		
Travel		452		
In Service/Staff Development		6,714		
Total Vocational Education Program				109,038
Other Programs				
On-Behalf Payments to OPEB	$	98,320		
Total Other Programs				98,320
Board of Education				
Board and Committee Members Fees	$	11,099		
Social Security		701		
State Retirement		728		
Employer Medicare		164		
Audit Services		4,500		
Dues and Memberships		17,525		
Legal Services		39,308		
Travel		20,333		
Liability Insurance		50,905		
Premiums on Corporate Surety Bonds		1,941		
Trustee's Commission		136,917		
Workers' Compensation Insurance		87,191		
Other Charges		4,099		
Total Board of Education				375,411
Director of Schools				
County Official/Administrative Officer	$	115,000		
Assistant(s)		39,906		
Career Ladder Program		1,000		
Social Security		8,527		
State Retirement		13,844		
Medical Insurance		16,738		
Employer Medicare		2,254		

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Director of Schools (Cont.)				
Other Fringe Benefits	$	6,731		
Communication		69,986		
Postal Charges		5,416		
Travel		6,788		
Remittance of Revenue Collected		620		
Office Supplies		8,831		
In Service/Staff Development		27,853		
Other Charges		24		
Administration Equipment		635		
Total Director of Schools			$	324,153
Office of the Principal				
Principals	$	571,776		
Career Ladder Program		6,000		
Assistant Principals		525,132		
Secretary(ies)		404,071		
Clerical Personnel		54,580		
Social Security		91,359		
State Retirement		136,167		
Medical Insurance		250,687		
Employer Medicare		21,366		
Travel		1,149		
Administration Equipment		129,964		
Total Office of the Principal				2,192,251
Fiscal Services				
Supervisor/Director	$	71,750		
Accountants/Bookkeepers		31,181		
Secretary(ies)		45,414		
Social Security		8,811		
State Retirement		13,162		
Medical Insurance		8,433		
Employer Medicare		2,061		
Travel		601		
Other Contracted Services		14,749		
Total Fiscal Services				196,162
Operation of Plant				
Supervisor/Director	$	56,916		
Custodial Personnel		161,568		
Social Security		12,665		
State Retirement		16,839		
Medical Insurance		34,243		
Employer Medicare		2,962		
Other Contracted Services		843,430		
Electricity		619,893		
Natural Gas		289,863		
Building and Contents Insurance		113,139		
Total Operation of Plant				2,151,518

(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.)		
Maintenance of Plant		
Maintenance Personnel	$ 123,069	
Other Salaries and Wages	127,847	
Social Security	14,774	
State Retirement	20,177	
Medical Insurance	37,891	
Employer Medicare	3,455	
Maintenance and Repair Services - Buildings	54,862	
Maintenance and Repair Services - Equipment	52,183	
Travel	4,800	
Other Contracted Services	131,794	
Other Supplies and Materials	59,426	
Maintenance Equipment	116,279	
Total Maintenance of Plant		$ 746,557
Transportation		
Supervisor/Director	$ 55,163	
Mechanic(s)	66,499	
Bus Drivers	625,414	
Other Salaries and Wages	46,125	
Social Security	49,074	
State Retirement	15,583	
Medical Insurance	14,942	
Employer Medicare	11,503	
Other Fringe Benefits	8,551	
Gasoline	269,170	
Tires and Tubes	10,720	
Vehicle Parts	83,454	
Other Supplies and Materials	6,367	
Vehicle and Equipment Insurance	28,079	
Transportation Equipment	360,429	
Total Transportation		1,651,073
Central and Other		
Secretary(ies)	$ 16,788	
Clerical Personnel	22,413	
Social Security	1,991	
State Retirement	3,214	
Medical Insurance	4,616	
Employer Medicare	466	
Total Central and Other		49,488
Operation of Non-Instructional Services		
Community Services		
Supervisor/Director	$ 24,517	
Teachers	79,501	
Other Salaries and Wages	41,936	
Social Security	8,558	
State Retirement	12,281	
Medical Insurance	4,360	

(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.)			
Operation of Non-Instructional Services (Cont.)			
Community Services (Cont.)			
Employer Medicare	$ 2,002		
Travel	3,086		
Other Supplies and Materials	26,866		
Refunds	10,000		
Total Community Services		$ 213,107	
Early Childhood Education			
Supervisor/Director	$ 59,917		
Teachers	362,800		
Clerical Personnel	4,742		
Educational Assistants	148,918		
Non-certified Substitute Teachers	5,000		
Social Security	34,185		
State Retirement	51,527		
Medical Insurance	102,018		
Employer Medicare	7,995		
Communication	1,438		
Consultants	900		
Contracts with Private Agencies	102,310		
Other Contracted Services	2,000		
Instructional Supplies and Materials	36,503		
Other Supplies and Materials	4,134		
In Service/Staff Development	14,290		
Other Charges	991		
Other Equipment	6,368		
Total Early Childhood Education		946,036	
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 524,114		
Total Regular Capital Outlay		524,114	
Other Debt Service			
Education			
Debt Service Contribution to Primary Government	$ 1,355,000		
Total Education		1,355,000	
Total General Purpose School Fund			$ 32,134,925
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 1,124,741		
Educational Assistants	169,969		
Non-certified Substitute Teachers	55,000		
Social Security	76,523		
State Retirement	113,188		
Medical Insurance	261,428		
Employer Medicare	17,896		

(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.)		
Regular Instruction Program (Cont.)		
Other Contracted Services	$ 255,233	
Instructional Supplies and Materials	470,013	
Other Supplies and Materials	46,647	
Regular Instruction Equipment	278,196	
Total Regular Instruction Program		$ 2,868,834
Special Education Program		
Teachers	$ 116,795	
Educational Assistants	656,371	
Social Security	42,953	
State Retirement	63,010	
Medical Insurance	170,120	
Employer Medicare	10,045	
Instructional Supplies and Materials	12,439	
Other Supplies and Materials	1,598	
Special Education Equipment	1,340	
Total Special Education Program		1,074,671
Vocational Education Program		
Other Contracted Services	$ 1,390	
Instructional Supplies and Materials	16,587	
Vocational Instruction Equipment	28,371	
Total Vocational Education Program		46,348
Support Services		
Other Student Support		
Other Salaries and Wages	$ 42,519	
Social Security	2,267	
State Retirement	3,572	
Medical Insurance	5,500	
Employer Medicare	530	
Travel	23,563	
Other Contracted Services	36,988	
Other Supplies and Materials	2,912	
In Service/Staff Development	1,043	
Other Charges	500	
Total Other Student Support		119,394
Regular Instruction Program		
Supervisor/Director	$ 134,383	
Secretary(ies)	15,680	
Other Salaries and Wages	10,090	
Non-certified Substitute Teachers	6,400	
Social Security	9,300	
State Retirement	13,963	
Medical Insurance	25,733	
Employer Medicare	2,175	
Travel	12,915	
In Service/Staff Development	312,959	
Total Regular Instruction Program		543,598

(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.)			
Special Education Program			
Psychological Personnel	$ 43,054		
Social Security	2,669		
State Retirement	3,823		
Employer Medicare	625		
In Service/Staff Development	60,000		
Total Special Education Program		$ 110,171	
Vocational Education Program			
Travel	$ 3,120		
Total Vocational Education Program		3,120	
Office of the Principal			
In Service/Staff Development	$ 34,248		
Total Office of the Principal		34,248	
Transportation			
Bus Drivers	$ 15,588		
Social Security	1,064		
Employer Medicare	251		
Gasoline	6,695		
Total Transportation		23,598	
Operation of Non-Instructional Services			
Community Services			
Supervisor/Director	$ 49,034		
Teachers	96,332		
Other Salaries and Wages	4,919		
Social Security	9,414		
State Retirement	12,909		
Medical Insurance	5,336		
Employer Medicare	2,202		
Travel	7,157		
Other Contracted Services	304		
Other Supplies and Materials	32,790		
Total Community Services		220,397	
Total School Federal Projects Fund			$ 5,044,379
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 62,773		
Accountants/Bookkeepers	31,188		
Cafeteria Personnel	899,501		
Other Salaries and Wages	5,993		
Social Security	58,670		
State Retirement	66,872		
Medical Insurance	128,569		
Unemployment Compensation	1,576		

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Food Service (Cont.)			
Employer Medicare	$ 13,721		
Maintenance and Repair Services - Equipment	33,889		
Payments to Schools - Other	1,000		
Transportation - Other than Students	11,788		
Travel	6,990		
Other Contracted Services	39,282		
Food Supplies	1,310,726		
Uniforms	9,094		
Utilities	76,991		
USDA - Commodities	139,018		
Other Supplies and Materials	34,979		
Trustee's Commission	9		
Workers' Compensation Insurance	40,000		
In Service/Staff Development	2,791		
Food Service Equipment	70,956		
Total Food Service		$ 3,046,376	
Total Central Cafeteria Fund			$ 3,046,376
Total Governmental Funds - Lauderdale County School Department			$ 40,225,680

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, 2013

	Local Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 2,167,995
Total Cash Receipts	$ 2,167,995
Cash Disbursements	
Contributions:	
General Debt Service Fund	$ 779,621
General Purpose School Fund	550,000
Remittance of Revenues Collected	974,609
Trustee's Commission	21,680
Total Cash Disbursements	$ 2,325,910
Excess of Cash Receipts Over (Under) Cash Disbursements	$ (157,915)
Cash Balance, July 1, 2012	2,233,443
Cash Balance, June 30, 2013	$ 2,075,528

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*

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise Lauderdale County's basic financial statements, and have issued our report thereon dated March 3, 2014. Our report includes a reference to other auditors who audited the financial statements of the Lauderdale County Ambulance Authority (nonmajor special revenue fund) and the discretely presented Lauderdale County Water System and Lauderdale County Emergency Communications District, as described in our report on Lauderdale County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lauderdale County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Lauderdale County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 a 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-003 and 2013-012.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-004, 2013-005, 2013-007, 2013-008, 2013-009, 2013-010, and 2013-011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lauderdale County's financial statements are free from 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: 2013-001, 2013-002, and 2013-006.

Lauderdale County's Responses to Findings

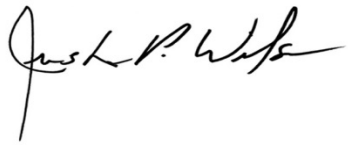
Lauderdale County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lauderdale County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the

effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lauderdale County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 3, 2014

JPW/kp

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 for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Lauderdale County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lauderdale County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lauderdale County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lauderdale County's compliance.

Opinion on Each Major Federal Program

In our opinion, Lauderdale County complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of Lauderdale County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lauderdale County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

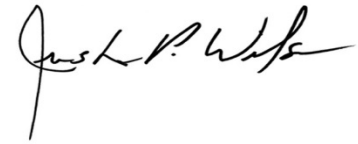
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise Lauderdale County's basic financial statements. We issued our report thereon dated March 3, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 3, 2014

JPW/kp

Lauderdale County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Agriculture:				
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	$ 770,709	
National School Lunch Program	10.555	N/A	1,475,236	(3)
Fresh Fruit and Vegetable Program	10.582	N/A	49,764	
Passed-through State Department of Agriculture:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	139,018	(3)
Rural Business Opportunity Grants	10.773	N/A	12,559	
Passed-through State Department of Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Z-13-44026-00	15,695	
Direct Program:				
Environmental Quality Incentives Program	10.912	68-4741-1-044	14,106	
Total U.S. Department of Agriculture			$ 2,477,087	
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-12-38121-00	$ 295,286	
Passed-through Tennessee Housing Development Agency:				
Supportive Housing Program	14.235	TN37C707009	22,401	
Total U.S. Department of Housing and Urban Development			$ 317,687	
U.S. Department of the Interior:				
Direct Program:				
Payments in-Lieu-of Taxes	15.226	N/A	$ 105,560	
Total U.S. Department of the Interior			$ 105,560	
U.S. Department of Labor:				
Passed-through Dyersburg State Community College:				
WIA Youth Activities	17.259	N/A	$ 33,347	
Total U.S. Department of Labor			$ 33,347	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Alcohol Open Container Requirements	20.607	154AL-12-64	$ 28,569	
Total U.S. Department of Transportation			$ 28,569	
U.S. Department of Education:				
Passed-through State Department of Education:				
Title I Cluster:				
Title I Grants to Local Educational Agencies	84.010	N/A	$ 1,982,492	
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	168,568	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	1,158,972	
Special Education - Preschool Grants	84.173	N/A	41,734	
Career and Technical Education - Basic Grants to States	84.048	N/A	85,535	
Twenty-first Century Community Learning Centers	84.287	N/A	222,839	
Rural Education	84.358	N/A	93,048	
Improving Teacher Quality State Grants	84.367	N/A	264,784	
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	1,127,309	
Total U.S. Department of Education			$ 5,145,281	

(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 Health and Human Services:			
Passed-through State Department of Health:			
Family Planning Services	93.217	Z-13-44026-00	$ 5,552
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	Z-13-44026-00	1,065
Medical Assistance Program	93.778	Z-13-44026-00	17,649
HIV Prevention Activities - Health Department Based	93.940	Z-13-44026-00	2,022
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG-1339802	39,788
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Z-13-44026-00	1,646
Maternal and Child Health Services Block Grant to the States	93.994	Z-13-44026-00	14,807
Total U.S. Department of Health and Human Services			$ 82,529
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	N/A	$ 364,418
Emergency Management Performance Grants	97.042	N/A	28,000
Homeland Security Grant Program	97.067	10UASI-LAUD	28,662
Total U.S. Department of Homeland Security			$ 421,080
Total Expenditures of Federal Awards			$ 8,611,140
		Contract Number	
State Grants			
Local Health Services - State Department of Health	N/A	Z-13-44026-00	$ 93,942
Litter Grant - State Department of Transportation	N/A	Z-13-LIT049	42,596
Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	GG-10-29743	9,000
Agriculture Resources Conservation Fund Program - State Department of Agriculture	N/A	Z-08-21409-01	20,031
Library Services and Technology Act Grant - State Library and Archives	N/A	N/A	5,070
Juvenile Justice and Delinquency Prevention - Allocations to States - State Commission on Children and Youth	N/A	GG-12-35256	68,564
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	102,056
Coordinated School Health - State Department of Education	N/A	(2)	110,497
Family Resource Center - State Department of Education	N/A	(2)	28,596
Statewide Student Management System - State Department of Education	N/A	(2)	12,013
ACT/EXP Internet Connectivity - State Department of Education	N/A	(2)	20,386
High Schools That Work - State Department of Education	N/A	(2)	25,845
Early Childhood Education - State Department of Education	N/A	(2)	956,997
Safe Schools - State Department of Education	N/A	(2)	26,300
Fast Track Infrastructure Development Program - State Department of Economic and Community Development	N/A	GC-12-37604	150,000
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	(2)	7,819
Hazard Mitigation Grant - State Department of Military	N/A	(2)	60,731
Total State Grants			$ 1,740,443

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

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is $1,614,254.

Lauderdale County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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, 2012, which have not been corrected.

OFFICE OF HIGHWAY COMMISSIONER

Finding Number	Page Number	Subject
12.02	179	The office had deficiencies in purchasing procedures
12.03	180	Material audit adjustments were required for proper financial statement presentation

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
12.05	181	The School Department violated the conflict of interest statute by contracting for mowing services from a school board member's spouse

OFFICE OF REGISTER OF DEEDS

Finding Number	Page Number	Subject
12.09	183	The register allowed individuals unsupervised access to the office after business hours
12.10	183	A username with a shared password existed on the system

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
12.12	184	Inventory records were not maintained for seized property
12.13	185	Duties were not segregated adequately

LAUDERDALE COUNTY

Finding Number	Page Number	Subject
12.14	185	Lauderdale County has a material recurring audit finding

LAUDERDALE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Lauderdale County is unmodified.

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 unmodified 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), the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395), and Hazard Mitigation Grant (CFDA No. 97.039) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Lauderdale County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2013-001 **COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF PATROL CARS**
(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 29 disbursements totaling $632,547 from a population of 3,976 vendor checks totaling $8,485,818. Our sample revealed that one out of eight applicable purchases was not bid. The Sheriff's Department purchased two patrol cars ($28,885 each) without obtaining competitive bids. Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated* (*TCA*), require public advertisement and solicitation of competitive bids on purchases exceeding $10,000. This deficiency is the result of a lack of management oversight. As a result, the best and lowest price may not have been obtained for the purchase of these two vehicles.

RECOMMENDATION

Purchases exceeding $10,000 should be competitively bid as required by state statutes.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The County Mayor's Office, who runs the advertisement for bids in the paper, verified with the Sheriff's Office that the car dealer was the appropriate dealer per the state contract. However, we did not understand that only certain vehicles are allowed under the state contract. Both offices now understand, and we properly advertised for bids this year when the same style four-wheel-drive Explorer replacement vehicle was purchased. We understand *TCA* and the $10,000 requirement and do not feel this mistake will happen again.

FINDING 2013-002 **CERTAIN PAYMENTS RELATED TO CITY ELECTIONS WERE NOT REMITTED TO THE GENERAL FUND**
(Noncompliance Under *Government Auditing Standards*)

During the year, the county election registrar and an employee of her office billed the cities of Gates and Henning a total of $1,325 each for extra hours that they worked during the cities elections. The cities were instructed to make their checks payable to the registrar ($1,824) and the employee ($826), and they cashed these checks for personal use. Section 5-9-401, *Tennessee Code Annotated*, states that "all funds including, but not limited

to taxes, county aid funds, federal funds, and fines which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of the county governments shall be appropriated to such use by the county legislative bodies." The election registrar and the office employee are employees of the county; therefore, all of their compensation should be approved by the Election Commission and the County Commission and processed through the county's payroll system with all applicable payroll taxes withheld. This deficiency is due to an oversight by management.

RECOMMENDATION

All funds received from the various cities for election work should be deposited to the county's General Fund. The election registrar and her employee should obtain retroactive approval for this compensation from the Election Commission and County Commission.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

An independent auditor for a local municipality brought this information to the County Mayor's Office, who in turn notified the local government auditor. The Mayor's Office was not previously aware of this practice. In response, the Election Commission has met with the registrar and informed her of the inappropriate action. As a result of this meeting, this office feels the corrective action will end the practice brought forth in this finding.

OFFICE OF HIGHWAY COMMISSIONER

FINDING 2013-003 **THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2013, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling $326,924 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 2013-004 **A FORMAL PURCHASE ORDER SYSTEM IS NOT IN USE**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

In prior years, the office had established a formal purchase order system. However, during the 2012-13 year, the office discontinued use of this system and stopped issuing purchase orders. Purchase orders are necessary to control who has purchasing authority for the department and to document purchasing commitments. This deficiency exists because of a lack of management oversight. The failure to use a formal purchase order system increases the risks of unauthorized purchases.

RECOMMENDATION

The office should use the established formal purchase order system to improve internal controls over the purchasing process and to document purchasing commitments.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-005 **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF $75,514 AT JUNE 30, 2013**
(Internal Control – Significant Deficiency Under *Governmental Auditing Standards*)

At June 30, 2013, the School Federal Projects Fund had a cash overdraft of $75,514. This overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. Sound business practices dictate that expenditures be held within available funds. This cash overdraft was liquidated subsequent to June 30, 2013.

RECOMMENDATION

The School Department should not issue checks exceeding cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with this finding. Our records showed an overdraft of $75,514 at June 30, 2013. The trustee's records indicated a positive cash balance of $299,669 at June 30, 2013. Several large checks had been written near the end of June and held before forwarding to vendors. The total amount of the checks was not reported timely to the trustee. The checks should not have been written until the beginning of the new school year. This is a training issue that has been addressed with the federal bookkeeper and will be corrected for future years.

FINDING 2013-006 **THE SCHOOL DEPARTMENT VIOLATED THE CONFLICT OF INTEREST STATUTE BY CONTRACTING FOR MOWING SERVICES WITH A SCHOOL BOARD MEMBER'S SPOUSE**
(Noncompliance Under *Government Auditing Standards*)

The General Purpose School Fund paid $11,062 to Lynn Ferrell, the husband of school board member Sheila Ferrell, for mowing services during the period under audit. These payments violate 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 deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

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 more than ten years. Sheila Ferrell was elected to the school board in 2006. Specifically, Mr. Ferrell has the mowing contract for the Ripley High School campus. The Ripley High School 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.

Subsequent to the audit year, the mowing contractors were disclosed at the July 2013 regular school board meeting, and Mrs. Ferrell was in attendance and announced that she abstained from voting as a result of the conflict. If Mr. Ferrell wins any future mowing

contract bids, proper disclosure procedures will be used, and it will again be disclosed at a regular school board meeting and recorded as such in the minutes.

OFFICE OF REGISTER OF DEEDS

FINDING 2013-007 **THE REGISTER OF DEEDS ALLOWED INDIVIDUALS UNSUPERVISED ACCESS TO THE OFFICE AFTER BUSINESS HOURS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination disclosed that the register of deeds 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 2013-008 **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 is 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. This deficiency was the result of management's failure to correct the finding noted in the prior-year audit report. This deficiency was corrected after it was again brought to management's attention in May 2013.

RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should continue to remain confidential and should not be shared among employees.

OFFICE OF SHERIFF

FINDING 2013-009 **INVENTORY RECORDS WERE NOT MAINTAINED FOR SEIZED PROPERTY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Sheriff's Department did not maintain inventory records of seized property such as cash, vehicles, and personal property. Therefore, we were unable to determine if the office properly accounted for all of the seized property. The failure to adequately inventory seized property increases the risk of loss. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

A perpetual log should be maintained for all 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 2013-010 **THE OFFICE HAD ACCOUNTING DEFICIENCIES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The official cash journal and annual financial report did not properly reflect the operations of the office. Receipts ($124,624) and disbursements ($128,954) for commissary operations were not posted to the cash journal or the annual financial report. These operations were determined by substantive testing and alternative auditing procedures and have been included in the financial statements of this report.

RECOMMENDATION

The official cash journal and annual financial report should accurately reflect all operations of the Sheriff's Department.

FINDING 2013-011 **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 report.

RECOMMENDATION

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

LAUDERDALE COUNTY

FINDING 2013-012 **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:

Finding Numbers	Description
2013-003, 12.03, 11.02	Some 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. Lauderdale County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Lauderdale County should work with its Audit Committee to correct the above-noted material weakness in internal control.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The County Mayor's Office will schedule a meeting with the Audit Committee within two weeks. The Highway Department will be invited to discuss the recurring finding of year-end adjustments having to be made by auditors.

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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The Audit Committee will review the best practice recommendation of the central system of accounting, budgeting, and purchasing. We plan to have the Audit Committee make a report to the County Commission on March 10th or April 14th, at the regular County Commission meeting.

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, 2013

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