
ANNUAL FINANCIAL REPORT LEWIS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
LEWIS COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

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This financial report is available at www.comptroller.state.tn.us

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Audit Highlights
Annual Financial Report
Lewis County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Lewis County as of and for the year ended June 30, 2007.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The office had not established a formal purchase order system.

OTHER FINDINGS

- ◆ Duties were not segregated adequately in the Offices of County Mayor, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ One member of the County Board of Equalization was ineligible for board membership.

INTRODUCTORY SECTION

Lewis County Officials
June 30, 2007

Officials

Kenneth Turnbow, County Mayor
Ronnie Darnell, Road Superintendent
Benny Pace, Director of Schools
Joe Garner, Trustee
Bobby Johnston, Assessor of Property
Sandra Clayton, County Clerk
Donna Couch, Circuit and General Sessions Courts Clerk
Janet Williams, Clerk and Master
Ophelia Green, Register
Dwayne Kilpatrick, Sheriff

Board of County Commissioners

Kenneth Turnbow, Chairman	David Rentschler
Jason Haywood	Joseph Churchwell
Twila Pigg	Raymond Lomax
Brian Peery	Leon Hunter
Darrell Runions	Matthew Spitzer
Bobby James	John Booker
Charles Talley	Mark Graves
Jonah Keltner	Ray Brewer, Jr.
Van Ward	Marty Spears
Ritchie Brewer	

Highway Commission

Kenneth Turnbow, Chairman
Sandra Hatton
Ritchie Brewer

Board of Education

Mike Hinson, Chairman	Phyllis Townsend
Dustin Flowers	Robert Brewer
Marty Carroll	Clark Bates
Steve Skelton	Carolyn Duncan

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

October 4, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lewis County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Lewis County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lewis County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Lewis County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Lewis County Emergency Communications District, which should be included to conform

with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Lewis County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Lewis County, Tennessee, at June 30, 2007, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lewis County, Tennessee, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2007, on our consideration of Lewis County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Lewis County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements.

The management of Lewis County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison and pension information on pages 49 through 53 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lewis 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 Lewis 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 Lewis County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Lewis County, Tennessee
Statement of Net Assets
June 30, 2007

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Lewis County School Department
<u>ASSETS</u>		
Cash	\$ 7,162	\$ 113,136
Equity in Pooled Cash and Investments	2,422,455	1,803,896
Inventories	0	16,672
Accounts Receivable	251,457	10,730
Allowance for Uncollectibles	(34,772)	0
Due from Other Governments	378,332	589,349
Property Taxes Receivable	2,099,005	1,123,979
Allowance for Uncollectible Property Taxes	(90,807)	(47,648)
Capital Assets:		
Assets Not Depreciated:		
Land	1,004,458	456,601
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,659,603	5,627,614
Other Capital Assets	354,756	1,050,686
Infrastructure	8,001,048	0
Total Assets	<u>\$ 16,052,697</u>	<u>\$ 10,745,015</u>
<u>LIABILITIES</u>		
Accrued Payroll	\$ 0	\$ 1,138
Payroll Deductions Payable	336	94,818
Accrued Interest Payable	47,656	0
Deferred Revenue - Current Property Taxes	1,944,605	1,043,714
Noncurrent Liabilities:		
Due Within One Year	1,059,739	5,336
Due in More Than One Year	3,196,604	0
Total Liabilities	<u>\$ 6,248,940</u>	<u>\$ 1,145,006</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 9,490,717	\$ 0
Invested in Capital Assets	0	7,134,901
Restricted for:		
Highway/Public Works	1,033,893	0
Solid Waste/Sanitation	196,704	0
Capital Projects	40,558	0
Debt Service	678,210	0
Other Purposes	434,769	601,609
Unrestricted	<u>(2,071,094)</u>	<u>1,863,499</u>
Total Net Assets	<u>\$ 9,803,757</u>	<u>\$ 9,600,009</u>

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

Exhibit B

Lewis County, Tennessee
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Lewis County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 619,514	\$ 200,625	\$ 31,030	\$ 0	\$ (387,859)	\$ 0
Finance	339,953	222,089	4,700	0	(113,164)	0
Administration of Justice	343,189	222,069	9,000	0	(112,120)	0
Public Safety	1,718,067	225,552	42,484	0	(1,450,031)	0
Public Health and Welfare	1,275,883	475,856	42,155	0	(757,872)	0
Social, Cultural, and Recreational Services	251,784	1,222	0	0	(250,562)	0
Agriculture and Natural Resources	55,027	0	0	0	(55,027)	0
Other Operations	416,298	11,707	6,557	278,341	(119,693)	0
Highways/Public Works	2,692,639	3,600	1,469,672	0	(1,219,367)	0
Instruction	5,800	0	0	0	(5,800)	0
Interest on Long-term Debt	166,006	0	0	0	(166,006)	0
Other Debt Service	1,748	0	350,967	0	349,219	0
Total Governmental Activities	\$ 7,885,908	\$ 1,362,720	\$ 1,956,565	\$ 278,341	\$ (4,288,282)	\$ 0
Total Primary Government	\$ 7,885,908	\$ 1,362,720	\$ 1,956,565	\$ 278,341	\$ (4,288,282)	\$ 0
Component Unit:						
Lewis County School Department	\$ 12,917,042	\$ 378,249	\$ 2,095,949	\$ 0	\$ 0	\$ (10,442,844)
Total Component Unit	\$ 12,917,042	\$ 378,249	\$ 2,095,949	\$ 0	\$ 0	\$ (10,442,844)

(Continued)

Exhibit B

Lewis County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
						Lewis County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 1,581,305	\$ 910,983
Property Taxes Levied for Debt Service					201,378	0
Local Option Sales Tax					449,674	650,554
Other Local Taxes					343,918	22,140
Grants and Contributions Not Restricted to Specific Programs					539,519	8,778,390
Unrestricted Investment Earnings					143,303	67,691
Miscellaneous					31,452	72,105
Total General Revenues					<u>\$ 3,290,549</u>	<u>\$ 10,501,863</u>
Change in Net Assets					\$ (997,733)	\$ 59,019
Net Assets, July 1, 2006					<u>10,801,490</u>	<u>9,540,990</u>
Net Assets, June 30, 2007					<u>\$ 9,803,757</u>	<u>\$ 9,600,009</u>

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

Exhibit C-1

Lewis County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2007

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 6,952	\$ 10	\$ 0	\$ 200	\$ 7,162
Equity in Pooled Cash and Investments	536,911	761,179	626,492	497,873	2,422,455
Accounts Receivable	127,322	38,110	9,134	76,891	251,457
Allowance for Uncollectibles	0	0	0	(34,772)	(34,772)
Due from Other Governments	62,477	232,802	83,053	0	378,332
Property Taxes Receivable	1,785,280	62,135	207,353	44,237	2,099,005
Allowance for Uncollectible Property Taxes	(76,693)	(2,627)	(9,587)	(1,900)	(90,807)
Total Assets	\$ 2,442,249	\$ 1,091,609	\$ 916,445	\$ 582,529	\$ 5,032,832
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Payroll Deductions Payable	\$ 18	\$ 0	\$ 0	\$ 318	\$ 336
Deferred Revenue - Current Property Taxes	1,655,294	57,716	190,579	41,016	1,944,605
Deferred Revenue - Delinquent Property Taxes	48,804	1,637	6,465	1,206	58,112
Other Deferred Revenues	47,398	116,401	42,017	30,874	236,690
Total Liabilities	\$ 1,751,514	\$ 175,754	\$ 239,061	\$ 73,414	\$ 2,239,743
<u>Fund Balances</u>					
Reserved for Alcohol and Drug Treatment	\$ 29,384	\$ 0	\$ 0	\$ 0	\$ 29,384
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	15,532	0	0	0	15,532
Reserved for Drug Court	9,620	0	0	0	9,620
Reserved for Sexual Offender Registration	1,088	0	0	0	1,088
Reserved for Computer System - Register	8,720	0	0	0	8,720
Reserved for Automation Purposes - Circuit Court	696	0	0	0	696
Reserved for Automation Purposes - General Sessions Court	5,043	0	0	0	5,043
Reserved for Automation Purposes - Chancery Court	1,773	0	0	0	1,773
Reserved for Automation Purposes - Sheriff	5,790	0	0	0	5,790
Other Local Education Reserves	0	0	333,683	0	333,683
Reserved for Capital Outlay	186,653	0	0	0	186,653
Reserved for Other General Purposes	10,706	0	0	25,743	36,449
Unreserved, Reported In:					
General Fund	415,730	0	0	0	415,730
Special Revenue Funds	0	915,855	0	444,020	1,359,875
Debt Service Funds	0	0	343,701	0	343,701
Capital Projects Funds	0	0	0	39,352	39,352
Total Fund Balances	\$ 690,735	\$ 915,855	\$ 677,384	\$ 509,115	\$ 2,793,089
Total Liabilities and Fund Balances	\$ 2,442,249	\$ 1,091,609	\$ 916,445	\$ 582,529	\$ 5,032,832

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

Exhibit C-2

Lewis County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 2,793,089
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,004,458	
Add: infrastructure net of accumulated depreciation	8,001,048	
Add: buildings and improvements net of accumulated depreciation	1,659,603	
Add: other capital assets net of accumulated depreciation	<u>354,756</u>	11,019,865
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (2,520,000)	
Less: notes payable	(1,716,601)	
Less: compensated absences payable	(19,742)	
Less: accrued interest on bonds and notes	<u>(47,656)</u>	(4,303,999)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>294,802</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 9,803,757</u>

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

Exhibit C-3

Lewis County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 2,031,813	\$ 56,426	\$ 620,967	\$ 41,367	\$ 2,750,573
Licenses and Permits	2,947	0	0	0	2,947
Fines, Forfeitures, and Penalties	79,490	0	0	5,943	85,433
Charges for Current Services	57,904	0	0	447,691	505,595
Other Local Revenues	147,584	4,062	113,645	46,829	312,120
Fees Received from County Officials	437,352	0	0	0	437,352
State of Tennessee	779,831	1,453,462	0	8,700	2,241,993
Federal Government	18,490	71,471	0	0	89,961
Other Governments and Citizens Groups	59,822	18,694	350,967	0	429,483
Total Revenues	\$ 3,615,233	\$ 1,604,115	\$ 1,085,579	\$ 550,530	\$ 6,855,457
Expenditures					
Current:					
General Government	\$ 561,083	\$ 0	\$ 0	\$ 0	\$ 561,083
Finance	297,661	0	0	0	297,661
Administration of Justice	300,847	0	0	50	300,897
Public Safety	1,235,096	0	0	4,867	1,239,963
Public Health and Welfare	164,057	0	0	424,070	588,127
Social, Cultural, and Recreational Services	182,910	0	0	0	182,910
Agricultural and Natural Resources	55,027	0	0	0	55,027
Other Operations	576,130	0	9,911	31,356	617,397
Highways	0	1,391,757	0	3,700	1,395,457
Instruction	5,800	0	0	0	5,800
Debt Service:					
Principal on Debt	0	0	787,933	0	787,933
Interest on Debt	0	0	147,439	0	147,439
Other Debt Service	0	0	1,748	0	1,748
Capital Projects	662,428	0	0	400	662,828
Total Expenditures	\$ 4,041,039	\$ 1,391,757	\$ 947,031	\$ 464,443	\$ 6,844,270
Excess (Deficiency) of Revenues Over Expenditures	\$ (425,806)	\$ 212,358	\$ 138,548	\$ 86,087	\$ 11,187
Other Financing Sources (Uses)					
Notes Issued	\$ 750,000	\$ 0	\$ 0	\$ 0	\$ 750,000
Transfers In	0	0	47,113	0	47,113
Transfers Out	0	(26,777)	0	(20,336)	(47,113)
Total Other Financing Sources (Uses)	\$ 750,000	\$ (26,777)	\$ 47,113	\$ (20,336)	\$ 750,000
Net Change in Fund Balances	\$ 324,194	\$ 185,581	\$ 185,661	\$ 65,751	\$ 761,187
Fund Balance, July 1, 2006	366,541	730,274	491,723	443,364	2,031,902
Fund Balance, June 30, 2007	\$ 690,735	\$ 915,855	\$ 677,384	\$ 509,115	\$ 2,793,089

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

Exhibit C-4

Lewis 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, 2007

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)		\$ 761,187
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those 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	\$ 121,124	
Less: current year depreciation expense	<u>(1,912,386)</u>	(1,791,262)
(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, 2007	\$ 294,802	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(262,084)</u>	32,718
(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 assets.		
Less: note proceeds	\$ (750,000)	
Add: principal payment on bonds	545,000	
Add: principal payment on notes	<u>242,933</u>	37,933
(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	\$ (18,567)	
Change in compensated absences	<u>(19,742)</u>	<u>(38,309)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (997,733)</u>

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

Exhibit D

Lewis County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 486,513
Due from Other Governments	<u>124,833</u>
Total Assets	<u><u>\$ 611,346</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 124,833
Due to Litigants, Heirs, and Others	<u>486,513</u>
Total Liabilities	<u><u>\$ 611,346</u></u>

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

LEWIS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lewis 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 Lewis County:

A. Reporting Entity

Lewis County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Lewis 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.

Blended Component Units – There are no legally separate component units of Lewis County that meet the criteria for being reported as part of the primary government by the blending method.

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

The Lewis County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Lewis County, and the Lewis County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Lewis County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Lewis County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Lewis County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Lewis County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Lewis County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Lewis County Emergency Communications District
P. O. Box 611
Hohenwald, TN 38462

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Lewis County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Lewis 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.

Lewis County issues most debt for the discretely presented Lewis County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2007.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds 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 fiduciary fund 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 Lewis County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Lewis County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds 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. Lewis 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.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Lewis County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Lewis County reports the following fund types:

Capital Projects Fund – The Highway Capital Projects Fund accounts for state and local funds to be used for bridge construction.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Lewis County. 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 Lewis 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.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Lewis County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Debt Service Funds. Lewis County and the Lewis County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other

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

2. Receivables and Payables

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Inventories

Inventories of the School Department are recorded at cost, determined on the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. **Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 (\$5,000 for land) or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Other Capital Assets	5-20
Infrastructure:	
Roads	8-30
Bridges	20-40

5. **Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused sick pay benefits. There is no liability for unpaid accumulated sick leave since Lewis County does not have a policy to pay any amounts when employees separate from service with the government. The county's policy does not allow for the accumulation of unused vacation days beyond the fiscal year.

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. 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 School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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 compensated absences, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2007, Lewis County had \$2,520,800 in outstanding debt for capital purposes for the discretely presented Lewis County School Department. This debt is a liability of Lewis County, but the capital assets acquired are reported in the financial statements of the Lewis County School Department. Therefore, Lewis County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2007.

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Patrol Cars	\$ 6,761
Library	2,324
Automation	4,544

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Lewis County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

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

Discretely Presented Lewis County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) which is not budgeted. 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 State 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, Board of Equalization, County Mayor/Executive, County Attorney, 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 GAAP basis is presented on the face of each budgetary schedule.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2007.

B. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 925,534	\$ 78,924	\$ 1,004,458
Total Capital Assets Not Depreciated	<u>\$ 925,534</u>	<u>\$ 78,924</u>	<u>\$ 1,004,458</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,944,464	\$ 0	\$ 2,944,464
Roads and Bridges	16,345,170	0	16,345,170
Other Capital Assets	1,036,848	42,200	1,079,048
Total Capital Assets Depreciated	<u>\$ 20,326,482</u>	<u>\$ 42,200</u>	<u>\$ 20,368,682</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 672,777	\$ 612,084	\$ 1,284,861
Roads and Bridges	7,243,356	1,100,766	8,344,122
Other Capital Assets	524,756	199,536	724,292
Total Accumulated Depreciation	<u>\$ 8,440,889</u>	<u>\$ 1,912,386</u>	<u>\$ 10,353,275</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,885,593</u>	<u>\$ (1,870,186)</u>	<u>\$ 10,015,407</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,811,127</u>	<u>\$ (1,791,262)</u>	<u>\$ 11,019,865</u>

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

Governmental Activities:

General Government	\$	3,490
Public Safety		333,118
Public Health and Welfare		24,928
Social, Cultural, and Recreation		54,514
Other General Government		156,954
Highway/Public Works		<u>1,339,382</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>1,912,386</u></u>

Discretely Presented Lewis County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 456,601	\$ 0	\$ 456,601
Total Capital Assets Not Depreciated	<u>\$ 456,601</u>	<u>\$ 0</u>	<u>\$ 456,601</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 10,220,666	\$ 61,866	\$ 10,282,532
Other Capital Assets	1,815,887	299,384	2,115,271
Total Capital Assets Depreciated	<u>\$ 12,036,553</u>	<u>\$ 361,250</u>	<u>\$ 12,397,803</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 4,312,169	\$ 342,749	\$ 4,654,918
Other Capital Assets	936,489	128,096	1,064,585
Total Accumulated Depreciation	<u>\$ 5,248,658</u>	<u>\$ 470,845</u>	<u>\$ 5,719,503</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,787,895</u>	<u>\$ (109,595)</u>	<u>\$ 6,678,300</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,244,496</u>	<u>\$ (109,595)</u>	<u>\$ 7,134,901</u>

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

Governmental Activities:

Support Services	\$ 462,871
Operation of Non-Instructional Services	<u>7,974</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 470,845</u></u>

C. Interfund Transfers

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u> General Debt Service Fund
Highway/Public Works Fund	\$ 26,777
Nonmajor governmental funds	<u>20,336</u>
Total	<u><u>\$ 47,113</u></u>

Discretely Presented Lewis County School Department

<u>Transfers Out</u>	<u>Transfers In</u> General Purpose School Fund
Nonmajor governmental funds	\$ <u>10,531</u>
Total	<u><u>\$ 10,531</u></u>

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.

D. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 14 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds - Refunding	2.25 to 3.85%	\$ 4,780,000	\$ 2,520,000
Capital Outlay Notes	0 to 4.9	2,676,000	1,716,601

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 560,000	\$ 88,108	\$ 484,933	\$ 70,566
2009	580,000	67,860	488,334	51,424
2010	150,000	46,230	488,334	31,920
2011	155,000	41,205	80,000	12,335
2012	160,000	36,013	85,000	8,575
2013-2017	915,000	94,135	90,000	4,410
Total	\$ 2,520,000	\$ 373,551	\$ 1,716,601	\$ 179,230

There is \$677,384 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$222, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled \$373, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Bonds	Notes	Compensated Absences
Balance, July 1, 2006	\$ 3,065,000	\$ 1,209,534	\$ 0
Additions	0	750,000	21,248
Deductions	(545,000)	(242,933)	(1,506)
Balance, June 30, 2007	<u>\$ 2,520,000</u>	<u>\$ 1,716,601</u>	<u>\$ 19,742</u>
Balance Due Within One Year	<u>\$ 560,000</u>	<u>\$ 484,933</u>	<u>\$ 14,806</u>

Compensated absences payable will be paid from the employing funds, primarily the General Fund.

Discretely Presented Lewis County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Lewis County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Notes	Compensated Absences
Balance, July 1, 2006	\$ 62,554	\$ 4,543
Additions	0	8,287
Deductions	(62,554)	(7,494)
Balance, June 30, 2007	<u>\$ 0</u>	<u>\$ 5,336</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 5,336</u>

Compensated absences payable will be paid from the employing funds, primarily the General Purpose School Fund.

E. Short-term Debt

Lewis County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary to meet cash flow requirements. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance			Balance
	7-1-06	Issued	Redeemed	6-30-07
Tax Anticipation Notes	\$ 0	\$ 250,000	\$ (250,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, and casualty losses. The county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Lewis County decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers' compensation coverage. Lewis County joined the Local Government Workers' Compensation Fund (LGWCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. Lewis County pays annual premiums to the LGWCF for its workers' compensation coverage. The creation of the LGWCF provides for it to be self-sustaining through member premiums.

Discretely Presented Lewis County School Department

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining

through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$200,000 and workers' compensation claims exceeding \$500,000.

B. Accounting Change

At the beginning of the year, Lewis County implemented the provisions of Governmental Accounting Standards Board Statement No 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In prior years, Lewis County had elected to implement only the provisions of Statement 34 that related to the fund financial statements.

C. Contingent Liabilities

Subsequent to June 30, 2007, a lawsuit was filed against Lewis County. The county attorney and officials estimate that potential claims against the county that are not covered by insurance but resulting from such litigation would not materially affect the county's financial statements.

D. Joint Ventures

The Hohenwald/Lewis County Economic Development Council is a joint venture between Lewis County and the City of Hohenwald. The council comprises the mayor of the City of Hohenwald, the mayor of Lewis County, and the president of the Lewis County Chamber of Commerce. The purpose of the council is to expand and diversify the economy of the City of Hohenwald and Lewis County. The city and county provide the majority of the funding for the council. Lewis County contributed \$30,000 to the Hohenwald/Lewis County Economic Development Council during the 2006-07 year.

The Joint Economic and Community Development Board of Lewis County is a joint venture between Lewis County and the City of Hohenwald. The board comprises the mayor of the City of Hohenwald, the mayor of Lewis County, the president of the Lewis County Chamber of Commerce, a private citizen who owns greenbelt property, and a local industry representative. The purpose of the board is to develop, recommend, and direct a strategic plan of policies and action that improves the economic well-being of the community and those activities and services that support economic growth and improve the quality of life of the community's members. The city and county provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Lewis County did not appropriate any funds to the Joint Economic and Community Development Board of Lewis County during the 2006-07 year.

The Twenty-First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-First Judicial District, Williamson, Lewis, Hickman, and Perry

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. Lewis County did not appropriate any funds to the DTF for the year ended June 30, 2007.

Lewis County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Twenty-First Judicial District Drug Task Force can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Twenty-First Judicial District Drug Task Force
P. O. Box 937
Franklin, TN 37065

E. Jointly Governed Organization

Lewis County, in conjunction with Hickman, Perry, and Wayne counties, and the cities of Hohenwald, Centerville, Waynesboro, and Linden, has created the South Central Tennessee Railroad Authority (SCTRA). The SCTRA's board comprises 16 members, consisting of the county mayors/executives, city mayors, and appointed members from the respective County Commissions and City Councils. Lewis County does not have any ongoing financial interest or responsibility for the entity, and the county did not appropriate any funds to the SCTRA during the audit period. Funding sources for the SCTRA are lease payments, switching fees, interest, and grants.

F. Retirement Commitments

Employees

Plan Description

Employees of Lewis 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 Lewis 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.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

County Officials

Lewis County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 4.69 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lewis County is established and may be amended by the TCRS Board of Trustees.

Highway Department Employees

Lewis County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 15.38 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lewis County is established and may be amended by the TCRS Board of Trustees.

School Department Employees

The Lewis County School Department requires employees to contribute five percent of earnable compensation. The School Department is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 9.55 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Officials

For the year ended June 30, 2007, Lewis County's annual pension cost of \$24,463 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Lewis 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, 2005, was 17 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-07	\$24,463	100%	\$0
6-30-06	16,646	100	0
6-30-05	15,980	100	0

Highway Department Employees

For the year ended June 30, 2007, Lewis County's annual pension cost of \$82,450 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period.

Lewis 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$82,450	100%	\$0
6-30-06	88,249	100	0
6-30-05	78,093	100	0

School Department Employees

For the year ended June 30, 2007, the Lewis County School Department's annual pension cost of \$111,497 to TCRS was equal to the School Department's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The School Department's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$111,497	100%	\$0
6-30-06	125,891	100	0
6-30-05	121,224	100	0

School Teachers

Plan Description

The Lewis 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.treasury.state.tn.us.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Lewis County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for Lewis County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were \$381,308, \$327,374, and \$326,301, respectively, equal to the required contributions for each year.

G. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) to be made after public advertisement and solicitation of competitive bids.

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by Chapter 395, Private Acts of 1937, as amended, and provisions of the Uniform Road Law, Section 54-7-113, TCA, which provide for purchases exceeding \$10,000 to be made after public advertisement, solicitation of competitive bids, and approval by the county Highway Advisory Commission.

Office of Director of Schools

Purchasing procedures for the discretely presented Lewis 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 that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,031,813	\$ 1,994,504	\$ 1,994,504	\$ 37,309
Licenses and Permits	2,947	2,000	2,000	947
Fines, Forfeitures, and Penalties	79,490	63,950	63,950	15,540
Charges for Current Services	57,904	46,000	46,000	11,904
Other Local Revenues	147,584	152,100	136,137	11,447
Fees Received from County Officials	437,352	427,700	427,700	9,652
State of Tennessee	779,831	815,180	1,070,880	(291,049)
Federal Government	18,490	44,765	59,415	(40,925)
Other Governments and Citizens Groups	59,822	25,000	60,000	(178)
Total Revenues	<u>\$ 3,615,233</u>	<u>\$ 3,571,199</u>	<u>\$ 3,860,586</u>	<u>\$ (245,353)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 55,947	\$ 56,119	\$ 57,494	\$ 1,547
Board of Equalization	700	1,000	1,000	300
County Mayor/Executive	103,416	108,995	108,995	5,579
County Attorney	14,252	6,100	14,252	0
Election Commission	82,228	67,436	85,001	2,773
Register of Deeds	79,772	78,633	83,633	3,861
Building	24,414	6,100	24,808	394
Geographical Information Systems	25,854	25,529	28,700	2,846
County Buildings	174,500	202,319	204,719	30,219
<u>Finance</u>				
Property Assessor's Office	76,580	78,796	77,209	629
Reappraisal Program	20,431	19,850	20,900	469
County Trustee's Office	106,859	107,249	107,349	490
County Clerk's Office	93,791	96,268	96,268	2,477
<u>Administration of Justice</u>				
Circuit Court	59,649	67,276	67,276	7,627
General Sessions Judge	82,292	84,720	84,720	2,428
General Sessions Court Clerk	57,498	57,618	60,756	3,258
Chancery Court	81,421	82,013	84,576	3,155
Judicial Commissioners	19,987	20,744	20,744	757
<u>Public Safety</u>				
Sheriff's Department	573,697	573,855	578,855	5,158
Administration of the Sexual Offender Registry	199	0	199	0
Jail	564,186	497,885	564,186	0
Juvenile Services	11,310	11,524	11,310	0
Fire Prevention and Control	19,000	19,000	19,000	0
Civil Defense	12,009	12,000	12,632	623
Other Emergency Management	42,056	44,765	42,056	0
County Coroner/Medical Examiner	12,639	7,370	12,639	0

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 30,878	\$ 43,408	\$ 43,408	\$ 12,530
Ambulance/Emergency Medical Services	87,740	87,740	87,740	0
Other Local Health Services	3,039	71,026	71,026	67,987
Regional Mental Health Center	7,500	7,500	7,500	0
Sanitation Education/Information	34,900	29,237	34,900	0
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	457	0	484	27
Senior Citizens Assistance	8,130	33,130	35,130	27,000
Libraries	73,637	73,238	73,637	0
Parks and Fair Boards	100,686	97,682	112,283	11,597
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	41,027	41,461	41,461	434
Soil Conservation	14,000	14,000	14,000	0
<u>Other Operations</u>				
Other Economic and Community Development	36,050	36,968	36,968	918
Airport	119,774	285,075	535,775	416,001
Veterans' Services	3,541	3,620	3,620	79
Contributions to Other Agencies	746	850	850	104
Employee Benefits	324,019	303,639	326,226	2,207
Miscellaneous	92,000	102,970	93,970	1,970
<u>Instruction</u>				
Adult Education Program	5,800	5,800	5,800	0
<u>Capital Projects</u>				
General Administration Projects	661,988	31,000	786,682	124,694
Public Utility Projects	440	0	500	60
Total Expenditures	<u>\$ 4,041,039</u>	<u>\$ 3,601,508</u>	<u>\$ 4,781,237</u>	<u>\$ 740,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (425,806)</u>	<u>\$ (30,309)</u>	<u>\$ (920,651)</u>	<u>\$ 494,845</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	<u>\$ 750,000</u>	<u>\$ 31,000</u>	<u>\$ 781,000</u>	<u>\$ (31,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 750,000</u>	<u>\$ 31,000</u>	<u>\$ 781,000</u>	<u>\$ (31,000)</u>
Net Change in Fund Balance	\$ 324,194	\$ 691	\$ (139,651)	\$ 463,845
Fund Balance, July 1, 2006	<u>366,541</u>	<u>599,808</u>	<u>599,808</u>	<u>(233,267)</u>
Fund Balance, June 30, 2007	<u>\$ 690,735</u>	<u>\$ 600,499</u>	<u>\$ 460,157</u>	<u>\$ 230,578</u>

Exhibit E-2

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 56,426	\$ 57,781	\$ 58,241	\$ (1,815)
Other Local Revenues	4,062	12,500	14,000	(9,938)
State of Tennessee	1,453,462	1,629,805	1,646,700	(193,238)
Federal Government	71,471	38,340	38,640	32,831
Other Governments and Citizens Groups	18,694	12,500	12,500	6,194
Total Revenues	<u>\$ 1,604,115</u>	<u>\$ 1,750,926</u>	<u>\$ 1,770,081</u>	<u>\$ (165,966)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 177,762	\$ 158,842	\$ 185,737	\$ 7,975
Highway and Bridge Maintenance	639,757	736,845	736,845	97,088
Operation and Maintenance of Equipment	194,739	263,489	263,489	68,750
Other Charges	92,870	92,953	93,053	183
Employee Benefits	218,895	235,500	235,500	16,605
Capital Outlay	67,734	236,520	236,520	168,786
Total Expenditures	<u>\$ 1,391,757</u>	<u>\$ 1,724,149</u>	<u>\$ 1,751,144</u>	<u>\$ 359,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 212,358</u>	<u>\$ 26,777</u>	<u>\$ 18,937</u>	<u>\$ 193,421</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (26,777)	\$ (26,777)	\$ (26,777)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (26,777)</u>	<u>\$ (26,777)</u>	<u>\$ (26,777)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 185,581	\$ 0	\$ (7,840)	\$ 193,421
Fund Balance, July 1, 2006	<u>730,274</u>	<u>615,000</u>	<u>615,000</u>	<u>115,274</u>
Fund Balance, June 30, 2007	<u>\$ 915,855</u>	<u>\$ 615,000</u>	<u>\$ 607,160</u>	<u>\$ 308,695</u>

Exhibit E-3

Lewis County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

Required Supplementary Information
 Schedule of Funding Progress for Lewis County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a)/c)
<u>County Officials</u>						
6-30-05	\$ 1,400	\$ 1,447	\$ 47	96.75 %	\$ 439	10.73 %
6-30-03	1,231	1,281	50	96.10	386	12.95
6-30-01	1,064	1,119	55	95.08	393	13.99
<u>Highway Department Employees</u>						
6-30-05	1,195	1,545	350	77.33	470	74.55
6-30-03	1,060	1,455	395	72.85	446	88.57
6-30-01	973	1,412	439	68.91	408	107.60
<u>School Department Employees</u>						
6-30-05	2,784	3,047	263	94.34	1,310	20.14
6-30-03	2,434	2,731	297	89.12	1,085	27.37
6-30-01	2,163	2,553	390	84.72	1,048	37.21

LEWIS COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Lewis 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 State 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, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Lewis County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions relating to Lewis County’s waste disposal program.

Special Purpose Fund – The Special Purpose Fund is used to account for the accumulation of resources for future projects.

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

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for transactions of the fee and commission accounts of the trustee, clerks, register, and sheriff. Revenues from fees and commissions earned by these officials are remitted to the county’s General Fund.

Capital Projects Fund

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

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

Exhibit F-1

Lewis County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Special Purpose	Drug Control	Total	Highway Capital Projects	
<u>ASSETS</u>						
Cash	\$ 200	\$ 0	\$ 0	\$ 200	\$ 0	\$ 200
Equity in Pooled Cash and Investments	158,041	275,723	24,872	458,636	39,237	497,873
Accounts Receivable	73,553	3,333	5	76,891	0	76,891
Allowance for Uncollectibles	(34,772)	0	0	(34,772)	0	(34,772)
Property Taxes Receivable	0	0	0	0	44,237	44,237
Allowance for Uncollectible Property Taxes	0	0	0	0	(1,900)	(1,900)
Total Assets	<u>\$ 197,022</u>	<u>\$ 279,056</u>	<u>\$ 24,877</u>	<u>\$ 500,955</u>	<u>\$ 81,574</u>	<u>\$ 582,529</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Payroll Deductions Payable	\$ 318	\$ 0	\$ 0	\$ 318	\$ 0	\$ 318
Deferred Revenue - Current Property Taxes	0	0	0	0	41,016	41,016
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	1,206	1,206
Other Deferred Revenues	30,874	0	0	30,874	0	30,874
Total Liabilities	<u>\$ 31,192</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,192</u>	<u>\$ 42,222</u>	<u>\$ 73,414</u>
<u>Fund Balances</u>						
Reserved for Other General Purposes	\$ 25,743	\$ 0	\$ 0	\$ 25,743	\$ 0	\$ 25,743
Unreserved	140,087	279,056	24,877	444,020	39,352	483,372
Total Fund Balances	<u>\$ 165,830</u>	<u>\$ 279,056</u>	<u>\$ 24,877</u>	<u>\$ 469,763</u>	<u>\$ 39,352</u>	<u>\$ 509,115</u>
Total Liabilities and Fund Balances	<u>\$ 197,022</u>	<u>\$ 279,056</u>	<u>\$ 24,877</u>	<u>\$ 500,955</u>	<u>\$ 81,574</u>	<u>\$ 582,529</u>

Exhibit F-2

Lewis County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional Officers - Fees	Total	Highway Capital Projects	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,367	\$ 41,367
Fines, Forfeitures, and Penalties	0	0	5,943	0	5,943	0	5,943
Charges for Current Services	447,641	0	0	50	447,691	0	447,691
Other Local Revenues	26,537	20,292	0	0	46,829	0	46,829
State of Tennessee	8,700	0	0	0	8,700	0	8,700
Total Revenues	\$ 482,878	\$ 20,292	\$ 5,943	\$ 50	\$ 509,163	\$ 41,367	\$ 550,530
<u>Expenditures</u>							
Current:							
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 50	\$ 50	\$ 0	\$ 50
Public Safety	0	0	4,867	0	4,867	0	4,867
Public Health and Welfare	424,070	0	0	0	424,070	0	424,070
Other Operations	31,356	0	0	0	31,356	0	31,356
Highways	0	0	0	0	0	3,700	3,700
Capital Projects	400	0	0	0	400	0	400
Total Expenditures	\$ 455,826	\$ 0	\$ 4,867	\$ 50	\$ 460,743	\$ 3,700	\$ 464,443
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,052	\$ 20,292	\$ 1,076	\$ 0	\$ 48,420	\$ 37,667	\$ 86,087
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (20,336)	\$ 0	\$ 0	\$ 0	\$ (20,336)	\$ 0	\$ (20,336)
Total Other Financing Sources (Uses)	\$ (20,336)	\$ 0	\$ 0	\$ 0	\$ (20,336)	\$ 0	\$ (20,336)
Net Change in Fund Balances	\$ 6,716	\$ 20,292	\$ 1,076	\$ 0	\$ 28,084	\$ 37,667	\$ 65,751
Fund Balance, July 1, 2006	159,114	258,764	23,801	0	441,679	1,685	443,364
Fund Balance, June 30, 2007	\$ 165,830	\$ 279,056	\$ 24,877	\$ 0	\$ 469,763	\$ 39,352	\$ 509,115

Exhibit F-3

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 447,641	\$ 447,000	\$ 447,000	\$ 641
Other Local Revenues	26,537	14,000	21,252	5,285
State of Tennessee	8,700	8,700	8,700	0
Total Revenues	<u>\$ 482,878</u>	<u>\$ 469,700</u>	<u>\$ 476,952</u>	<u>\$ 5,926</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 371,106	\$ 378,046	\$ 394,309	\$ 23,203
Landfill Operation and Maintenance	52,964	48,986	53,786	822
<u>Other Operations</u>				
Employee Benefits	26,945	30,082	30,082	3,137
Miscellaneous	4,411	4,500	4,500	89
<u>Capital Projects</u>				
General Administration Projects	400	0	400	0
Total Expenditures	<u>\$ 455,826</u>	<u>\$ 461,614</u>	<u>\$ 483,077</u>	<u>\$ 27,251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 27,052</u>	<u>\$ 8,086</u>	<u>\$ (6,125)</u>	<u>\$ 33,177</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (20,336)	\$ (20,336)	\$ (20,336)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (20,336)</u>	<u>\$ (20,336)</u>	<u>\$ (20,336)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 6,716	\$ (12,250)	\$ (26,461)	\$ 33,177
Fund Balance, July 1, 2006	<u>159,114</u>	<u>153,389</u>	<u>153,389</u>	<u>5,725</u>
Fund Balance, June 30, 2007	<u><u>\$ 165,830</u></u>	<u><u>\$ 141,139</u></u>	<u><u>\$ 126,928</u></u>	<u><u>\$ 38,902</u></u>

Exhibit F-4

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 20,292	\$ 5,748	\$ 5,748	\$ 14,544
Total Revenues	\$ 20,292	\$ 5,748	\$ 5,748	\$ 14,544
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,292	\$ 5,748	\$ 5,748	\$ 14,544
Net Change in Fund Balance	\$ 20,292	\$ 5,748	\$ 5,748	\$ 14,544
Fund Balance, July 1, 2006	258,764	254,016	254,016	4,748
Fund Balance, June 30, 2007	\$ 279,056	\$ 259,764	\$ 259,764	\$ 19,292

Exhibit F-5

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 5,943	\$ 3,200	\$ 3,200	\$ 2,743
Other Local Revenues	0	0	5,325	(5,325)
Total Revenues	<u>\$ 5,943</u>	<u>\$ 3,200</u>	<u>\$ 8,525</u>	<u>\$ (2,582)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 4,867	\$ 3,200	\$ 8,525	\$ 3,658
Total Expenditures	<u>\$ 4,867</u>	<u>\$ 3,200</u>	<u>\$ 8,525</u>	<u>\$ 3,658</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,076</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,076</u>
Net Change in Fund Balance	\$ 1,076	\$ 0	\$ 0	\$ 1,076
Fund Balance, July 1, 2006	<u>23,801</u>	<u>18,147</u>	<u>18,147</u>	<u>5,654</u>
Fund Balance, June 30, 2007	<u>\$ 24,877</u>	<u>\$ 18,147</u>	<u>\$ 18,147</u>	<u>\$ 6,730</u>

Exhibit F-6

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 41,367	\$ 38,849	\$ 38,849	\$ 2,518
Total Revenues	\$ 41,367	\$ 38,849	\$ 38,849	\$ 2,518
<u>Expenditures</u>				
<u>Highways</u>				
Other Charges	\$ 817	\$ 800	\$ 825	\$ 8
Capital Outlay	2,883	38,049	38,049	35,166
Total Expenditures	\$ 3,700	\$ 38,849	\$ 38,874	\$ 35,174
Excess (Deficiency) of Revenues Over Expenditures	\$ 37,667	\$ 0	\$ (25)	\$ 37,692
Net Change in Fund Balance	\$ 37,667	\$ 0	\$ (25)	\$ 37,692
Fund Balance, July 1, 2006	1,685	1,500	1,500	185
Fund Balance, June 30, 2007	\$ 39,352	\$ 1,500	\$ 1,475	\$ 37,877

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 620,967	\$ 566,009	\$ 566,009	\$ 54,958
Other Local Revenues	113,645	97,700	97,700	15,945
Other Governments and Citizens Groups	350,967	0	350,967	0
Total Revenues	<u>\$ 1,085,579</u>	<u>\$ 663,709</u>	<u>\$ 1,014,676</u>	<u>\$ 70,903</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 9,911	\$ 10,500	\$ 10,500	\$ 589
<u>Principal on Debt</u>				
General Government	213,633	238,133	213,633	0
Highways and Streets	24,500	0	24,500	0
Education	549,800	549,800	549,800	0
<u>Interest on Debt</u>				
General Government	38,015	40,090	38,015	0
Highways and Streets	2,239	0	2,239	0
Education	107,185	107,185	107,185	0
<u>Other Debt Service</u>				
General Government	0	600	188	188
Education	1,748	1,500	1,748	0
Total Expenditures	<u>\$ 947,031</u>	<u>\$ 947,808</u>	<u>\$ 947,808</u>	<u>\$ 777</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 138,548</u>	<u>\$ (284,099)</u>	<u>\$ 66,868</u>	<u>\$ 71,680</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 47,113	\$ 397,378	\$ 46,411	\$ 702
Transfers Out	0	(50,000)	(50,000)	50,000
Total Other Financing Sources (Uses)	<u>\$ 47,113</u>	<u>\$ 347,378</u>	<u>\$ (3,589)</u>	<u>\$ 50,702</u>
Net Change in Fund Balance	\$ 185,661	\$ 63,279	\$ 63,279	\$ 122,382
Fund Balance, July 1, 2006	<u>491,723</u>	<u>440,824</u>	<u>440,824</u>	<u>50,899</u>
Fund Balance, June 30, 2007	<u>\$ 677,384</u>	<u>\$ 504,103</u>	<u>\$ 504,103</u>	<u>\$ 173,281</u>

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

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.

Exhibit H-1

Lewis County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 486,513	\$ 486,513
Due from Other Governments	124,833	0	124,833
Total Assets	<u>\$ 124,833</u>	<u>\$ 486,513</u>	<u>\$ 611,346</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 124,833	\$ 0	\$ 124,833
Due to Litigants, Heirs, and Others	0	486,513	486,513
Total Liabilities	<u>\$ 124,833</u>	<u>\$ 486,513</u>	<u>\$ 611,346</u>

Exhibit H-2

Lewis County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 847,227	\$ 847,227	\$ 0
Due from Other Governments	107,087	124,833	107,087	124,833
Total Assets	<u>\$ 107,087</u>	<u>\$ 972,060</u>	<u>\$ 954,314</u>	<u>\$ 124,833</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 107,087	\$ 972,060	\$ 954,314	\$ 124,833
Total Liabilities	<u>\$ 107,087</u>	<u>\$ 972,060</u>	<u>\$ 954,314</u>	<u>\$ 124,833</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 474,871	\$ 1,933,663	\$ 1,922,021	\$ 486,513
Total Assets	<u>\$ 474,871</u>	<u>\$ 1,933,663</u>	<u>\$ 1,922,021</u>	<u>\$ 486,513</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 474,871	\$ 1,933,663	\$ 1,922,021	\$ 486,513
Total Liabilities	<u>\$ 474,871</u>	<u>\$ 1,933,663</u>	<u>\$ 1,922,021</u>	<u>\$ 486,513</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 847,227	\$ 847,227	\$ 0
Cash	474,871	1,933,663	1,922,021	486,513
Due from Other Governments	107,087	124,833	107,087	124,833
Total Assets	<u>\$ 581,958</u>	<u>\$ 2,905,723</u>	<u>\$ 2,876,335</u>	<u>\$ 611,346</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 107,087	\$ 972,060	\$ 954,314	\$ 124,833
Due to Litigants, Heirs, and Others	474,871	1,933,663	1,922,021	486,513
Total Liabilities	<u>\$ 581,958</u>	<u>\$ 2,905,723</u>	<u>\$ 2,876,335</u>	<u>\$ 611,346</u>

Lewis County School Department

This section presents combining and individual fund financial statements for the Lewis 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 I-1

Lewis County, Tennessee
Statement of Activities
Discretely Presented Lewis County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:					
Instruction	\$ 6,862,769	\$ 950	\$ 1,480,176	\$ 0	\$ (5,381,643)
Support Services	4,070,022	4,369	24,739	0	(4,040,914)
Operation of Non-Instructional Services	1,631,190	372,930	591,034	0	(667,226)
Interest on Long-term Debt	2,094	0	0	0	(2,094)
Other Debt Service	350,967	0	0	0	(350,967)
Total Governmental Activities	\$ 12,917,042	\$ 378,249	\$ 2,095,949	\$ 0	\$ (10,442,844)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 910,983
Local Option Sales tax					650,554
Other Local Taxes					22,140
Grants and Contributions Not Restricted to Specific Programs					8,778,390
Unrestricted Investment Earnings					67,691
Miscellaneous					72,105
Total General Revenues					\$ 10,501,863
Change in Net Assets					\$ 59,019
Net Assets, July 1, 2006					9,540,990
Net Assets, June 30, 2007					\$ 9,600,009

Exhibit I-2

Lewis County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lewis County School Department
June 30, 2007

	Major Funds		Nonmajor	Total Govern- mental Funds
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>ASSETS</u>				
Cash	\$ 95,328	\$ 17,808	\$ 0	\$ 113,136
Equity in Pooled Cash and Investments	1,414,486	366,713	22,697	1,803,896
Inventories	0	16,672	0	16,672
Accounts Receivable	10,730	0	0	10,730
Due from Other Governments	537,396	18,914	33,039	589,349
Property Taxes Receivable	1,123,979	0	0	1,123,979
Allowance for Uncollectible Property Taxes	(47,648)	0	0	(47,648)
Total Assets	\$ 3,134,271	\$ 420,107	\$ 55,736	\$ 3,610,114
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accrued Payroll	\$ 1,138	\$ 0	\$ 0	\$ 1,138
Payroll Deductions Payable	94,818	0	0	94,818
Deferred Revenue - Current Property Taxes	1,043,714	0	0	1,043,714
Deferred Revenue - Delinquent Property Taxes	29,897	0	0	29,897
Other Deferred Revenues	73,924	0	0	73,924
Total Liabilities	\$ 1,243,491	\$ 0	\$ 0	\$ 1,243,491
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 157,621	\$ 0	\$ 37,550	\$ 195,171
Other Local Education Reserves	3,552	0	0	3,552
Reserved for Career Ladder - Extended Contract	4,718	0	0	4,718
Reserved for Basic Education Program	117,496	0	0	117,496
Reserved for Title I Grants to Local Education Agencies	0	0	2,292	2,292
Reserved for Innovative Education Program Strategies	0	0	110	110
Reserved for Special Education - Grants to States	0	0	15,149	15,149
Other Federal Reserves	0	0	635	635
Unreserved, Reported In:				
General Fund	1,607,393	0	0	1,607,393
Special Revenue Funds	0	420,107	0	420,107
Total Fund Balances	\$ 1,890,780	\$ 420,107	\$ 55,736	\$ 2,366,623
Total Liabilities and Fund Balances	\$ 3,134,271	\$ 420,107	\$ 55,736	\$ 3,610,114

Exhibit I-3

Lewis County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Lewis County School Department
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 2,366,623
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 456,601	
Add: buildings and improvements net of accumulated depreciation	5,627,614	
Add: other capital assets net of accumulated depreciation	<u>1,050,686</u>	7,134,901
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable		(5,336)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>103,821</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 9,600,009</u></u>

Exhibit I-4

Lewis County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Lewis County School Department
For the Year Ended June 30, 2007

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 1,661,632	\$ 0	\$ 0	\$ 1,661,632
Licenses and Permits	271	0	0	271
Charges for Current Services	33,707	369,281	0	402,988
Other Local Revenues	139,036	11,541	19	150,596
State of Tennessee	8,935,146	11,548	0	8,946,694
Federal Government	12,435	579,486	1,207,580	1,799,501
Total Revenues	<u>\$ 10,782,227</u>	<u>\$ 971,856</u>	<u>\$ 1,207,599</u>	<u>\$ 12,961,682</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 6,284,927	\$ 0	\$ 738,717	\$ 7,023,644
Support Services	3,272,258	0	334,447	3,606,705
Operation of Non-Instructional Services	606,910	991,624	96,809	1,695,343
Capital Outlay	128,248	0	0	128,248
Debt Service:				
Principal on Debt	62,554	0	0	62,554
Interest on Debt	2,094	0	0	2,094
Other Debt Service	350,967	0	0	350,967
Total Expenditures	<u>\$ 10,707,958</u>	<u>\$ 991,624</u>	<u>\$ 1,169,973</u>	<u>\$ 12,869,555</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 74,269</u>	<u>\$ (19,768)</u>	<u>\$ 37,626</u>	<u>\$ 92,127</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 10,531	\$ 0	\$ 0	\$ 10,531
Transfers Out	0	0	(10,531)	(10,531)
Total Other Financing Sources (Uses)	<u>\$ 10,531</u>	<u>\$ 0</u>	<u>\$ (10,531)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 84,800	\$ (19,768)	\$ 27,095	\$ 92,127
Fund Balance, July 1, 2006	1,805,980	439,875	28,641	2,274,496
Fund Balance, June 30, 2007	<u>\$ 1,890,780</u>	<u>\$ 420,107</u>	<u>\$ 55,736</u>	<u>\$ 2,366,623</u>

Exhibit I-5

Lewis County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Lewis County School Department
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	92,127
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those 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	\$	361,250	
Less: current year depreciation		<u>(470,845)</u>	(109,595)
(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, 2007	\$	103,821	
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(89,442)</u>	14,379
(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 assets.			
Add: principal payment on notes			62,554
(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 compensated absences			<u>(446)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>59,019</u>

Exhibit I-6

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lewis County School Department
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,661,632	\$ 0	\$ 0	\$ 1,661,632	\$ 1,603,077	\$ 1,631,177	\$ 30,455
Licenses and Permits	271	0	0	271	500	500	(229)
Charges for Current Services	33,707	0	0	33,707	21,100	33,055	652
Other Local Revenues	139,036	0	0	139,036	45,550	116,421	22,615
State of Tennessee	8,935,146	0	0	8,935,146	8,493,569	8,945,400	(10,254)
Federal Government	12,435	0	0	12,435	2,125	21,713	(9,278)
Total Revenues	\$ 10,782,227	\$ 0	\$ 0	\$ 10,782,227	\$ 10,165,921	\$ 10,748,266	\$ 33,961
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,201,630	\$ (49,031)	\$ 481	\$ 5,153,080	\$ 5,197,647	\$ 5,272,046	\$ 118,966
Alternative Instruction Program	56,312	0	0	56,312	57,640	57,640	1,328
Special Education Program	808,664	(3,564)	75	805,175	817,032	814,181	9,006
Vocational Education Program	211,007	0	0	211,007	219,553	219,553	8,546
Student Body Education Program	7,314	0	0	7,314	10,995	10,995	3,681
<u>Support Services</u>							
Attendance	9,953	0	0	9,953	13,135	10,635	682
Health Services	51,446	0	0	51,446	54,915	55,255	3,809
Other Student Support	291,598	0	0	291,598	340,080	336,006	44,408
Regular Instruction Program	434,839	0	0	434,839	431,365	444,467	9,628
Special Education Program	137,178	0	0	137,178	144,060	148,060	10,882
Board of Education	126,073	0	0	126,073	147,314	152,480	26,407
Director of Schools	173,701	0	0	173,701	155,070	175,001	1,300
Office of the Principal	501,000	0	0	501,000	496,094	502,478	1,478
Fiscal Services	110,051	(5,802)	0	104,249	89,704	105,545	1,296
Operation of Plant	713,549	0	0	713,549	754,135	755,211	41,662

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 96,930	\$ (30)	\$ 25,755	\$ 122,655	\$ 106,590	\$ 137,385	\$ 14,730
Transportation	605,186	(142,527)	74,699	537,358	580,670	554,420	17,062
Central and Other	20,754	0	0	20,754	20,847	20,847	93
<u>Operation of Non-Instructional Services</u>							
Food Service	1,325	0	0	1,325	0	1,325	0
Community Services	219,098	(2,637)	4,727	221,188	108,938	222,110	922
Early Childhood Education	386,487	(84,730)	353	302,110	0	302,110	0
<u>Capital Outlay</u>							
Regular Capital Outlay	128,248	0	51,531	179,779	50,000	255,000	75,221
<u>Principal on Debt</u>							
Education	62,554	0	0	62,554	320,620	62,554	0
<u>Interest on Debt</u>							
Education	2,094	0	0	2,094	62,592	2,095	1
<u>Other Debt Service</u>							
Education	350,967	0	0	350,967	0	350,968	1
Total Expenditures	\$ 10,707,958	\$ (288,321)	\$ 157,621	\$ 10,577,258	\$ 10,178,996	\$ 10,968,367	\$ 391,109
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 74,269	\$ 288,321	\$ (157,621)	\$ 204,969	\$ (13,075)	\$ (220,101)	\$ 425,070
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 10,531	\$ 0	\$ 0	\$ 10,531	\$ 10,000	\$ 10,000	\$ 531
Total Other Financing Sources (Uses)	\$ 10,531	\$ 0	\$ 0	\$ 10,531	\$ 10,000	\$ 10,000	\$ 531
Net Change in Fund Balance	\$ 84,800	\$ 288,321	\$ (157,621)	\$ 215,500	\$ (3,075)	\$ (210,101)	\$ 425,601
Fund Balance, July 1, 2006	1,805,980	(288,321)	0	1,517,659	1,805,980	1,805,980	(288,321)
Fund Balance, June 30, 2007	\$ 1,890,780	\$ 0	\$ (157,621)	\$ 1,733,159	\$ 1,802,905	\$ 1,595,879	\$ 137,280

Exhibit I-7

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Lewis County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 369,281	\$ 353,470	\$ 353,470	\$ 15,811
Other Local Revenues	11,541	3,800	9,800	1,741
State of Tennessee	11,548	12,000	12,000	(452)
Federal Government	579,486	525,730	549,385	30,101
Total Revenues	<u>\$ 971,856</u>	<u>\$ 895,000</u>	<u>\$ 924,655</u>	<u>\$ 47,201</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 991,624	\$ 1,070,000	\$ 1,099,655	\$ 108,031
Total Expenditures	<u>\$ 991,624</u>	<u>\$ 1,070,000</u>	<u>\$ 1,099,655</u>	<u>\$ 108,031</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (19,768)</u>	<u>\$ (175,000)</u>	<u>\$ (175,000)</u>	<u>\$ 155,232</u>
Net Change in Fund Balance	\$ (19,768)	\$ (175,000)	\$ (175,000)	\$ 155,232
Fund Balance, July 1, 2006	<u>439,875</u>	<u>175,000</u>	<u>175,000</u>	<u>264,875</u>
Fund Balance, June 30, 2007	<u>\$ 420,107</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 420,107</u>

Exhibit I-8

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lewis County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 19	\$ 0	\$ 0	\$ 19	\$ 0	\$ 0	19
Federal Government	1,207,580	0	0	1,207,580	1,313,415	1,312,552	(104,972)
Total Revenues	\$ 1,207,599	\$ 0	\$ 0	\$ 1,207,599	\$ 1,313,415	\$ 1,312,552	\$ (104,953)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 511,765	\$ (129)	\$ 8,560	\$ 520,196	\$ 557,433	\$ 556,882	\$ 36,686
Special Education Program	202,639	0	389	203,028	231,964	220,099	17,071
Vocational Education Program	24,313	(6,162)	21,967	40,118	40,197	40,140	22
<u>Support Services</u>							
Health Services	3,081	0	0	3,081	3,086	10,925	7,844
Other Student Support	29,559	(2,312)	0	27,247	29,441	28,273	1,026
Regular Instruction Program	99,912	(491)	3,443	102,864	149,631	145,089	42,225
Special Education Program	177,925	(250)	0	177,675	190,382	201,170	23,495
Transportation	23,970	0	0	23,970	27,009	28,268	4,298
<u>Operation of Non-Instructional Services</u>							
Community Services	96,809	0	3,191	100,000	100,000	100,000	0
Total Expenditures	\$ 1,169,973	\$ (9,344)	\$ 37,550	\$ 1,198,179	\$ 1,329,143	\$ 1,330,846	\$ 132,667
Excess (Deficiency) of Revenues Over Expenditures	\$ 37,626	\$ 9,344	\$ (37,550)	\$ 9,420	\$ (15,728)	\$ (18,294)	\$ 27,714
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (10,531)	\$ 0	\$ 0	\$ (10,531)	\$ (14,361)	\$ (11,797)	\$ 1,266
Total Other Financing Sources (Uses)	\$ (10,531)	\$ 0	\$ 0	\$ (10,531)	\$ (14,361)	\$ (11,797)	\$ 1,266
Net Change in Fund Balance	\$ 27,095	\$ 9,344	\$ (37,550)	\$ (1,111)	\$ (30,089)	\$ (30,091)	\$ 28,980
Fund Balance, July 1, 2006	28,641	(9,344)	0	19,297	30,089	30,091	(10,794)
Fund Balance, June 30, 2007	\$ 55,736	\$ 0	\$ (37,550)	\$ 18,186	\$ 0	\$ 0	\$ 18,186

MISCELLANEOUS SCHEDULES

Exhibit J-1

Lewis County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
Primary Government and Discretely Presented Lewis County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Schools	\$ 96,000	0	% 9-8-1997	9-8-07	\$ 11,200	\$ 0	\$ 9,600	\$ 1,600
County Buildings Renovations	850,000	3.5 to 4.9	7-1-01	6-1-13	545,000	0	70,000	475,000
Public Works Projects and Refunding	980,000	2.26	6-11-04	6-10-10	653,334	0	163,333	490,001
Health and Human Services Buildout	750,000	4.88	11-1-06	11-1-09	0	750,000	0	750,000
Total Notes Payable					<u>\$ 1,209,534</u>	<u>\$ 750,000</u>	<u>\$ 242,933</u>	<u>\$ 1,716,601</u>
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding	2,810,000	2.75 to 3.85	10-1-01	3-1-09	\$ 1,275,000	\$ 0	\$ 410,000	\$ 865,000
School Refunding	1,970,000	3.35	5-1-03	5-1-17	1,790,000	0	135,000	1,655,000
Total Bonds Payable					<u>\$ 3,065,000</u>	<u>\$ 0</u>	<u>\$ 545,000</u>	<u>\$ 2,520,000</u>
DISCRETELY PRESENTED LEWIS COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
<u>Payable through General Purpose School Fund</u>								
Energy Efficiency	203,713	3	1-18-01	6-27-07	\$ 62,554	\$ 0	\$ 62,554	\$ 0
Total Notes Payable					<u>\$ 62,554</u>	<u>\$ 0</u>	<u>\$ 62,554</u>	<u>\$ 0</u>

Exhibit J-2

Lewis County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 560,000	\$ 88,108	\$ 648,108
2009	580,000	67,860	647,860
2010	150,000	46,230	196,230
2011	155,000	41,205	196,205
2012	160,000	36,013	196,013
2013	170,000	30,652	200,652
2014	175,000	24,958	199,958
2015	185,000	19,095	204,095
2016	190,000	12,897	202,897
2017	195,000	6,533	201,533
Total	<u>\$ 2,520,000</u>	<u>\$ 373,551</u>	<u>\$ 2,893,551</u>

Exhibit J-3

Lewis County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Lewis County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
Solid Waste/Sanitation	General Debt Service	To provide funds for retirement of debt	\$ 20,336
Highway/Public Works	General Debt Service	To provide funds for retirement of debt	<u>26,777</u>
Total Transfers Primary Government			<u>\$ 47,113</u>
<u>Discretely Presented Lewis County</u> <u>School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 10,531</u>
Total Transfers Discretely Presented Lewis County School Department			<u>\$ 10,531</u>

Exhibit J-4

Lewis County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Lewis County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 69,739 (1)	\$ 25,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	57,276	100,000	"
Director of Schools	State Board of Education and Local Board of Education	71,179 (2)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	46,569	462,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u> , and County Commission	52,069 (3)	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	46,569	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	46,569	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	46,569	25,000	"
Register	Section 8-24-102, <u>TCA</u>	46,569	15,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	57,826 (4)	25,000	"
<u>Other Bonds</u>				
Lewis County Employees			150,000	Local Government Property and Casualty Fund
Lewis County Board of Education Employees			10,000	RLI Insurance Company

(1) Includes \$6,000 for serving as chairman of the County Commission and \$3,600 for serving as chairman of the Highway Commission.

(2) Includes \$1,000 chief executive officer training supplement. The Board of Education also paid 100 percent of the director's medical (\$13,075) and dental (\$1,185) benefits that are not included in this schedule.

(3) Includes \$5,500 compensation for overseeing the county's reappraisal program.

(4) Includes \$6,000 for serving as workhouse superintendent and a law enforcement training supplement of \$600.

Exhibit J-5

Lewis County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2007

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Service Fund	Projects Fund	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 1,414,582	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,575	\$ 190,893	\$ 35,057	\$ 1,688,107
Trustee's Collections - Prior Year	40,372	0	0	0	0	1,213	5,658	903	48,146
Trustee's Collections - Bankruptcy	365	0	0	0	0	17	40	0	422
Circuit/Clerk & Master Collections - Prior Years	25,734	0	0	0	0	1,002	4,125	530	31,391
Interest and Penalty	8,483	0	0	0	0	287	1,273	211	10,254
Payments in-Lieu-of Taxes - T.V.A.	8,381	0	0	0	0	175	756	129	9,441
Payments in-Lieu-of Taxes - Local Utilities	132,901	0	0	0	0	4,560	18,285	3,360	159,106
Payments in-Lieu-of Taxes - Other	4,522	0	0	0	0	0	0	0	4,522
<u>County Local Option Taxes</u>									
Local Option Sales Tax	49,611	0	0	0	0	0	393,580	0	443,191
Hotel/Motel Tax	13,778	0	0	0	0	0	0	0	13,778
Wheel Tax	213,760	0	0	0	0	0	0	0	213,760
Litigation Tax - General	27,277	0	0	0	0	0	0	0	27,277
Litigation Tax - Special Purpose	2,793	0	0	0	0	0	0	0	2,793
Litigation Tax - Jail, Workhouse, or Courthouse	10,463	0	0	0	0	0	0	0	10,463
Litigation Tax - Victim/Offender Mediation Center	872	0	0	0	0	0	0	0	872
Business Tax	37,936	0	0	0	0	1,259	5,001	848	45,044
<u>Statutory Local Taxes</u>									
Bank Excise Tax	10,052	0	0	0	0	338	1,356	329	12,075
Wholesale Beer Tax	28,671	0	0	0	0	0	0	0	28,671
Interstate Telecommunications Tax	1,260	0	0	0	0	0	0	0	1,260
Total Local Taxes	\$ 2,031,813	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,426	\$ 620,967	\$ 41,367	\$ 2,750,573
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 1,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,267
<u>Permits</u>									
Beer Permits	380	0	0	0	0	0	0	0	380
Other Permits	1,300	0	0	0	0	0	0	0	1,300
Total Licenses and Permits	\$ 2,947	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,947

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Service Fund	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 9,233	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,233
Officers Costs	3,641	0	0	0	0	0	0	0	3,641
Drug Control Fines	0	0	0	1,953	0	0	0	0	1,953
Drug Court Fees	696	0	0	0	0	0	0	0	696
Jail Fees	1,879	0	0	0	0	0	0	0	1,879
DUI Treatment Fines	998	0	0	0	0	0	0	0	998
Data Entry Fee - Circuit Court	130	0	0	0	0	0	0	0	130
Courtroom Security Fee	124	0	0	0	0	0	0	0	124
<u>General Sessions Court</u>									
Fines	14,630	0	0	0	0	0	0	0	14,630
Officers Costs	17,136	0	0	0	0	0	0	0	17,136
Game and Fish Fines	844	0	0	0	0	0	0	0	844
Drug Control Fines	0	0	0	3,990	0	0	0	0	3,990
Drug Court Fees	1,792	0	0	0	0	0	0	0	1,792
Jail Fees	13,838	0	0	0	0	0	0	0	13,838
DUI Treatment Fines	3,427	0	0	0	0	0	0	0	3,427
Data Entry Fee - General Sessions Court	2,226	0	0	0	0	0	0	0	2,226
Courtroom Security Fee	425	0	0	0	0	0	0	0	425
<u>Juvenile Court</u>									
Fines	5,265	0	0	0	0	0	0	0	5,265
<u>Chancery Court</u>									
Officers Costs	2,366	0	0	0	0	0	0	0	2,366
Data Entry Fee - Chancery Court	808	0	0	0	0	0	0	0	808
Courtroom Security Fee	22	0	0	0	0	0	0	0	22
<u>Judicial District Drug Program</u>									
Courtroom Security Fee	10	0	0	0	0	0	0	0	10
Total Fines, Forfeitures, and Penalties	\$ 79,490	\$ 0	\$ 0	\$ 5,943	\$ 0	\$ 0	\$ 0	\$ 0	85,433
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Transfer Waste Stations Collection Charge	\$ 0	\$ 4,115	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,115
Solid Waste Disposal Fees	0	443,526	0	0	0	0	0	0	443,526

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Service Fund	Projects Fund	
<u>Charges for Current Services (Cont.)</u>									
<u>General Service Charges (Cont.)</u>									
Work Release Charges for Board Fees	\$ 23,780	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,780
Airport Fees	5,469	0	0	0	0	0	0	0	5,469
Library Fees	1,222	0	0	0	0	0	0	0	1,222
Telephone Commissions	13,856	0	0	0	0	0	0	0	13,856
Vending Machine Collections	194	0	0	0	0	0	0	0	194
Constitutional Officers' Fees and Commissions	0	0	0	0	50	0	0	0	50
Data Processing Fee - Register	6,306	0	0	0	0	0	0	0	6,306
Data Processing Fee - Sheriff	1,533	0	0	0	0	0	0	0	1,533
Sexual Offender Registration Fees - Sheriff	1,000	0	0	0	0	0	0	0	1,000
<u>Other Charges for Services</u>	4,544	0	0	0	0	0	0	0	4,544
Total Charges for Current Services	\$ 57,904	\$ 447,641	\$ 0	\$ 0	\$ 50	\$ 0	\$ 0	\$ 0	\$ 505,595
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 123,678	\$ 0	\$ 3,625	\$ 0	\$ 0	\$ 0	\$ 16,000	\$ 0	\$ 143,303
Lease/Rentals	775	200	16,667	0	0	3,600	97,645	0	118,887
Commissary Sales	101	0	0	0	0	0	0	0	101
Sale of Gasoline	6,238	0	0	0	0	0	0	0	6,238
Sale of Recycled Materials	0	18,859	0	0	0	0	0	0	18,859
Miscellaneous Refunds	6,616	7,478	0	0	0	462	0	0	14,556
<u>Nonrecurring Items</u>	10,176	0	0	0	0	0	0	0	10,176
Total Other Local Revenues	\$ 147,584	\$ 26,537	\$ 20,292	\$ 0	\$ 0	\$ 4,062	\$ 113,645	\$ 0	\$ 312,120
<u>Fees Received from County Officials</u>									
<u>Fees-In-Lieu of Salary</u>									
County Clerk	\$ 89,883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,883
Circuit Court Clerk	23,385	0	0	0	0	0	0	0	23,385
General Sessions Court Clerk	61,622	0	0	0	0	0	0	0	61,622
Clerk and Master	51,579	0	0	0	0	0	0	0	51,579

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	Service Fund	Highway Capital Projects Fund	
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees-In-Lieu of Salary (Cont.)</u>									
Register	\$ 76,285	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 76,285
Sheriff	6,936	0	0	0	0	0	0	0	6,936
Trustee	127,662	0	0	0	0	0	0	0	127,662
Total Fees Received from County Officials	\$ 437,352	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 437,352
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	7,662	0	0	0	0	0	0	0	7,662
State Reappraisal Grant	4,700	0	0	0	0	0	0	0	4,700
Other General Government Grants	278,341	0	0	0	0	0	0	0	278,341
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	4,668	0	0	0	0	0	0	0	4,668
<u>Health and Welfare Grants</u>									
Health Department Programs	3,286	0	0	0	0	0	0	0	3,286
<u>Public Works Grants</u>									
Litter Program	30,169	0	0	0	0	0	0	0	30,169
<u>Other State Revenues</u>									
Income Tax	4,793	0	0	0	0	0	0	0	4,793
Beer Tax	18,753	0	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	21,504	0	0	0	0	0	0	0	21,504
State Revenue Sharing - T.V.A.	215,028	0	0	0	0	32,000	0	0	247,028
Contracted Prisoner Boarding	165,547	0	0	0	0	0	0	0	165,547
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,394,660	0	0	1,394,660
Petroleum Special Tax	0	0	0	0	0	9,906	0	0	9,906
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	0	8,700	0	0	0	0	0	0	8,700
Other State Revenues	0	0	0	0	0	16,896	0	0	16,896
Total State of Tennessee	\$ 779,831	\$ 8,700	\$ 0	\$ 0	\$ 0	\$ 1,453,462	\$ 0	\$ 0	\$ 2,241,993

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	Service Fund	Highway Capital Projects Fund	
<u>Federal Government</u>									
<u>Federal Through State</u>									
Other Federal through State	\$ 18,490	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,490
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	0	0	0	0	0	71,471	0	0	71,471
Total Federal Government	\$ 18,490	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71,471	\$ 0	\$ 0	\$ 89,961
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 7,701	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,701
Paving and Maintenance	0	0	0	0	0	18,694	0	0	18,694
Contributions	52,121	0	0	0	0	0	350,967	0	403,088
Total Other Governments and Citizens Groups	\$ 59,822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,694	\$ 350,967	\$ 0	\$ 429,483
Total	\$ 3,615,233	\$ 482,878	\$ 20,292	\$ 5,943	\$ 50	\$ 1,604,115	\$ 1,085,579	\$ 41,367	\$ 6,855,457

Exhibit J-6

Lewis County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Lewis County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 865,747	\$ 0	\$ 0	\$ 865,747
Trustee's Collections - Prior Year	21,332	0	0	21,332
Trustee's Collections - Bankruptcy	245	0	0	245
Circuit/Clerk & Master Collections - Prior Years	15,345	0	0	15,345
Interest and Penalty	5,096	0	0	5,096
Payments in-Lieu-of Taxes - T.V.A.	3,199	0	0	3,199
Payments in-Lieu-of Taxes - Local Utilities	82,983	0	0	82,983
<u>County Local Option Taxes</u>				
Local Option Sales Tax	639,393	0	0	639,393
Business Tax	20,226	0	0	20,226
<u>Statutory Local Taxes</u>				
Bank Excise Tax	6,152	0	0	6,152
Interstate Telecommunications Tax	1,914	0	0	1,914
Total Local Taxes	\$ 1,661,632	\$ 0	\$ 0	\$ 1,661,632
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 271	\$ 0	\$ 0	\$ 271
Total Licenses and Permits	\$ 271	\$ 0	\$ 0	\$ 271
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 800	\$ 0	\$ 0	\$ 800
Tuition - Summer School	150	0	0	150
Lunch Payments - Children	0	0	171,691	171,691
Lunch Payments - Adults	0	0	27,920	27,920
Income from Breakfast	0	0	29,419	29,419
A la carte Sales	0	0	138,382	138,382
Receipts from Individual Schools	24,739	0	0	24,739
Community Service Fees - Children	5,518	0	0	5,518
TBI Criminal Background Fees	2,160	0	480	2,640
<u>Other Charges for Services</u>				
Other Charges for Services	340	0	1,389	1,729
Total Charges for Current Services	\$ 33,707	\$ 0	\$ 369,281	\$ 402,988
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 56,160	\$ 0	\$ 11,531	\$ 67,691
Lease/Rentals	12,121	0	0	12,121
Refund of Telecommunication & Internet Fees (E-Rate)	9,279	0	0	9,279
Miscellaneous Refunds	47,380	19	10	47,409
<u>Nonrecurring Items</u>				
Sale of Equipment	356	0	0	356
Damages Recovered from Individuals	952	0	0	952
Contributions & Gifts	10,800	0	0	10,800
<u>Other Local Revenues</u>				
Other Local Revenues	1,988	0	0	1,988
Total Other Local Revenues	\$ 139,036	\$ 19	\$ 11,541	\$ 150,596

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 8,213,426	\$ 0	\$ 0	\$ 8,213,426
Early Childhood Education	280,391	0	0	280,391
School Food Service	0	0	11,548	11,548
Driver Education	8,127	0	0	8,127
Other State Education Funds	242,360	0	0	242,360
Career Ladder Program	98,219	0	0	98,219
Career Ladder - Extended Contract	62,028	0	0	62,028
<u>Other State Revenues</u>				
Other State Revenues	30,595	0	0	30,595
Total State of Tennessee	<u>\$ 8,935,146</u>	<u>\$ 0</u>	<u>\$ 11,548</u>	<u>\$ 8,946,694</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 419,723	\$ 419,723
Breakfast	0	0	150,959	150,959
USDA - Other	0	0	8,804	8,804
Vocational Education - Basic Grants to States	0	48,307	0	48,307
Title I Grants to Local Education Agencies	0	438,789	0	438,789
Innovative Education Program Strategies	0	22,770	0	22,770
Special Education - Grants to States	5,134	394,380	0	399,514
Special Education Preschool Grants	0	18,900	0	18,900
Eisenhower Professional Development State Grants	0	143,901	0	143,901
Other Federal through State	7,301	140,533	0	147,834
Total Federal Government	<u>\$ 12,435</u>	<u>\$ 1,207,580</u>	<u>\$ 579,486</u>	<u>\$ 1,799,501</u>
Total	<u>\$ 10,782,227</u>	<u>\$ 1,207,599</u>	<u>\$ 971,856</u>	<u>\$ 12,961,682</u>

Exhibit J-7

Lewis County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	6,000	
Secretary to Board		954	
Data Processing Personnel		3,197	
Board and Committee Members Fees		32,050	
Audit Services		2,598	
Dues and Memberships		2,491	
Printing, Stationery, and Forms		523	
Travel		6,066	
Tuition		625	
Other Contracted Services		82	
Food Supplies		1,277	
Office Supplies		84	
Total County Commission			\$ 55,947

Board of Equalization

Board and Committee Members Fees	\$	700	
Total Board of Equalization			700

County Mayor/Executive

County Official/Administrative Officer	\$	60,139	
Assistant(s)		22,934	
Part-time Personnel		4,871	
Other Salaries & Wages		3,600	
Data Processing Services		5,594	
Dues and Memberships		1,425	
Printing, Stationery, and Forms		958	
Travel		2,498	
Office Supplies		1,305	
Premiums on Corporate Surety Bonds		92	
Total County Mayor/Executive			103,416

County Attorney

Legal Services	\$	13,927	
Legal Notices, Recording, and Court Costs		325	
Total County Attorney			14,252

Election Commission

County Official/Administrative Officer	\$	41,912	
Part-time Personnel		8,570	
Other Salaries & Wages		720	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Commission	\$	3,610	
Election Workers		7,967	
In-Service Training		863	
Data Processing Services		2,703	
Legal Notices, Recording, and Court Costs		1,441	
Printing, Stationery, and Forms		1,370	
Rentals		800	
Other Contracted Services		657	
Office Supplies		1,005	
Office Equipment		1,016	
Voting Machines		9,594	
Total Election Commission			\$ 82,228

Register of Deeds

County Official/Administrative Officer	\$	46,569	
Secretary(ies)		21,884	
Part-time Personnel		2,156	
Data Processing Services		6,607	
Dues and Memberships		394	
Printing, Stationery, and Forms		1,815	
Office Supplies		255	
Premiums on Corporate Surety Bonds		92	
Total Register of Deeds			79,772

Building

Contracts with Government Agencies	\$	606	
Engineering Services		17,708	
Liability Insurance		6,100	
Total Building			24,414

Geographical Information Systems

Data Processing Personnel	\$	24,907	
In-Service Training		289	
Duplicating Supplies		522	
Office Supplies		136	
Total Geographical Information Systems			25,854

County Buildings

Supervisor/Director	\$	26,671
Custodial Personnel		19,564

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance Personnel	\$	7,991	
Part-time Personnel		3,163	
Communication		23,394	
Contributions		134	
Operating Lease Payments		2,005	
Maintenance Agreements		1,515	
Maintenance & Repair Services - Buildings		17,536	
Maintenance & Repair Services - Equipment		3,230	
Postal Charges		14,155	
Printing, Stationery, and Forms		237	
Travel		15	
Concrete		112	
Custodial Supplies		4,787	
Diesel Fuel		332	
Food Supplies		744	
Gasoline		1,093	
Ice		1,309	
Office Supplies		599	
Periodicals		227	
Propane Gas		357	
Tires and Tubes		153	
Uniforms		27	
Utilities		34,835	
Other Supplies and Materials		3,000	
Furniture and Fixtures		155	
Maintenance Equipment		1,223	
Motor Vehicles		4,767	
Office Equipment		1,170	
Total County Buildings			\$ 174,500

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	46,569
Assistant(s)		17,855
In-Service Training		72
Audit Services		4,910
Data Processing Services		1,904
Dues and Memberships		1,143
Legal Notices, Recording, and Court Costs		178
Maintenance Agreements		450

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Travel	\$	2,524	
Office Supplies		900	
Premiums on Corporate Surety Bonds		75	
Total Property Assessor's Office			\$ 76,580

Reappraisal Program

County Official/Administrative Officer	\$	5,500	
Assistant(s)		11,675	
Other Per Diem & Fees		514	
Data Processing Services		1,819	
Office Supplies		764	
Other Charges		159	
Total Reappraisal Program			20,431

County Trustee's Office

County Official/Administrative Officer	\$	46,569	
Secretary(ies)		48,744	
Data Processing Services		3,986	
Dues and Memberships		676	
Legal Notices, Recording, and Court Costs		53	
Printing, Stationery, and Forms		809	
Travel		178	
Other Contracted Services		1,904	
Office Supplies		1,406	
Premiums on Corporate Surety Bonds		1,314	
Office Equipment		1,220	
Total County Trustee's Office			106,859

County Clerk's Office

County Official/Administrative Officer	\$	46,569	
Secretary(ies)		21,884	
Part-time Personnel		19,931	
Data Processing Services		1,421	
Dues and Memberships		399	
Printing, Stationery, and Forms		1,532	
Office Supplies		803	
Periodicals		1,060	
Premiums on Corporate Surety Bonds		192	
Total County Clerk's Office			93,791

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	46,569	
Jury and Witness Fees		6,818	
Data Processing Services		4,957	
Dues and Memberships		759	
Printing, Stationery, and Forms		465	
Office Supplies		64	
Premiums on Corporate Surety Bonds		17	
Total Circuit Court			\$ 59,649

General Sessions Judge

Judge(s)	\$	73,091	
Secretary(ies)		5,614	
Dues and Memberships		241	
Travel		1,937	
Office Supplies		10	
Periodicals		1,399	
Total General Sessions Judge			82,292

General Sessions Court Clerk

Secretary(ies)	\$	43,466	
Part-time Personnel		3,243	
Data Processing Services		2,702	
Operating Lease Payments		2,005	
Maintenance & Repair Services - Office Equipment		180	
Printing, Stationery, and Forms		1,686	
Travel		918	
Office Supplies		160	
Office Equipment		3,138	
Total General Sessions Court Clerk			57,498

Chancery Court

County Official/Administrative Officer	\$	46,569
Secretary(ies)		21,884
Part-time Personnel		144
Data Processing Services		5,999
Dues and Memberships		679
Operating Lease Payments		1,577
Printing, Stationery, and Forms		897
Travel		566
Office Supplies		418

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Premiums on Corporate Surety Bonds	\$	163	
Data Processing Equipment		2,525	
Total Chancery Court			\$ 81,421

Judicial Commissioners

Supervisor/Director	\$	14,724	
Part-time Personnel		3,780	
Dues and Memberships		55	
Printing, Stationery, and Forms		95	
Travel		1,014	
Office Supplies		294	
Periodicals		25	
Total Judicial Commissioners			19,987

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	51,226	
Deputy(ies)		262,247	
Salary Supplements		4,800	
Guards		32,294	
Secretary(ies)		20,997	
School Resource Officer		47,847	
Other Salaries & Wages		21,069	
In-Service Training		1,796	
Communication		3,312	
Contributions		60,147	
Dues and Memberships		990	
Legal Notices, Recording, and Court Costs		446	
Maintenance Agreements		1,884	
Maintenance & Repair Services - Equipment		465	
Maintenance & Repair Services - Vehicles		6,550	
Matching Share		1,816	
Printing, Stationery, and Forms		1,995	
Travel		2,743	
Other Contracted Services		290	
Gasoline		32,980	
Ice		28	
Instructional Supplies and Materials		3	
Office Supplies		965	
Periodicals		72	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Tires and Tubes	\$	2,590	
Uniforms		3,638	
Premiums on Corporate Surety Bonds		936	
In Service/Staff Development		3,788	
Law Enforcement Equipment		5,783	
Total Sheriff's Department			\$ 573,697

Administration of the Sexual Offender Registry

Maintenance & Repair Services - Office Equipment	\$	199	
Total Administration of the Sexual Offender Registry			199

Jail

County Official/Administrative Officer	\$	6,000	
Supervisor/Director		27,870	
Medical Personnel		7,500	
Guards		236,727	
Secretary(ies)		21,294	
Cafeteria Personnel		20,981	
Other Salaries & Wages		4,788	
In-Service Training		1,605	
Contracts with Private Agencies		1,124	
Maintenance & Repair Services - Buildings		8,091	
Maintenance & Repair Services - Equipment		4,374	
Maintenance & Repair Services - Vehicles		543	
Medical and Dental Services		96,860	
Pest Control		650	
Printing, Stationery, and Forms		845	
Travel		1,289	
Custodial Supplies		4,611	
Data Processing Supplies		766	
Drugs and Medical Supplies		19,817	
Food Supplies		42,635	
Gasoline		5,023	
Ice		649	
Office Supplies		621	
Tires and Tubes		627	
Uniforms		3,464	
Utilities		39,535	
Heating and Air Conditioning Equipment		3,642	
Law Enforcement Equipment		2,255	
Total Jail			564,186

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Youth Service Officer(s)	\$	10,524	
Contracts with Government Agencies		<u>786</u>	
Total Juvenile Services	\$		11,310

Fire Prevention and Control

Contributions	\$	<u>19,000</u>	
Total Fire Prevention and Control			19,000

Civil Defense

Supervisor/Director	\$	10,631	
Travel		935	
Food Supplies		21	
Office Supplies		<u>422</u>	
Total Civil Defense			12,009

Other Emergency Management

Other Charges	\$	<u>42,056</u>	
Total Other Emergency Management			42,056

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	1,920	
Medical and Dental Services		10,619	
Premiums on Corporate Surety Bonds		<u>100</u>	
Total County Coroner/Medical Examiner			12,639

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	2,700	
Communication		2,859	
Contributions		11,532	
Maintenance & Repair Services - Buildings		307	
Maintenance & Repair Services - Office Equipment		200	
Other Contracted Services		25	
Custodial Supplies		221	
Office Supplies		690	
Utilities		10,706	
Health Equipment		<u>1,638</u>	
Total Local Health Center			30,878

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$ 87,740	
Total Ambulance/Emergency Medical Services		\$ 87,740

Other Local Health Services

Assistant(s)	\$ 336	
Medical Personnel	1,664	
Clerical Personnel	472	
Printing, Stationery, and Forms	53	
Office Supplies	514	
Total Other Local Health Services		3,039

Regional Mental Health Center

Contributions	\$ 7,500	
Total Regional Mental Health Center		7,500

Sanitation Education/Information

Other Salaries & Wages	\$ 27,318	
Gasoline	2,864	
Instructional Supplies and Materials	3,973	
Other Charges	745	
Total Sanitation Education/Information		34,900

Social, Cultural, and Recreational Services

Adult Activities

Criminal Investigation of Applicants - TBI	\$ 457	
Total Adult Activities		457

Senior Citizens Assistance

Contributions	\$ 6,000	
Workers' Compensation Insurance	2,130	
Total Senior Citizens Assistance		8,130

Libraries

Assistant(s)	\$ 17,068	
Supervisor/Director	23,918	
Part-time Personnel	5,756	
Communication	1,668	
Dues and Memberships	94	
Maintenance Agreements	1,542	
Maintenance & Repair Services - Buildings	835	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance & Repair Services - Equipment	\$	430	
Travel		175	
Other Contracted Services		575	
Ice		166	
Library Books/Media		9,750	
Office Supplies		1,067	
Periodicals		1,122	
Utilities		8,189	
Office Equipment		1,282	
Total Libraries			\$ 73,637

Parks and Fair Boards

Supervisor/Director	\$	23,918	
Custodial Personnel		19,764	
Communication		2,136	
Maintenance & Repair Services - Buildings		4,991	
Maintenance & Repair Services - Equipment		2,545	
Travel		55	
Disposal Fees		100	
Custodial Supplies		4,063	
Diesel Fuel		194	
Food Supplies		1,824	
Gasoline		255	
Office Supplies		141	
Sand		170	
Utilities		21,862	
Fencing		16,536	
Maintenance Equipment		2,132	
Total Parks and Fair Boards			100,686

Agriculture & Natural Resources

Agriculture Extension Service

Board and Committee Members Fees	\$	575	
Communication		1,905	
Contracts with Government Agencies		35,559	
Dues and Memberships		340	
Travel		1,500	
Office Supplies		1,148	
Total Agriculture Extension Service			41,027

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation

Contributions	\$ 14,000	
Total Soil Conservation		\$ 14,000

Other Operations

Other Economic and Community Development

Contracts with Private Agencies	\$ 3,000	
Contributions	30,000	
Dues and Memberships	2,818	
Maintenance & Repair Services - Buildings	232	
Total Other Economic and Community Development		36,050

Airport

Maintenance Personnel	\$ 4,973	
Communication	1,998	
Contracts with Private Agencies	1,864	
Dues and Memberships	24	
Engineering Services	2,500	
Maintenance & Repair Services - Buildings	5,717	
Maintenance & Repair Services - Equipment	2,342	
Maintenance & Repair Services - Office Equipment	94	
Rentals	330	
Other Contracted Services	9,416	
Utilities	6,547	
Excess Risk Insurance	3,542	
Land	77,210	
Maintenance Equipment	3,200	
Motor Vehicles	17	
Total Airport		119,774

Veterans' Services

County Official/Administrative Officer	\$ 3,420	
Postal Charges	121	
Total Veterans' Services		3,541

Contributions to Other Agencies

Other Charges	\$ 746	
Total Contributions to Other Agencies		746

Employee Benefits

Social Security	\$ 129,417	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Handling Charges & Administrative Costs	\$	9,000	
State Retirement		22,612	
Employee and Dependent Insurance		129,912	
Unemployment Compensation		7,273	
Medical Claims		3,184	
Workers' Compensation Insurance		22,621	
Total Employee Benefits			\$ 324,019

Miscellaneous

Bank Charges	\$	70	
Contributions		5,000	
Dues and Memberships		385	
Legal Notices, Recording, and Court Costs		12	
Animal Food and Supplies		1,781	
Food Supplies		374	
Liability Insurance		35,502	
Premiums on Corporate Surety Bonds		100	
Trustee's Commission		41,292	
Other Charges		7,484	
Total Miscellaneous			92,000

Instruction

Adult Education Program

Contributions	\$	5,800	
Total Adult Education Program			5,800

Capital Projects

General Administration Projects

Architects	\$	30,634	
Engineering Services		3,830	
Maintenance & Repair Services - Buildings		2,786	
Concrete		1,847	
Food Supplies		41	
Gasoline		11	
General Construction Materials		2,546	
Utilities		6,318	
Gravel and Chert		2,269	
Building Improvements		611,706	
Total General Administration Projects			661,988

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Capital Projects (Cont.)

Public Utility Projects

Legal Notices, Recording, and Court Costs	\$ 440	
Total Public Utility Projects		\$ 440

Total General Fund \$ 4,041,039

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Supervisor/Director	\$ 32,460	
Clerical Personnel	21,992	
Attendants	25,788	
Part-time Personnel	6,162	
Contracts with Private Agencies	223,213	
Data Processing Services	2,454	
Legal Notices, Recording, and Court Costs	2,078	
Maintenance & Repair Services - Buildings	355	
Maintenance & Repair Services - Equipment	19,019	
Maintenance & Repair Services - Vehicles	335	
Printing, Stationery, and Forms	666	
Travel	29	
Permits	3,000	
Crushed Stone	600	
Custodial Supplies	251	
Diesel Fuel	8,785	
Food Supplies	1,494	
Gasoline	4,586	
Ice	486	
Office Supplies	116	
Propane Gas	889	
Tires and Tubes	2,870	
Uniforms	2,310	
Utilities	1,919	
Gravel and Chert	4,410	
Refunds	660	
Maintenance Equipment	179	
Motor Vehicles	4,000	
Total Transfer Stations		\$ 371,106

Landfill Operation and Maintenance

Equipment Operators	\$ 17,679	
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(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Equipment Operators - Heavy	\$	21,492	
Maintenance Personnel		816	
Maintenance & Repair Services - Equipment		11,643	
Maintenance Equipment		1,334	
Total Landfill Operation and Maintenance	\$		52,964

Other Operations

Employee Benefits

Social Security	\$	9,697	
Employee and Dependent Insurance		11,329	
Workers' Compensation Insurance		5,919	
Total Employee Benefits			26,945

Miscellaneous

Trustee's Commission	\$	4,411	
Total Miscellaneous			4,411

Capital Projects

General Administration Projects

Foremen	\$	400	
Total General Administration Projects			400

Total Solid Waste/Sanitation Fund \$ 455,826

Drug Control Fund

Public Safety

Drug Enforcement

Instructional Supplies and Materials	\$	8	
Other Charges		1,884	
Law Enforcement Equipment		2,975	
Total Drug Enforcement	\$		4,867

Total Drug Control Fund 4,867

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	50	
Total Circuit Court	\$		50

Total Constitutional Officers - Fees Fund 50

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,276	
Assistant(s)		36,394	
Accountants/Bookkeepers		36,394	
Board and Committee Members Fees		920	
Advertising		153	
Communication		4,185	
Contributions		5,000	
Dues and Memberships		2,143	
Legal Services		4,185	
Legal Notices, Recording, and Court Costs		376	
Licenses		34	
Maintenance & Repair Services - Buildings		11,132	
Maintenance & Repair Services - Office Equipment		1,431	
Postal Charges		197	
Travel		776	
Disposal Fees		84	
Other Contracted Services		5,846	
Custodial Supplies		1,366	
Data Processing Supplies		564	
Electricity		5,116	
Natural Gas		502	
Office Supplies		1,462	
Water and Sewer		1,976	
Other Supplies and Materials		250	
Total Administration			\$ 177,762

Highway and Bridge Maintenance

Foremen	\$	48,285
Equipment Operators		76,432
Equipment Operators - Light		80,354
Truck Drivers		108,625
Laborers		23,646
Other Contracted Services		61,373
Asphalt - Cold Mix		5,295
Asphalt - Liquid		124,826
Concrete		4,276
Crushed Stone		43,751
General Construction Materials		64
Riprap		48,009
Other Road Supplies		2,555

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe - Metal	\$	3,447	
Road Signs		3,563	
Wood Products		1,050	
Gravel and Chert		2,306	
Geotextile Materials		1,900	
Total Highway and Bridge Maintenance			\$ 639,757

Operation and Maintenance of Equipment

Foremen	\$	28,788	
Mechanic(s)		43,315	
Freight Expenses		430	
Rentals		1,250	
Other Contracted Services		4,332	
Diesel Fuel		54,133	
Equipment and Machinery Parts		34,500	
Garage Supplies		2,243	
Gasoline		10,179	
Lubricants		3,311	
Small Tools		1,111	
Tires and Tubes		8,186	
Uniforms		2,184	
Other Supplies and Materials		777	
Total Operation and Maintenance of Equipment			194,739

Other Charges

Liability Insurance	\$	38,402	
Trustee's Commission		15,500	
Workers' Compensation Insurance		38,968	
Total Other Charges			92,870

Employee Benefits

Social Security	\$	40,580	
State Retirement		82,450	
Life Insurance		4,513	
Medical Insurance		85,982	
Unemployment Compensation		4,324	
Other Fringe Benefits		1,046	
Total Employee Benefits			218,895

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Highway Equipment	\$	5,499	
Motor Vehicles		43,365	
Right-of-Way		1,700	
Other Equipment		4,670	
Other Capital Outlay		12,500	
Total Capital Outlay		<u>12,500</u>	\$ <u>67,734</u>

Total Highway/Public Works Fund \$ 1,391,757

General Debt Service Fund

Other Operations

Miscellaneous

Trustee's Commission	\$	<u>9,911</u>	
Total Miscellaneous			\$ 9,911

Principal on Debt

General Government

Principal on Notes	\$	<u>213,633</u>	
Total General Government			213,633

Highways and Streets

Principal on Notes	\$	<u>24,500</u>	
Total Highways and Streets			24,500

Education

Principal on Bonds	\$	545,000	
Principal on Notes		<u>4,800</u>	
Total Education			549,800

Interest on Debt

General Government

Interest on Notes	\$	<u>38,015</u>	
Total General Government			38,015

Highways and Streets

Interest on Notes	\$	<u>2,239</u>	
Total Highways and Streets			2,239

Education

Interest on Bonds	\$	<u>107,185</u>	
Total Education			107,185

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Other Debt Service

Education

Other Debt Issuance Charges

\$ 1,748

Total Education

\$ 1,748

Total General Debt Service Fund

\$ 947,031

Highway Capital Projects Fund

Highways

Other Charges

Trustee's Commission

\$ 817

Total Other Charges

\$ 817

Capital Outlay

Engineering Services

\$ 2,883

Total Capital Outlay

2,883

Total Highway Capital Projects Fund

3,700

Total Governmental Funds - Primary Government

\$ 6,844,270

Exhibit J-8

Lewis County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Lewis County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,818,172	
Career Ladder Program	58,016	
Career Ladder Extended Contracts	42,231	
Homebound Teachers	1,557	
Educational Assistants	48,473	
Certified Substitute Teachers	3,780	
Non-certified Substitute Teachers	54,679	
Social Security	225,202	
State Retirement	240,965	
Medical Insurance	324,397	
Unemployment Compensation	734	
Employer Medicare	53,370	
Other Contracted Services	1,802	
Instructional Supplies and Materials	63,507	
Textbooks	108,732	
Fee Waivers	595	
Regular Instruction Equipment	155,418	
Total Regular Instruction Program		\$ 5,201,630

Alternative Instruction Program

Teachers	\$ 34,999	
Other Salaries & Wages	9,452	
Social Security	2,403	
State Retirement	2,937	
Medical Insurance	5,298	
Employer Medicare	562	
Other Contracted Services	412	
Instructional Supplies and Materials	249	
Total Alternative Instruction Program		56,312

Special Education Program

Teachers	\$ 600,955
Career Ladder Program	5,000
Homebound Teachers	2,364
Clerical Personnel	848
Educational Assistants	349
Other Salaries & Wages	18,727
Non-certified Substitute Teachers	11,496
Social Security	36,001

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	39,079	
Medical Insurance		52,206	
Unemployment Compensation		2,121	
Employer Medicare		8,430	
Other Contracted Services		19,688	
Instructional Supplies and Materials		11,400	
Total Special Education Program			\$ 808,664

Vocational Education Program

Teachers	\$	141,599	
Career Ladder Program		2,000	
Educational Assistants		21,103	
Non-certified Substitute Teachers		1,935	
Social Security		9,385	
State Retirement		10,622	
Medical Insurance		14,346	
Employer Medicare		2,195	
Contracts with Other School Systems		5,669	
Instructional Supplies and Materials		1,363	
Other Charges		790	
Total Vocational Education Program			211,007

Student Body Education Program

Other Salaries & Wages	\$	4,893	
Social Security		294	
State Retirement		298	
Employer Medicare		69	
Other Contracted Services		1,760	
Total Student Body Education Program			7,314

Support Services

Attendance

Supervisor/Director	\$	6,070	
Social Security		328	
State Retirement		372	
Medical Insurance		700	
Employer Medicare		77	
Travel		1,374	
In Service/Staff Development		1,032	
Total Attendance			9,953

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	24,158	
Other Salaries & Wages		10,766	
Social Security		1,753	
State Retirement		2,927	
Medical Insurance		5,693	
Employer Medicare		410	
Travel		71	
Other Contracted Services		1,900	
Drugs and Medical Supplies		1,618	
In Service/Staff Development		125	
Other Charges		1,536	
Health Equipment		489	
Total Health Services			\$ 51,446

Other Student Support

Career Ladder Program	\$	4,500	
Guidance Personnel		192,046	
Career Ladder Extended Contracts		2,000	
Clerical Personnel		10,336	
Social Security		10,421	
State Retirement		11,720	
Medical Insurance		17,121	
Employer Medicare		2,748	
Contracts with Government Agencies		15,930	
Evaluation and Testing		12,562	
Other Contracted Services		11,719	
Other Supplies and Materials		1	
In Service/Staff Development		491	
Other Charges		3	
Total Other Student Support			291,598

Regular Instruction Program

Supervisor/Director	\$	102,516	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		4,000	
Librarians		161,440	
Instructional Computer Personnel		44,104	
Secretary(ies)		13,200	
Other Salaries & Wages		1,200	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Non-certified Substitute Teachers	\$	1,572	
Social Security		19,180	
State Retirement		21,746	
Medical Insurance		24,646	
Employer Medicare		4,486	
Communication		934	
Travel		1,197	
Other Contracted Services		5,749	
Library Books/Media		18,502	
In Service/Staff Development		354	
Other Charges		641	
Other Equipment		1,372	
Total Regular Instruction Program			\$ 434,839

Special Education Program

Supervisor/Director	\$	52,642	
Career Ladder Program		2,500	
Psychological Personnel		57,681	
Social Security		6,436	
State Retirement		6,824	
Medical Insurance		8,114	
Employer Medicare		1,528	
Other Contracted Services		1,194	
In Service/Staff Development		259	
Total Special Education Program			137,178

Board of Education

Secretary to Board	\$	1,400	
Board and Committee Members Fees		13,050	
Social Security		896	
State Retirement		117	
Medical Insurance		33	
Employer Medicare		210	
Audit Services		6,800	
Dues and Memberships		3,390	
Legal Services		50	
Postal Charges		100	
Travel		3,369	
Maintenance and Repair Services - Records		1,250	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Liability Insurance	\$	15,355	
Premiums on Corporate Surety Bonds		1,028	
Trustee's Commission		47,258	
Workers' Compensation Insurance		21,593	
In Service/Staff Development		4,000	
Criminal Investigation of Applicants - TBI		2,688	
Refund to Applicant for Criminal Investigation		624	
Other Charges		2,862	
Total Board of Education			\$ 126,073

Director of Schools

County Official/Administrative Officer	\$	71,179	
Secretary(ies)		29,740	
Social Security		6,261	
State Retirement		6,855	
Medical Insurance		13,075	
Dental Insurance		1,185	
Employer Medicare		1,465	
Communication		6,212	
Dues and Memberships		1,005	
Maintenance & Repair Services - Equipment		219	
Postal Charges		2,094	
Travel		1,523	
Other Contracted Services		2,476	
Office Supplies		8,087	
In Service/Staff Development		564	
Other Charges		1,240	
Administration Equipment		20,521	
Total Director of Schools			173,701

Office of the Principal

Principals	\$	232,603	
Career Ladder Program		5,000	
Accountants/Bookkeepers		77,605	
Career Ladder Extended Contracts		2,000	
Assistant Principals		42,408	
Secretary(ies)		51,060	
Other Salaries & Wages		2,528	
Social Security		24,240	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

State Retirement	\$	27,193	
Medical Insurance		19,805	
Employer Medicare		5,669	
Communication		3,146	
Travel		403	
Other Contracted Services		886	
In Service/Staff Development		1,274	
Administration Equipment		5,180	
Total Office of the Principal			\$ 501,000

Fiscal Services

Accountants/Bookkeepers	\$	48,101	
Other Salaries & Wages		21,544	
Social Security		2,661	
State Retirement		4,031	
Medical Insurance		4,533	
Employer Medicare		935	
Dues and Memberships		10	
Travel		1,825	
Other Contracted Services		9,416	
Data Processing Supplies		2,881	
Office Supplies		1,177	
In Service/Staff Development		2,517	
Other Charges		363	
Administration Equipment		10,057	
Total Fiscal Services			110,051

Operation of Plant

Supervisor/Director	\$	47,690	
Custodial Personnel		152,405	
Other Salaries & Wages		31,029	
Social Security		13,773	
State Retirement		7,589	
Medical Insurance		5,639	
Employer Medicare		3,221	
Other Contracted Services		5,784	
Custodial Supplies		24,485	
Electricity		258,884	
Natural Gas		73,438	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	35,585	
Other Supplies and Materials		20	
Boiler Insurance		2,520	
Building and Contents Insurance		45,893	
In Service/Staff Development		715	
Plant Operation Equipment		4,879	
Total Operation of Plant			\$ 713,549

Maintenance of Plant

Maintenance Personnel	\$	54,818	
Other Salaries & Wages		1,923	
Social Security		3,362	
State Retirement		3,334	
Medical Insurance		2,579	
Employer Medicare		786	
Communication		491	
Laundry Service		1,813	
Other Contracted Services		5,666	
Other Supplies and Materials		17,716	
In Service/Staff Development		250	
Maintenance Equipment		4,192	
Total Maintenance of Plant			96,930

Transportation

Supervisor/Director	\$	26,411	
Mechanic(s)		40,390	
Bus Drivers		202,076	
Other Salaries & Wages		8,458	
In-Service Training		1,134	
Social Security		16,529	
State Retirement		19,622	
Medical Insurance		11,043	
Employer Medicare		3,866	
Communication		4,327	
Laundry Service		1,258	
Medical and Dental Services		1,726	
Travel		884	
Other Contracted Services		1,046	
Diesel Fuel		58,646	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Garage Supplies	\$	2,309	
Gasoline		9,574	
Lubricants		1,796	
Tires and Tubes		10,352	
Vehicle Parts		21,374	
Vehicle and Equipment Insurance		14,175	
In Service/Staff Development		1,030	
Other Charges		1,904	
Transportation Equipment		<u>145,256</u>	
Total Transportation			\$ 605,186

Central and Other

Data Processing Personnel	\$	16,034	
Social Security		887	
State Retirement		1,344	
Medical Insurance		1,511	
Employer Medicare		207	
Travel		178	
In Service/Staff Development		<u>593</u>	
Total Central and Other			20,754

Operation of Non-Instructional Services

Food Service

Other Charges	\$	<u>1,325</u>	
Total Food Service			1,325

Community Services

Supervisor/Director	\$	26,794	
Teachers		78,202	
Other Salaries & Wages		2,603	
Social Security		6,511	
State Retirement		6,919	
Employer Medicare		1,561	
Other Fringe Benefits		230	
Travel		5,030	
Other Contracted Services		2,852	
Other Supplies and Materials		73,062	
Refunds		1,530	
In Service/Staff Development		<u>2,254</u>	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Other Charges	\$ 11,051	
Other Equipment	499	
Total Community Services	<u> </u>	\$ 219,098

Early Childhood Education

Supervisor/Director	\$ 46,145	
Teachers	102,935	
Career Ladder Program	2,000	
Educational Assistants	52,357	
Non-certified Substitute Teachers	3,195	
Social Security	11,851	
State Retirement	11,510	
Medical Insurance	14,173	
Employer Medicare	2,772	
Other Contracted Services	1,651	
Instructional Supplies and Materials	37,996	
Other Supplies and Materials	1,800	
In Service/Staff Development	9,303	
Other Equipment	88,799	
Total Early Childhood Education	<u> </u>	386,487

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 128,248	
Total Regular Capital Outlay	<u> </u>	128,248

Principal on Debt

Education

Principal on Notes	\$ 62,554	
Total Education	<u> </u>	62,554

Interest on Debt

Education

Interest on Notes	\$ 2,094	
Total Education	<u> </u>	2,094

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 350,967	
Total Education	<u> </u>	<u>350,967</u>

Total General Purpose School Fund \$ 10,707,958

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	292,105	
Educational Assistants		59,875	
Other Salaries & Wages		758	
Non-certified Substitute Teachers		1,575	
Social Security		20,598	
State Retirement		22,928	
Medical Insurance		19,628	
Employer Medicare		4,817	
Instructional Supplies and Materials		87,794	
Other Charges		262	
Regular Instruction Equipment		1,425	
Total Regular Instruction Program			\$ 511,765

Special Education Program

Teachers	\$	4,000	
Educational Assistants		130,697	
Other Salaries & Wages		1,160	
Social Security		8,408	
State Retirement		8,736	
Employer Medicare		1,966	
Other Fringe Benefits		1,613	
Contracts with Private Agencies		9,790	
Other Contracted Services		29,710	
Instructional Supplies and Materials		2,231	
Other Supplies and Materials		4,328	
Total Special Education Program			202,639

Vocational Education Program

Contracts with Other School Systems	\$	14,944	
Instructional Supplies and Materials		1,952	
Other Charges		219	
Vocational Instruction Equipment		7,198	
Total Vocational Education Program			24,313

Support Services

Health Services

Medical Personnel	\$	2,584	
Social Security		160	
State Retirement		216	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Employer Medicare	\$	37	
Other Charges		84	
Total Health Services			\$ 3,081

Other Student Support

Assessment Personnel	\$	17,814	
Social Security		1,104	
State Retirement		1,092	
Employer Medicare		258	
Contracts with Government Agencies		3,982	
Travel		2,921	
Other Supplies and Materials		2,312	
Other Charges		76	
Total Other Student Support			29,559

Regular Instruction Program

Supervisor/Director	\$	7,500	
Secretary(ies)		4,000	
In-Service Training		8,031	
Social Security		1,018	
State Retirement		806	
Employer Medicare		230	
In Service/Staff Development		74,009	
Other Charges		4,318	
Total Regular Instruction Program			99,912

Special Education Program

Supervisor/Director	\$	6,000	
Psychological Personnel		15,330	
Assessment Personnel		14,316	
Secretary(ies)		30,045	
Clerical Personnel		9,400	
Other Salaries & Wages		32,874	
Social Security		4,386	
State Retirement		5,735	
Medical Insurance		3,072	
Employer Medicare		1,502	
Other Fringe Benefits		401	
Communication		2,342	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Postal Charges	\$	923	
Travel		678	
Other Contracted Services		40,979	
Other Supplies and Materials		5,706	
In Service/Staff Development		4,204	
Other Charges		32	
Total Special Education Program			\$ 177,925

Transportation

Bus Drivers	\$	9,793	
Other Salaries & Wages		4,911	
Social Security		912	
State Retirement		1,227	
Employer Medicare		213	
Other Fringe Benefits		647	
Contracts with Parents		2,909	
Contracts with Vehicle Owners		3,358	
Total Transportation			23,970

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	24,720	
Other Salaries & Wages		49,951	
Social Security		4,223	
State Retirement		3,863	
Medical Insurance		5,642	
Employer Medicare		988	
Travel		2,286	
Other Contracted Services		135	
Other Supplies and Materials		4,592	
Other Charges		409	
Total Community Services			96,809

Total School Federal Projects Fund \$ 1,169,973

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	38,490	
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(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Clerical Personnel	\$	23,835	
Cafeteria Personnel		289,298	
Other Salaries & Wages		424	
In-Service Training		3,980	
Social Security		21,469	
State Retirement		22,293	
Employer Medicare		5,072	
Other Fringe Benefits		10,148	
Communication		3,377	
Maintenance & Repair Services - Equipment		9,878	
Transportation - Other than Students		5,789	
Travel		251	
Other Contracted Services		11,918	
Food Preparation Supplies		31,642	
Food Supplies		383,663	
Office Supplies		5,895	
Utilities		30,042	
Other Supplies and Materials		882	
Trustee's Commission		1	
In Service/Staff Development		873	
Criminal Investigation of Applicants - TBI		480	
Refund to Applicant for Criminal Investigation		480	
Food Service Equipment		91,444	
Total Food Service			\$ 991,624
Total Central Cafeteria Fund			\$ 991,624
Total Governmental Funds - Lewis County School Department			\$ 12,869,555

Exhibit J-9

Lewis County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 847,227
Total Cash Receipts	<u>\$ 847,227</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 838,755
Trustee's Commission	8,472
Total Cash Disbursements	<u>\$ 847,227</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

October 4, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lewis County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Lewis County's basic financial statements and have issued our report thereon dated October 4, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Lewis County Emergency Communications District, a discretely presented component unit, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01 and 07.02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Lewis County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal over compliance that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lewis County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07.04.

We consider item 07.03 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to the management of Lewis County in separate communications.

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

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

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 4, 2007

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Lewis County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Lewis County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lewis County's management. Our responsibility is to express an opinion on Lewis County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about Lewis County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lewis County's compliance with those requirements.

In our opinion, Lewis County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Lewis County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lewis County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Lewis County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over compliance that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lewis County as of and for the year ended June 30, 2007, and have issued our report thereon dated October 4, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial

statements of the Lewis County Emergency Communications District, a discretely presented component unit, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Lewis County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Yours very truly,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned to the left of the typed name.

John G. Morgan
Comptroller of the Treasury

JGM/sb

Lewis County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Watershed Protection and Flood Prevention	10.904	N/A	\$ 71,471
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	38,738
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	132,569
National School Lunch Program	10.555	(2)	379,481
Total U.S. Department of Agriculture			<u>\$ 622,259</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-07-035865-00	\$ 3,840
Total U.S. Department of Transportation			<u>\$ 3,840</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 451,922
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	394,567
Special Education - Preschool Grants	84.173	N/A	18,980
Vocational Education - Basic Grants to States	84.048	N/A	26,892
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	10,005
Twenty-First Century Community Learning Centers	84.287	N/A	99,229
State Grants for Innovative Programs	84.298	N/A	3,113
Education Technology State Grants	84.318	(2)	2,644
Rural Education	84.358	N/A	41,543
Improving Teacher Quality State Grants	84.367	(2)	136,743
Hurricane Education Recovery	84.938	N/A	7,301
Total U.S. Department of Education			<u>\$ 1,192,939</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State's Office:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 14,650
Total U.S. Elections Assistance Commission			<u>\$ 14,650</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.004	Z-05-025180-00	\$ 42,484
Total U.S. Department of Homeland Security			<u>\$ 42,484</u>
Total Expenditures of Federal Awards			<u>\$ 1,876,172</u>

(Continued)

Lewis County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 4,700
Airport Maintenance Program - State Department of Transportation	N/A	Z-07-035592-00	6,557
Airport Lighting System Grant - State Department of Transportation	N/A	Z-06-029408-00	278,341
Juvenile Services Program - State Children's Services Commission	N/A	Z-07-036553-00	9,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-03-011290-00	8,700
Litter Program - State Department of Transportation	N/A	Z-07-033819-00	28,097
Litter Program - State Department of Transportation	N/A	Z-06-027981-00	2,072
Health Department - State Department of Health	N/A	Z-07-031549-00	3,286
Lottery for Education Afterschool Program - State Department of Education	N/A	019-06-1-027	165,095
Early Childhood Education - State Department of Education	N/A	(2)	280,391
Family Resource Grant - State Department of Education	N/A	(2)	33,300
Total State Grants			<u>\$ 819,539</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

(1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) - Information not available.

Lewis County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

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 Lewis County, Tennessee, and the Lewis County School Department for the year ended June 30, 2006, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	13	The office had not established a formal purchase order system

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.09	18	Duties were not segregated adequately in the Offices of County Mayor, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register
06.10	18	A central system of accounting, budgeting, and purchasing had not been adopted
06.11	19	One member of the County Board of Equalization was ineligible for board membership

LEWIS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Lewis County disclosed significant deficiencies in internal control. None of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Lewis County.
4. An unqualified opinion was issued on compliance for major programs.
5. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
6. The Title 1 Grants to Local Educational Agencies (CFDA No. 84.010), the Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
7. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
8. Lewis 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 written responses of the county mayor are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 07.01 THE OFFICE HAD NOT ESTABLISHED A FORMAL PURCHASE ORDER SYSTEM
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

The office should establish a formal purchase order system to improve controls over the purchasing process and to document purchasing commitments.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 07.02 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of County Mayor, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register. Employees who were responsible for maintaining accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

MANAGEMENT'S RESPONSE TO FINDINGS 07.01, 07.02, 07.03 – COUNTY MAYOR

I believe that these findings are indicative that financial management responsibilities for the Office of County Mayor rely upon myself and one full-time employee. This employee replaced our former administrative assistant slightly over one year ago, and he has had to juggle multiple responsibilities along with learning governmental accounting procedures.

FINDING 07.03 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting either 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

I have twice proposed the adoption of the County Financial Management System of 1981, to the County Commission, and twice the idea has been rejected. I certainly believe that all of the findings in our most recent audit could be eliminated with the adoption and implementation of a well structured financial management system. We will continue to evaluate the benefits and costs of implementing a centralized system of accounting, budgeting, and purchasing and present our findings to the County Commission for their consideration.

FINDING 07.04 **ONE MEMBER OF THE COUNTY BOARD OF EQUALIZATION WAS INELIGIBLE FOR BOARD MEMBERSHIP**
(Noncompliance Under Government Auditing Standards)

Monitoring reports prepared by the Division of Property Assessments disclosed that an employee of the Maury County Board of Education was also a member of Lewis County's Board of Equalization. Section 67-1-401(c), Tennessee Code Annotated, states that "state, municipal or county legislative or executive officials or employees shall all be ineligible for positions on a county board of equalization...."

RECOMMENDATION

County officials should ensure that only eligible individuals are members of the Board of Equalization as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This finding was noted in the previous year's audit. In evaluating that audit finding, it was determined this board member was an employee of the Maury County School System rather than an employee of Columbia State Community College. Since the Maury County School System was not a state agency, it was mistakenly assumed it would not be a violation to reappoint this person to the board, which was done through the County Commission. This violation will be corrected by not reappointing this member to the Board of Equalization in the future.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal programs.

LEWIS COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007

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