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# ANNUAL FINANCIAL REPORT LEWIS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2008



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**ANNUAL FINANCIAL REPORT**  
**LEWIS COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

***DEPARTMENT OF AUDIT***  
***JOHN G. MORGAN***  
***Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT***  
***RICHARD V. NORMENT***  
***Assistant to the Comptroller***

***JAMES R. ARNETTE***  
***Director***

***JEFF BAILEY, CPA, CGFM, CFE***  
***Audit Manager***

***KENT WHITE, CPA, CGFM, CFE***  
***Auditor 4***

***RHONDA DAVIS, CFE***  
***DONYA WADE, CFE***  
***MARK HARVILL***  
***JAY FINCHER***  
***State Auditors***

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

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# ***Audit Highlights***

Annual Financial Report  
Lewis County, Tennessee  
For the Year Ended June 30, 2008

## ***Scope***

We have audited the basic financial statements of Lewis County as of and for the year ended June 30, 2008.

## ***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 ten findings and recommendations, which we have reviewed with Lewis County's management. Detailed findings, recommendations, and managements' responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **LEWIS COUNTY AND LEWIS COUNTY SCHOOL DEPARTMENT**

- ◆ Lewis County and the Lewis County School Department do not have the resources to produce their financial statements and notes to the financial statements.

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### **OFFICE OF COUNTY MAYOR**

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ The office had not established a formal purchase order system.
- ◆ The office had deficiencies in accounting procedures.
- ◆ The county violated the conflict of interest statute by making purchases from businesses owned by county commissioners.
- ◆ Expenditures exceeded appropriations in major appropriations categories (the legal level of control) of the General Fund and the Drug Control Fund.

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### **OFFICE OF ROAD SUPERINTENDENT**

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

## **OFFICE OF TRUSTEE**

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

## **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.

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## INTRODUCTORY SECTION

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Lewis County Officials  
June 30, 2008

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**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**

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

**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
Jeff Gandy	

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## **FINANCIAL SECTION**

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

INDEPENDENT AUDITOR'S REPORT

October 28, 2008

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, 2008, 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, 2008, 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, 2008, 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 28, 2008, 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. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

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 63 through 67 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 long horizontal flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Lewis County, Tennessee  
Statement of Net Assets  
June 30, 2008

	<u>Primary Governmental Activities</u>	<u>Component Unit Lewis County School Department</u>
<u>ASSETS</u>		
Cash	\$ 7,590	\$ 111,186
Equity in Pooled Cash and Investments	2,596,407	2,132,752
Inventories	0	16,671
Investments	66,757	0
Accounts Receivable	163,258	8,401
Allowance for Uncollectibles	(49,715)	0
Due from Other Governments	837,484	619,327
Property Taxes Receivable	2,093,390	1,169,988
Allowance for Uncollectible Property Taxes	(103,883)	(56,962)
Capital Assets:		
Assets Not Depreciated:		
Land	1,004,458	461,601
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,521,852	5,530,223
Other Capital Assets	357,204	1,154,198
Infrastructure	7,687,685	0
Total Assets	<u>\$ 16,182,487</u>	<u>\$ 11,147,385</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 7,980	\$ 0
Payroll Deductions Payable	0	99,626
Accrued Interest Payable	32,889	0
Deferred Revenue - Current Property Taxes	1,933,182	1,082,795
Noncurrent Liabilities:		
Due Within One Year	1,089,869	6,218
Due in More Than One Year	2,065,410	0
Total Liabilities	<u>\$ 5,129,330</u>	<u>\$ 1,188,639</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 9,503,275	\$ 0
Invested in Capital Assets	0	7,146,022
Restricted for:		
Highway/Public Works	1,583,453	0
Solid Waste/Sanitation	204,713	0
Special Purpose	394,222	0
Food Service	0	436,024
Debt Service	584,907	0
Other Purposes	180,509	289,431
Unrestricted	<u>(1,397,922)</u>	<u>2,087,269</u>
Total Net Assets	<u>\$ 11,053,157</u>	<u>\$ 9,958,746</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, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		
					Governmental Activities	Lewis County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 662,453	\$ 267,542	\$ 16,380	\$ 72,794	\$ (305,737)	\$ 0	0
Finance	357,368	230,393	4,699	0	(122,276)	0	0
Administration of Justice	411,667	229,243	9,239	0	(173,185)	0	0
Public Safety	1,471,258	323,358	0	13,452	(1,134,448)	0	0
Public Health and Welfare	1,213,416	491,653	77,541	486,052	(158,170)	0	0
Social, Cultural, and Recreational Services	274,675	1,172	1,773	0	(271,730)	0	0
Agriculture and Natural Resources	60,623	0	0	0	(60,623)	0	0
Other Operations	328,479	6,460	7,603	0	(314,416)	0	0
Highways/Public Works	2,255,345	0	1,436,245	803,924	(15,176)	0	0
Instruction	5,900	0	0	0	(5,900)	0	0
Interest on Long-term Debt	155,371	0	0	0	(155,371)	0	0
Other Debt Service	1,703	0	425,961	0	424,258	0	0
Total Governmental Activities	\$ 7,198,258	\$ 1,549,821	\$ 1,979,441	\$ 1,376,222	\$ (2,292,774)	\$ 0	0
Total Primary Government	\$ 7,198,258	\$ 1,549,821	\$ 1,979,441	\$ 1,376,222	\$ (2,292,774)	\$ 0	0
Component Unit:							
Lewis County School Department	\$ 13,549,795	\$ 418,061	\$ 2,227,629	\$ 0	\$ 0	\$ (10,904,105)	
Total Component Unit	\$ 13,549,795	\$ 418,061	\$ 2,227,629	\$ 0	\$ 0	\$ (10,904,105)	

(Continued)

Exhibit B

Lewis County Government, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component	
				Primary Governmental Activities	Lewis County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 1,632,408	\$ 967,553
Property Taxes Levied for Debt Service				179,044	0
Local Option Sales Tax				492,495	662,370
Wheel Tax				217,042	0
Other Local Taxes				136,103	29,180
Grants and Contributions Not Restricted to Specific Programs				534,481	9,480,993
Unrestricted Investment Earnings				117,146	63,023
Miscellaneous				220,588	29,048
Insurance Recovery				0	28,975
Gain on Sale of Capital Assets				12,867	1,700
Total General Revenues				<u>\$ 3,542,174</u>	<u>\$ 11,262,842</u>
Change in Net Assets				\$ 1,249,400	\$ 358,737
Net Assets, July 1, 2007				9,803,757	9,600,009
Net Assets, June 30, 2008				<u>\$ 11,053,157</u>	<u>\$ 9,958,746</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, 2008

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 7,380	\$ 10	\$ 0	\$ 200	\$ 7,590
Equity in Pooled Cash and Investments	546,379	1,016,917	494,472	538,639	2,596,407
Investments	0	0	0	66,757	66,757
Accounts Receivable	27,900	0	29,798	105,560	163,258
Allowance for Uncollectibles	0	0	0	(49,715)	(49,715)
Due from Other Governments	184,624	564,854	88,006	0	837,484
Property Taxes Receivable	1,807,656	64,394	177,915	43,425	2,093,390
Allowance for Uncollectible Property Taxes	(89,096)	(3,142)	(9,473)	(2,172)	(103,883)
<b>Total Assets</b>	<b>\$ 2,484,843</b>	<b>\$ 1,643,033</b>	<b>\$ 780,718</b>	<b>\$ 702,694</b>	<b>\$ 5,611,288</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 7,954	\$ 0	\$ 0	\$ 26	\$ 7,980
Deferred Revenue - Current Property Taxes	1,670,615	59,580	162,922	40,065	1,933,182
Deferred Revenue - Delinquent Property Taxes	37,183	1,297	4,281	921	43,682
Other Deferred Revenues	32,942	116,821	45,350	41,349	236,462
<b>Total Liabilities</b>	<b>\$ 1,748,694</b>	<b>\$ 177,698</b>	<b>\$ 212,553</b>	<b>\$ 82,361</b>	<b>\$ 2,221,306</b>
<u>Fund Balances</u>					
Reserved for Alcohol and Drug Treatment	\$ 32,512	\$ 0	\$ 0	\$ 0	\$ 32,512
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	24,746	0	0	0	24,746
Reserved for Drug Court	11,617	0	0	0	11,617
Reserved for Sexual Offender Registration	700	0	0	0	700
Reserved for Computer System - Register	14,588	0	0	0	14,588
Reserved for Automation Purposes - Circuit Court	808	0	0	0	808
Reserved for Automation Purposes - General Sessions Court	1,501	0	0	0	1,501
Reserved for Automation Purposes - Chancery Court	2,619	0	0	0	2,619
Reserved for Automation Purposes - Sheriff	7,414	0	0	0	7,414
Reserved for Automation Purposes - County Clerk	9,630	0	0	0	9,630
Other Local Education Reserves	0	0	452,709	0	452,709
Reserved for Capital Outlay	98,642	0	0	0	98,642
Reserved for Other General Purposes	10,706	0	0	25,743	36,449
Unreserved, Reported In:					
General Fund	520,666	0	0	0	520,666
Special Revenue Funds	0	1,465,335	0	550,808	2,016,143
Debt Service Funds	0	0	115,456	0	115,456
Capital Projects Funds	0	0	0	43,782	43,782
<b>Total Fund Balances</b>	<b>\$ 736,149</b>	<b>\$ 1,465,335</b>	<b>\$ 568,165</b>	<b>\$ 620,333</b>	<b>\$ 3,389,982</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,484,843</b>	<b>\$ 1,643,033</b>	<b>\$ 780,718</b>	<b>\$ 702,694</b>	<b>\$ 5,611,288</b>

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, 2008

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)		\$ 3,389,982
(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	7,687,685	
Add: buildings and improvements net of accumulated depreciation	1,521,852	
Add: other capital assets net of accumulated depreciation	<u>357,204</u>	10,571,199
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,166,566)	
Less: bonds payable	(1,960,000)	
Less: compensated absences payable	(28,713)	
Less: accrued interest on bonds and notes	<u>(32,889)</u>	(3,188,168)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>280,144</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 11,053,157</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, 2008

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,119,351	\$ 60,846	\$ 631,113	\$ 43,308	\$ 2,854,618
Licenses and Permits	1,726	0	0	0	1,726
Fines, Forfeitures, and Penalties	66,456	0	0	9,237	75,693
Charges for Current Services	61,342	0	0	460,264	521,606
Other Local Revenues	149,380	18,842	154,436	163,315	485,973
Fees Received from County Officials	452,418	0	0	0	452,418
State of Tennessee	749,114	2,106,455	0	7,939	2,863,508
Federal Government	58,123	165,294	0	486,052	709,469
Other Governments and Citizens Groups	77,773	18,336	342,445	37,044	475,598
Total Revenues	<u>\$ 3,735,683</u>	<u>\$ 2,369,773</u>	<u>\$ 1,127,994</u>	<u>\$ 1,207,159</u>	<u>\$ 8,440,609</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 602,792	\$ 0	\$ 0	\$ 549	\$ 603,341
Finance	312,235	0	0	139	312,374
Administration of Justice	366,496	0	0	177	366,673
Public Safety	1,280,245	0	0	14,883	1,295,128
Public Health and Welfare	200,515	0	0	463,588	664,103
Social, Cultural, and Recreational Services	204,175	0	0	0	204,175
Agriculture and Natural Resources	60,623	0	0	0	60,623
Other Operations	571,777	0	10,355	34,717	616,849
Highways	0	1,864,736	0	38,878	1,903,614
Instruction	5,900	0	0	0	5,900
Debt Service:					
Principal on Debt	0	0	1,110,035	0	1,110,035
Interest on Debt	0	0	170,138	0	170,138
Other Debt Service	0	0	1,703	0	1,703
Capital Projects	9,090	0	67,539	523,096	599,725
Total Expenditures	<u>\$ 3,613,848</u>	<u>\$ 1,864,736</u>	<u>\$ 1,359,770</u>	<u>\$ 1,076,027</u>	<u>\$ 7,914,381</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>\$ 121,835</u>	<u>\$ 505,037</u>	<u>\$ (231,776)</u>	<u>\$ 131,132</u>	<u>\$ 526,228</u>
<u>Other Financing Sources (Uses)</u>					
Proceeds from Sale of Capital Assets	\$ 0	\$ 70,665	\$ 0	\$ 0	\$ 70,665
Transfers In	0	0	122,557	0	122,557
Transfers Out	(76,421)	(26,222)	0	(19,914)	(122,557)
Total Other Financing Sources (Uses)	<u>\$ (76,421)</u>	<u>\$ 44,443</u>	<u>\$ 122,557</u>	<u>\$ (19,914)</u>	<u>\$ 70,665</u>
Net Change in Fund Balances					
	\$ 45,414	\$ 549,480	\$ (109,219)	\$ 111,218	\$ 596,893
Fund Balance, July 1, 2007	<u>690,735</u>	<u>915,855</u>	<u>677,384</u>	<u>509,115</u>	<u>2,793,089</u>
Fund Balance, June 30, 2008	<u>\$ 736,149</u>	<u>\$ 1,465,335</u>	<u>\$ 568,165</u>	<u>\$ 620,333</u>	<u>\$ 3,389,982</u>

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, 2008

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)		\$ 596,893
(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	\$ 868,562	
Less: current year depreciation expense	<u>(1,268,269)</u>	(399,707)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(48,958)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 280,144	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(294,802)</u>	(14,658)
(4) 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 payments on bonds	\$ 560,000	
Add: principal payments on notes	<u>550,035</u>	1,110,035
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 14,767	
Change in compensated absences payable	<u>(8,972)</u>	<u>5,795</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,249,400</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, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 529,334
Due from Other Governments	<u>129,253</u>
Total Assets	<u>\$ 658,587</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 129,253
Due to Litigants, Heirs, and Others	<u>529,334</u>
Total Liabilities	<u>\$ 658,587</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, 2008**

**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, 2008.

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 (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 Funds** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**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.

## **2. Receivables and Payables**

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to three 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including 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, 2008, Lewis County had \$1,960,000 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, 2008.

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Jail	\$ 20,103
Library	1,172
General Purpose School:	
PreK Renovations	88,329

**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**

### **A. 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.

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Engineering (\$2,563), Jail (\$55,080), and Libraries (\$5,478) major appropriation categories (the legal level of control) of the General Fund.

Expenditures exceeded the total appropriations approved by the County Commission in the Drug Control Fund by \$5,978.

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

**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 and investments reflected on the balance sheets or statements of net assets represent 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.

**Investment Balances.** As of June 30, 2008, Lewis County had the following investment carried at fair value or cost. These investments were received by the county as the result of a bankruptcy.

<u>Investment</u>	<u>Fair Value or Cost</u>
Special Purpose Fund:	
12,478 shares of Dana Corporation Common Stock	\$66,757

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Lewis County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Lewis County has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county’s investment in a single issuer. Lewis County places no limit on the amount the county may invest in one

issuer. The Dana Corporation common stock represents all of the investments of Lewis County.

**B. Capital Assets**

**Primary Government**

Capital assets activity for the year ended June 30, 2008, was as follows:

**Governmental Activities:**

	Adjusted Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 1,004,458	\$ 0	\$ 0	\$ 1,004,458
Total Capital Assets Not Depreciated	<u>\$ 1,004,458</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,004,458</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,944,464	\$ 0	\$ (38,740)	\$ 2,905,724
Roads and Bridges	16,345,170	750,666	(6,089)	17,089,747
Other Capital Assets	1,544,609	117,895	(74,000)	1,588,504
Total Capital Assets Depreciated	<u>\$ 20,834,243</u>	<u>\$ 868,561</u>	<u>\$ (118,829)</u>	<u>\$ 21,583,975</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,284,861	\$ 100,787	\$ (1,776)	\$ 1,383,872
Roads and Bridges	8,344,122	1,064,029	(6,089)	9,402,062
Other Capital Assets	1,181,013	103,454	(53,166)	1,231,301
Total Accumulated Depreciation	<u>\$ 10,809,996</u>	<u>\$ 1,268,270</u>	<u>\$ (61,031)</u>	<u>\$ 12,017,235</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,024,247</u>	<u>\$ (399,709)</u>	<u>\$ (57,798)</u>	<u>\$ 9,566,740</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,028,705</u>	<u>\$ (399,709)</u>	<u>\$ (57,798)</u>	<u>\$ 10,571,198</u>

The beginning balances were adjusted \$8,840 to correct a prior-year error. Since this restatement is an immaterial amount, it has been netted into current-year operations in-lieu-of a prior-period adjustment.

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

**Governmental Activities:**

General Government	\$	3,490
Public Safety		37,254
Public Health and Welfare		17,127
Social, Cultural, and Recreation		54,514
Other General Government		8,591
Highway/Public Works		<u>1,147,293</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>1,268,269</u></u>

**Discretely Presented Lewis County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 456,601	\$ 5,000	\$ 0	\$ 461,601
Total Capital Assets Not Depreciated	<u>\$ 456,601</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 456,601</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,282,532	\$ 249,129	\$ 0	\$ 10,531,661
Other Capital Assets	2,115,271	238,233	(78,596)	2,274,908
Total Capital Assets Depreciated	<u>\$ 12,397,803</u>	<u>\$ 487,362</u>	<u>\$ (78,596)</u>	<u>\$ 12,806,569</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 4,654,918	\$ 346,520	\$ 0	\$ 5,001,438
Other Capital Assets	1,064,585	134,721	(78,596)	1,120,710
Total Accumulated Depreciation	<u>\$ 5,719,503</u>	<u>\$ 481,241</u>	<u>\$ (78,596)</u>	<u>\$ 6,122,148</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,678,300</u>	<u>\$ 6,121</u>	<u>\$ 0</u>	<u>\$ 6,684,421</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,134,901</u>	<u>\$ 11,121</u>	<u>\$ 0</u>	<u>\$ 7,146,022</u>

Depreciation expenses was charged to the functions of the Lewis County School Department as follows:

**Governmental Activities:**

Support Services	\$ 470,893
Operation of Non-Instructional Services	<u>10,348</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 481,241</u></u>

**C. Interfund Transfers**

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In General Debt Service Fund
General Fund	\$ 76,421
Highway/Public Works Fund	26,222
Nonmajor governmental funds	<u>19,914</u>
Total	<u><u>\$ 122,557</u></u>

**Discretely Presented Lewis County School Department**

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 10,633

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 outstanding 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, 2008, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation			
Bonds - Refunding	2.25 to 3.85%	\$ 4,780,000	\$ 1,960,000
Capital Outlay Notes	2.26 to 4.9	2,580,000	1,166,566

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 488,334	\$ 51,424	\$ 539,758
2010	423,232	20,601	443,833
2011	80,000	12,335	92,335
2012	85,000	8,575	93,575
2013	90,000	4,410	94,410
Total	\$ 1,166,566	\$ 97,345	\$ 1,263,911

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2014-2017	745,000	63,483	808,483
Total	\$ 1,960,000	\$ 285,443	\$ 2,245,443

There is \$568,165 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$172, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled \$275, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Notes	Compensated Absences
Balance, July 1, 2007	\$ 2,520,000	\$ 1,716,601	\$ 19,742
Additions	0	0	61,266
Deductions	(560,000)	(550,035)	(52,295)
Balance, June 30, 2008	\$ 1,960,000	\$ 1,166,566	\$ 28,713
Balance Due Within One Year	\$ 580,000	\$ 488,334	\$ 21,535

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 3,155,279
Less: Balance Due Within One Year	(1,089,869)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 2,065,410

Compensated absences 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, 2008, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2007	\$ 5,336
Additions	5,690
Deductions	<u>(4,808)</u>
Balance, June 30, 2008	<u>\$ 6,218</u>
Balance Due Within One Year	<u>\$ 6,218</u>

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

**E. On-Behalf Payments – Discretely Presented Lewis County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Lewis County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$31,097 and \$7,600, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**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.

The Lewis County general government employees (excluding the Highway Department) purchase commercial insurance for health insurance coverage. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

The Lewis County Highway Department participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

### **Discretely Presented Lewis County School Department**

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums. The TN-RMT reinsures through commercial insurance companies for claims exceeding \$200,000 and workers' compensation claims exceeding \$500,000.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual

Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the county's financial statements. In previous years, Lewis County and the Lewis County School Department were only required to recognize the current year cost (expense) of these benefits. GASB Statement No. 45 had no effect on the financial statements of Lewis County and the School Department for the year ended June 30, 2008, since the county and the School Department do not currently provide any postemployment benefits to their employees. However, it is reasonably expected that Lewis County and/or the School Department may provide OPEB benefits in subsequent years.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Lewis County. GASB Statement No. 48 had no effect on the financial statements of Lewis County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Lewis County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or

presented as required supplementary information for pension plans. This statement requires Lewis County to provide additional and more detailed pension plan note disclosures than in previous years.

**C. Subsequent Events**

On August 31, 2008, Bobby Johnston left the Office of Assessor of Property and was succeeded by Travis Hinson.

Circuit and General Sessions Courts Clerk, Donna Couch, resigned September 30, 2008, and was succeeded by Mike Hinson effective October 1, 2008.

Clerk and Master, Janet Williams, retired September 30, 2008, and was succeeded by Donna Couch effective October 1, 2008.

**D. Contingent Liabilities**

The county attorney has not responded to requests to provide information regarding pending lawsuits in which the county may be involved. Management is unaware of any pending lawsuits.

**E. 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 \$32,500 to the Hohenwald/Lewis County Economic Development Council during the 2007-08 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 2007-08 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, 2008.

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

**F. 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.

**G. 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://treasury.state.tn.us/tcrs/PS/>.

## **Funding Policy**

### County Employees

Lewis County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008, was 5.44 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### County Officials

Lewis County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008, was 4.69 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### Highway Department Employees

Lewis County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008, was 15.38 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

School Department Employees

The Lewis County School Department requires employees to contribute five percent of their earnable compensation. The School Department is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008, was 8.38 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 Employees

For the year ending June 30, 2008, Lewis County’s annual pension cost of \$45,237 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), and (c) projected 3.5 percent annual increase in the Social Security wage base. 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 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 zero years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

**Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$45,237	100%	\$0
6-30-07	0	100	0
6-30-06	0	100	0

County Officials

For the year ending June 30, 2008, Lewis County’s annual pension cost of \$25,797 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 postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 17 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

### **Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$25,797	100%	\$0
6-30-07	24,463	100	0
6-30-06	16,646	100	0

#### Highway Department Employees

For the year ending June 30, 2008, Lewis County's annual pension cost of \$83,311 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 postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

### Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$83,311	100%	\$0
6-30-07	82,450	100	0
6-30-06	88,249	100	0

#### School Department Employees

For the year ending June 30, 2008, the Lewis County School Department's annual pension cost of \$121,324 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 postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. 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, 2007, which established contribution rates effective July 1, 2008.

### Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$121,324	100%	\$0
6-30-07	111,497	100	0
6-30-06	125,891	100	0

#### **Funded Status and Funding Progress**

##### County Employees

As of July 1, 2007, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$0, and the actuarial value of assets was \$0, resulting in an unfunded actuarial

accrued liability (UAAL) of \$0. The covered payroll (annual payroll of active employees covered by the plan) was \$0, and the ratio of the UAAL to the covered payroll was zero percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

#### County Officials

As of July 1, 2007, the most recent actuarial valuation date, the plan was 97.98 percent funded. The actuarial accrued liability for benefits was \$1.68 million, and the actuarial value of assets was \$1.64 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.04 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.52 million, and the ratio of the UAAL to the covered payroll was 6.48 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

#### Highway Department Employees

As of July 1, 2007, the most recent actuarial valuation date, the plan was 87.58 percent funded. The actuarial accrued liability for benefits was \$1.62 million, and the actuarial value of assets was \$1.42 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.20 million. The covered payroll (annual payroll of active employees covered by the plan) was

\$.54 million, and the ratio of the UAAL to the covered payroll was 37.06 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

#### School Department Employees

As of July 1, 2007, the most recent actuarial valuation date, the plan was 85.68 percent funded. The actuarial accrued liability for benefits was \$3.72 million, and the actuarial value of assets was \$3.19 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.53 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.32 million, and the ratio of the UAAL to the covered payroll was 40.11 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

#### School Teachers

##### **Plan Description**

The 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 <http://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, 2008, was 6.24 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, 2008, 2007, and 2006 were \$406,777, \$381,308, and \$327,374, respectively, equal to the required contributions for each year.

## **H. 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 \$10,000 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,119,351	\$ 2,061,806	\$ 2,061,806	\$ 57,545
Licenses and Permits	1,726	1,600	1,600	126
Fines, Forfeitures, and Penalties	66,456	76,957	82,696	(16,240)
Charges for Current Services	61,342	54,300	55,200	6,142
Other Local Revenues	149,380	227,300	298,266	(148,886)
Fees Received from County Officials	452,418	442,500	442,500	9,918
State of Tennessee	749,114	863,257	908,546	(159,432)
Federal Government	58,123	27,000	27,000	31,123
Other Governments and Citizens Groups	77,773	30,000	66,000	11,773
Total Revenues	<u>\$ 3,735,683</u>	<u>\$ 3,784,720</u>	<u>\$ 3,943,614</u>	<u>\$ (207,931)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 56,535	\$ 56,818	\$ 56,818	\$ 283
Board of Equalization	700	1,000	1,000	300
County Mayor/Executive	118,271	123,469	123,469	5,198
County Attorney	12,225	6,000	14,542	2,317
Election Commission	71,045	69,168	85,588	14,543
Register of Deeds	81,181	82,307	82,307	1,126
Building	348	0	348	0
Engineering	5,484	0	2,921	(2,563)
Geographical Information Systems	28,473	28,814	29,314	841
County Buildings	228,530	223,205	233,763	5,233
<u>Finance</u>				
Property Assessor's Office	78,990	78,615	80,115	1,125
Reappraisal Program	21,704	21,744	21,744	40
County Trustee's Office	112,281	115,987	115,987	3,706
County Clerk's Office	99,260	101,162	101,944	2,684
<u>Administration of Justice</u>				
Circuit Court	69,668	70,355	76,094	6,426
General Sessions Judge	85,572	87,323	87,350	1,778
General Sessions Court Clerk	59,776	60,343	60,343	567
Chancery Court	83,036	85,965	85,965	2,929
Judicial Commissioners	23,438	22,973	23,873	435
Courtroom Security	45,006	0	45,006	0
<u>Public Safety</u>				
Sheriff's Department	636,596	593,336	637,724	1,128
Administration of the Sexual Offender Registry	1,701	0	1,701	0
Jail	583,952	522,373	528,872	(55,080)
Juvenile Services	11,995	11,524	11,995	0
Fire Prevention and Control	19,000	19,000	19,000	0
Civil Defense	13,186	12,375	13,186	0
Other Emergency Management	2,813	14,000	14,242	11,429

(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 Safety (Cont.)</u>				
County Coroner/Medical Examiner	\$ 11,002	\$ 7,492	\$ 11,002	\$ 0
<u>Public Health and Welfare</u>				
Local Health Center	34,291	41,786	41,786	7,495
Ambulance/Emergency Medical Services	91,250	91,250	91,250	0
Other Local Health Services	0	71,026	71,026	71,026
Regional Mental Health Center	7,500	7,500	7,500	0
Sanitation Education/Information	30,263	32,115	32,115	1,852
Other Public Health and Welfare	37,211	0	45,289	8,078
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	8,130	38,130	63,130	55,000
Libraries	91,693	75,202	86,215	(5,478)
Parks and Fair Boards	104,352	105,020	117,030	12,678
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	42,623	43,100	42,674	51
Soil Conservation	18,000	18,000	18,000	0
<u>Other Operations</u>				
Other Economic and Community Development	50,652	48,818	50,652	0
Airport	29,527	264,189	273,049	243,522
Veterans' Services	4,575	4,348	4,575	0
Contributions to Other Agencies	715	850	715	0
Employee Benefits	384,360	391,770	404,541	20,181
Miscellaneous	101,948	109,110	108,990	7,042
<u>Instruction</u>				
Adult Education Program	5,900	5,900	5,900	0
<u>Capital Projects</u>				
General Administration Projects	9,090	0	11,590	2,500
Total Expenditures	<u>\$ 3,613,848</u>	<u>\$ 3,763,462</u>	<u>\$ 4,042,240</u>	<u>\$ 428,392</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 121,835	\$ 21,258	\$ (98,626)	\$ 220,461
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (76,421)	\$ 0	\$ (76,421)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (76,421)</u>	<u>\$ 0</u>	<u>\$ (76,421)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 45,414	\$ 21,258	\$ (175,047)	\$ 220,461
Fund Balance, July 1, 2007	<u>690,735</u>	<u>743,699</u>	<u>743,599</u>	<u>(52,864)</u>
Fund Balance, June 30, 2008	<u>\$ 736,149</u>	<u>\$ 764,957</u>	<u>\$ 568,552</u>	<u>\$ 167,597</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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 60,846	\$ 59,758	\$ 59,758	\$ 1,088
Other Local Revenues	18,842	4,600	17,951	891
State of Tennessee	2,106,455	1,684,056	1,684,056	422,399
Federal Government	165,294	100,000	100,000	65,294
Other Governments and Citizens Groups	18,336	12,500	12,500	5,836
Total Revenues	<u>\$ 2,369,773</u>	<u>\$ 1,860,914</u>	<u>\$ 1,874,265</u>	<u>\$ 495,508</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 171,261	\$ 170,474	\$ 173,026	\$ 1,765
Highway and Bridge Maintenance	653,387	717,200	717,200	63,813
Operation and Maintenance of Equipment	238,318	253,575	253,575	15,257
Other Charges	95,837	95,553	96,053	216
Employee Benefits	222,979	229,400	228,900	5,921
Capital Outlay	482,954	368,490	568,269	85,315
Total Expenditures	<u>\$ 1,864,736</u>	<u>\$ 1,834,692</u>	<u>\$ 2,037,023</u>	<u>\$ 172,287</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 505,037</u>	<u>\$ 26,222</u>	<u>\$ (162,758)</u>	<u>\$ 667,795</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 70,665	\$ 0	\$ 70,665	\$ 0
Transfers Out	(26,222)	(26,222)	(26,222)	0
Total Other Financing Sources (Uses)	<u>\$ 44,443</u>	<u>\$ (26,222)</u>	<u>\$ 44,443</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 549,480	\$ 0	\$ (118,315)	\$ 667,795
Fund Balance, July 1, 2007	<u>915,855</u>	<u>799,321</u>	<u>799,321</u>	<u>116,534</u>
Fund Balance, June 30, 2008	<u>\$ 1,465,335</u>	<u>\$ 799,321</u>	<u>\$ 681,006</u>	<u>\$ 784,329</u>

Exhibit E-3

Lewis County, Tennessee  
 Schedule of Funding Progress – Pension Plan  
 June 30, 2008

(Dollar amounts in thousands)

	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
County Employees	6-30-07	\$ 0	\$ 0	\$ 0	0.00 %	0	0.00 %
County Officials	6-30-07	1,648	1,682	34	97.98	525	6.48
Highway Department Employees	6-30-07	1,425	1,627	202	87.58	545	37.06
School Department Employees	6-30-07	3,190	3,723	533	85.68	1,329	40.11

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

**LEWIS COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2008**

**A. 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.

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the Engineering (\$2,563), Jail (\$55,080), and Libraries (\$5,478) major appropriation categories (the legal level of control) of the General Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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 operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

## Capital Projects Funds

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

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Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues provided for community development and industrial park projects.

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

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Exhibit F-1

Lewis County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2008

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Special Purpose	Drug Control	Total	Highway Capital Projects		
Cash	\$ 200	\$ 0	\$ 0	\$ 200	\$ 0	\$ 200	
Equity in Pooled Cash and Investments	150,205	327,465	17,454	495,124	43,515	538,639	
Investments	0	66,757	0	66,757	0	66,757	
Accounts Receivable	104,023	0	1,537	105,560	0	105,560	
Allowance for Uncollectibles	(49,715)	0	0	(49,715)	0	(49,715)	
Property Taxes Receivable	0	0	0	0	43,425	43,425	
Allowance for Uncollectible Property Taxes	0	0	0	0	(2,172)	(2,172)	
Total Assets	\$ 204,713	\$ 394,222	\$ 18,991	\$ 617,926	\$ 84,768	\$ 702,694	

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Investments  
 Accounts Receivable  
 Allowance for Uncollectibles  
 Property Taxes Receivable  
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable  
 Deferred Revenue - Current Property Taxes  
 Deferred Revenue - Delinquent Property Taxes  
 Other Deferred Revenues

Total Liabilities

Fund Balances

Reserved for Other General Purposes  
 Unreserved

Total Fund Balances

Total Liabilities and Fund Balances

\$ 0	\$ 0	\$ 26	\$ 26	\$ 0	\$ 26	
0	0	0	0	40,065	40,065	
0	0	0	0	921	921	
41,349	0	0	41,349	0	41,349	
\$ 41,349	\$ 0	\$ 26	\$ 41,375	\$ 40,986	\$ 82,361	
\$ 25,743	\$ 0	\$ 0	\$ 25,743	\$ 0	\$ 25,743	
137,621	394,222	18,965	550,808	43,782	594,590	
\$ 163,364	\$ 394,222	\$ 18,965	\$ 576,551	\$ 43,782	\$ 620,333	
\$ 204,713	\$ 394,222	\$ 18,991	\$ 617,926	\$ 84,768	\$ 702,694	

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, 2008

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds		
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constituti- onal Officers - Fees	Total	Community Development/ Industrial Park			Highway Capital Projects	Total
						Development/ Industrial Park	Highway Capital Projects			
<u>Revenues</u>										
Local Taxes	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	43,308 \$	43,308 \$	43,308	
Fines, Forfeitures, and Penalties	0	0	9,237	0	9,237	0	0	0	9,237	
Charges for Current Services	459,399	0	0	865	460,264	0	0	0	460,264	
Other Local Revenues	47,849	115,466	0	0	163,315	0	0	0	163,315	
State of Tennessee	7,939	0	0	0	7,939	0	0	0	7,939	
Federal Government	0	0	0	0	0	486,052	0	486,052	486,052	
Other Governments and Citizens Groups	0	0	0	0	0	37,044	0	37,044	37,044	
Total Revenues	\$ 515,187 \$	115,466 \$	9,237 \$	865 \$	640,755 \$	523,096 \$	43,308 \$	566,404 \$	1,207,159	
<u>Expenditures</u>										
Current:										
General Government	\$ 0 \$	0 \$	0 \$	549 \$	549 \$	0 \$	0 \$	0 \$	549	
Finance	0	0	0	139	139	0	0	0	139	
Administration of Justice	0	0	0	177	177	0	0	0	177	
Public Safety	0	0	14,883	0	14,883	0	0	0	14,883	
Public Health and Welfare	463,588	0	0	0	463,588	0	0	0	463,588	
Other Operations	34,151	300	266	0	34,717	0	0	0	34,717	
Highways	0	0	0	0	0	0	38,878	38,878	38,878	
Capital Projects	0	0	0	0	0	523,096	0	523,096	523,096	
Total Expenditures	\$ 497,739 \$	300 \$	15,149 \$	865 \$	514,053 \$	523,096 \$	38,878 \$	561,974 \$	1,076,027	
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,448 \$	115,166 \$	(5,912) \$	0 \$	126,702 \$	0 \$	4,430 \$	4,430 \$	131,132	
<u>Other Financing Sources (Uses)</u>										
Transfers Out	\$ (19,914) \$	0 \$	0 \$	0 \$	(19,914) \$	0 \$	0 \$	0 \$	(19,914)	
Total Other Financing Sources (Uses)	\$ (19,914) \$	0 \$	0 \$	0 \$	(19,914) \$	0 \$	0 \$	0 \$	(19,914)	
Net Change in Fund Balances	\$ (2,466) \$	115,166 \$	(5,912) \$	0 \$	106,788 \$	0 \$	4,430 \$	4,430 \$	111,218	
Fund Balance, July 1, 2007	165,830	279,056	24,877	0	469,763	0	39,352	39,352	509,115	
Fund Balance, June 30, 2008	\$ 163,364 \$	394,222 \$	18,965 \$	0 \$	576,551 \$	0 \$	43,782 \$	43,782 \$	620,333	

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 459,399	\$ 457,258	\$ 457,258	\$ 2,141
Other Local Revenues	47,849	17,500	41,835	6,014
State of Tennessee	7,939	8,700	11,700	(3,761)
Total Revenues	<u>\$ 515,187</u>	<u>\$ 483,458</u>	<u>\$ 510,793</u>	<u>\$ 4,394</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 411,217	\$ 393,887	\$ 411,217	\$ 0
Landfill Operation and Maintenance	52,371	36,588	52,371	0
<u>Other Operations</u>				
Employee Benefits	29,640	28,569	29,640	0
Miscellaneous	4,511	4,500	4,511	0
<u>Capital Projects</u>				
Other General Government Projects	0	0	1,940	1,940
Total Expenditures	<u>\$ 497,739</u>	<u>\$ 463,544</u>	<u>\$ 499,679</u>	<u>\$ 1,940</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,448</u>	<u>\$ 19,914</u>	<u>\$ 11,114</u>	<u>\$ 6,334</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (19,914)</u>	<u>\$ (19,914)</u>	<u>\$ (19,914)</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ (19,914)</u>	<u>\$ (19,914)</u>	<u>\$ (19,914)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (2,466)	0	(8,800)	6,334
Fund Balance, July 1, 2007	<u>165,830</u>	<u>195,858</u>	<u>195,858</u>	<u>(30,028)</u>
Fund Balance, June 30, 2008	<u>\$ 163,364</u>	<u>\$ 195,858</u>	<u>\$ 187,058</u>	<u>\$ (23,694)</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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 115,466	\$ 45,748	\$ 45,748	\$ 69,718
Total Revenues	\$ 115,466	\$ 45,748	\$ 45,748	\$ 69,718
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 300	\$ 0	\$ 300	\$ 0
Total Expenditures	\$ 300	\$ 0	\$ 300	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 115,166	\$ 45,748	\$ 45,448	\$ 69,718
Net Change in Fund Balance	\$ 115,166	\$ 45,748	\$ 45,448	\$ 69,718
Fund Balance, July 1, 2007	279,056	279,055	279,056	0
Fund Balance, June 30, 2008	\$ 394,222	\$ 324,803	\$ 324,504	\$ 69,718

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 9,237	\$ 6,000	\$ 6,000	\$ 3,237
Other Local Revenues	0	0	3,171	(3,171)
Total Revenues	\$ 9,237	\$ 6,000	\$ 9,171	\$ 66
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 14,883	\$ 6,000	\$ 9,171	\$ (5,712)
<u>Other Operations</u>				
Employee Benefits	266	0	0	(266)
Total Expenditures	\$ 15,149	\$ 6,000	\$ 9,171	\$ (5,978)
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,912)	\$ 0	\$ 0	\$ (5,912)
Net Change in Fund Balance	\$ (5,912)	\$ 0	\$ 0	\$ (5,912)
Fund Balance, July 1, 2007	24,877	24,877	24,877	0
Fund Balance, June 30, 2008	\$ 18,965	\$ 24,877	\$ 24,877	\$ (5,912)

Exhibit F-6

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Community Development/Industrial Park Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 0	\$ 500,000	\$ 0	\$ 0
Federal Government	486,052	0	500,000	(13,948)
Other Governments and Citizens Groups	37,044	80,000	80,000	(42,956)
Total Revenues	<u>\$ 523,096</u>	<u>\$ 580,000</u>	<u>\$ 580,000</u>	<u>\$ (56,904)</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
Public Utility Projects	\$ 523,096	\$ 580,000	\$ 580,000	\$ 56,904
Total Expenditures	<u>\$ 523,096</u>	<u>\$ 580,000</u>	<u>\$ 580,000</u>	<u>\$ 56,904</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2007	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Exhibit F-7

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 43,308	\$ 42,466	\$ 42,466	\$ 842
Total Revenues	\$ 43,308	\$ 42,466	\$ 42,466	\$ 842
<u>Expenditures</u>				
<u>Highways</u>				
Other Charges	\$ 847	\$ 900	\$ 900	\$ 53
Capital Outlay	38,031	80,800	80,800	42,769
Total Expenditures	\$ 38,878	\$ 81,700	\$ 81,700	\$ 42,822
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,430	\$ (39,234)	\$ (39,234)	\$ 43,664
Net Change in Fund Balance	\$ 4,430	\$ (39,234)	\$ (39,234)	\$ 43,664
Fund Balance, July 1, 2007	39,352	39,234	39,234	118
Fund Balance, June 30, 2008	\$ 43,782	\$ 0	\$ 0	\$ 43,782

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# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 631,113	\$ 622,254	\$ 622,254	\$ 8,859
Other Local Revenues	154,436	155,585	155,585	(1,149)
Other Governments and Citizens Groups	342,445	0	0	342,445
Total Revenues	<u>\$ 1,127,994</u>	<u>\$ 777,839</u>	<u>\$ 777,839</u>	<u>\$ 350,155</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 10,355	\$ 10,500	\$ 10,500	\$ 145
<u>Principal on Debt</u>				
General Government	524,735	484,133	524,735	0
Highways and Streets	24,500	0	24,500	0
Education	560,800	560,800	560,800	0
<u>Interest on Debt</u>				
General Government	80,369	70,568	107,744	27,375
Highways and Streets	1,661	0	1,661	0
Education	88,108	88,108	88,108	0
<u>Other Debt Service</u>				
General Government	0	600	600	600
Education	1,703	1,500	1,703	0
<u>Capital Projects</u>				
Public Safety Projects	67,539	0	67,539	0
Total Expenditures	<u>\$ 1,359,770</u>	<u>\$ 1,216,209</u>	<u>\$ 1,387,890</u>	<u>\$ 28,120</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (231,776)</u>	<u>\$ (438,370)</u>	<u>\$ (610,051)</u>	<u>\$ 378,275</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 122,557	\$ 388,128	\$ 490,771	\$ (368,214)
Transfers Out	0	(50,000)	(76,222)	76,222
Total Other Financing Sources (Uses)	<u>\$ 122,557</u>	<u>\$ 338,128</u>	<u>\$ 414,549</u>	<u>\$ (291,992)</u>
Net Change in Fund Balance	\$ (109,219)	\$ (100,242)	\$ (195,502)	\$ 86,283
Fund Balance, July 1, 2007	<u>677,384</u>	<u>677,481</u>	<u>677,481</u>	<u>(97)</u>
Fund Balance, June 30, 2008	<u>\$ 568,165</u>	<u>\$ 577,239</u>	<u>\$ 481,979</u>	<u>\$ 86,186</u>

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# Fiduciary Funds

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

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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.

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Exhibit H-1

Lewis County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2008

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 529,334	\$ 529,334
Due from Other Governments	129,253	0	129,253
Total Assets	<u>\$ 129,253</u>	<u>\$ 529,334</u>	<u>\$ 658,587</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 129,253	\$ 0	\$ 129,253
Due to Litigants, Heirs, and Others	0	529,334	529,334
Total Liabilities	<u>\$ 129,253</u>	<u>\$ 529,334</u>	<u>\$ 658,587</u>

Exhibit H-2

Lewis County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 935,729	\$ 935,729	\$ 0
Due from Other Governments	124,833	129,253	124,833	129,253
Total Assets	\$ 124,833	\$ 1,064,982	\$ 1,060,562	\$ 129,253
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 124,833	\$ 1,064,982	\$ 1,060,562	\$ 129,253
Total Liabilities	\$ 124,833	\$ 1,064,982	\$ 1,060,562	\$ 129,253
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 486,513	\$ 1,945,183	\$ 1,902,362	\$ 529,334
Total Assets	\$ 486,513	\$ 1,945,183	\$ 1,902,362	\$ 529,334
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 486,513	\$ 1,945,183	\$ 1,902,362	\$ 529,334
Total Liabilities	\$ 486,513	\$ 1,945,183	\$ 1,902,362	\$ 529,334
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 935,729	\$ 935,729	\$ 0
Cash	486,513	1,945,183	1,902,362	529,334
Due from Other Governments	124,833	129,253	124,833	129,253
Total Assets	\$ 611,346	\$ 3,010,165	\$ 2,962,924	\$ 658,587
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 124,833	\$ 1,064,982	\$ 1,060,562	\$ 129,253
Due to Litigants, Heirs, and Others	486,513	1,945,183	1,902,362	529,334
Total Liabilities	\$ 611,346	\$ 3,010,165	\$ 2,962,924	\$ 658,587

# Lewis County School Department

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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.

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

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

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

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Exhibit I-1

Lewis County, Tennessee  
Statement of Activities  
Discretely Presented Lewis County School Department  
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 7,324,310	\$ 0	\$ 1,520,764	\$ (5,803,546)
Support Services	4,096,719	45,111	23,928	(4,027,680)
Operation of Non-Instructional Services	1,786,321	372,950	682,937	(730,434)
Other Debt Service	342,445	0	0	(342,445)
<b>Total Governmental Activities</b>	<b>\$ 13,549,795</b>	<b>\$ 418,061</b>	<b>\$ 2,227,629</b>	<b>\$ (10,904,105)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 967,553
Local Option Sales Tax				662,370
Other Local Taxes				29,180
Grants and Contributions Not Restricted to Specific Programs				9,480,993
Unrestricted Investment Earnings				63,023
Miscellaneous				29,048
Insurance Recovery				28,975
Gain on Sale of Capital Assets				1,700
<b>Total General Revenues</b>				<b>\$ 11,262,842</b>
Change in Net Assets				\$ 358,737
Net Assets, July 1, 2007				9,600,009
<b>Net Assets, June 30, 2008</b>				<b>\$ 9,958,746</b>

Exhibit I-2

Lewis County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Lewis County School Department  
June 30, 2008

	Major Funds		Nonmajor	Total Govern- mental Funds
	General	Central	School	
	Purpose School	Cafeteria	Federal Projects	
<u>ASSETS</u>				
Cash	\$ 100,136	\$ 11,050	\$ 0	\$ 111,186
Equity in Pooled Cash and Investments	1,782,431	344,478	5,843	2,132,752
Inventories	0	16,671	0	16,671
Accounts Receivable	8,401	0	0	8,401
Due from Other Governments	533,875	63,825	21,627	619,327
Property Taxes Receivable	1,169,988	0	0	1,169,988
Allowance for Uncollectible Property Taxes	(56,962)	0	0	(56,962)
<b>Total Assets</b>	<b>\$ 3,537,869</b>	<b>\$ 436,024</b>	<b>\$ 27,470</b>	<b>\$ 4,001,363</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 99,626	\$ 0	\$ 0	\$ 99,626
Deferred Revenue - Current Property Taxes	1,082,795	0	0	1,082,795
Deferred Revenue - Delinquent Property Taxes	23,445	0	0	23,445
Other Deferred Revenues	78,163	0	0	78,163
<b>Total Liabilities</b>	<b>\$ 1,284,029</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,284,029</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 55,658	\$ 52,423	\$ 4,640	\$ 112,721
Other Local Education Reserves	3,552	0	0	3,552
Reserved for Driver Education	13,652	0	0	13,652
Reserved for Career Ladder - Extended Contract	5,001	0	0	5,001
Reserved for Career Ladder Program	2,239	0	0	2,239
Reserved for Basic Education Program	130,653	0	0	130,653
Reserved for Title I Grants to Local Education Agencies	0	0	5,299	5,299
Reserved for Special Education - Grants to States	0	0	11,595	11,595
Other Federal Reserves	0	0	5,936	5,936
Reserved for Other General Purposes	18,535	0	0	18,535
Unreserved, Reported In:				
General Fund	2,024,550	0	0	2,024,550
Special Revenue Funds	0	383,601	0	383,601
<b>Total Fund Balances</b>	<b>\$ 2,253,840</b>	<b>\$ 436,024</b>	<b>\$ 27,470</b>	<b>\$ 2,717,334</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,537,869</b>	<b>\$ 436,024</b>	<b>\$ 27,470</b>	<b>\$ 4,001,363</b>

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, 2008

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)		\$ 2,717,334
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 461,601	
Add: buildings and improvements net of accumulated depreciation	5,530,223	
Add: other capital assets net of accumulated depreciation	<u>1,154,198</u>	7,146,022
(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		(6,218)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>101,608</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 9,958,746</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, 2008

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 1,759,661	\$ 0	\$ 0	\$ 1,759,661
Licenses and Permits	551	0	0	551
Charges for Current Services	67,700	374,289	0	441,989
Other Local Revenues	88,195	14,476	0	102,671
State of Tennessee	9,803,680	11,574	0	9,815,254
Federal Government	9,325	625,035	1,079,256	1,713,616
Total Revenues	<u>\$ 11,729,112</u>	<u>\$ 1,025,374</u>	<u>\$ 1,079,256</u>	<u>\$ 13,833,742</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 6,501,771	\$ 0	\$ 788,778	\$ 7,290,549
Support Services	3,572,471	0	304,920	3,877,391
Operation of Non-Instructional Services	711,370	1,009,457	3,191	1,724,018
Capital Outlay	279,303	0	0	279,303
Debt Service:				
Other Debt Service	342,445	0	0	342,445
Total Expenditures	<u>\$ 11,407,360</u>	<u>\$ 1,009,457</u>	<u>\$ 1,096,889</u>	<u>\$ 13,513,706</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 321,752</u>	<u>\$ 15,917</u>	<u>\$ (17,633)</u>	<u>\$ 320,036</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 1,700	\$ 0	\$ 0	\$ 1,700
Insurance Recovery	28,975	0	0	28,975
Transfers In	10,633	0	0	10,633
Transfers Out	0	0	(10,633)	(10,633)
Total Other Financing Sources (Uses)	<u>\$ 41,308</u>	<u>\$ 0</u>	<u>\$ (10,633)</u>	<u>\$ 30,675</u>
Net Change in Fund Balances	\$ 363,060	\$ 15,917	\$ (28,266)	\$ 350,711
Fund Balance, July 1, 2007	1,890,780	420,107	55,736	2,366,623
Fund Balance, June 30, 2008	<u>\$ 2,253,840</u>	<u>\$ 436,024</u>	<u>\$ 27,470</u>	<u>\$ 2,717,334</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, 2008

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)		\$ 350,711
(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	\$ 492,362	
Less: current year depreciation expense	<u>(481,241)</u>	11,121
(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, 2008	\$ 101,608	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(103,821)</u>	(2,213)
(3) 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 payable		<u>(882)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 358,737</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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 1,759,661	\$ 0	\$ 0	\$ 1,759,661	\$ 1,710,149	\$ 1,712,149	\$ 47,512
Licenses and Permits	551	0	0	551	300	470	81
Charges for Current Services	67,700	0	0	67,700	25,350	66,180	1,520
Other Local Revenues	88,195	0	0	88,195	84,350	137,652	(49,457)
State of Tennessee	9,803,680	0	0	9,803,680	8,736,770	9,790,210	13,470
Federal Government	9,325	0	0	9,325	0	1,064	8,261
<b>Total Revenues</b>	<b>\$ 11,729,112</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,729,112</b>	<b>\$ 10,556,919</b>	<b>\$ 11,707,725</b>	<b>\$ 21,387</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 5,427,839	(481)	\$ 0	\$ 5,427,358	\$ 5,547,352	\$ 5,800,894	\$ 373,536
Alternative Instruction Program	59,779	0	0	59,779	60,025	61,155	1,376
Special Education Program	847,544	(75)	1,707	849,176	867,660	868,724	19,548
Vocational Education Program	160,332	0	178	160,510	153,175	164,536	4,026
Student Body Education Program	6,277	0	0	6,277	8,200	8,200	1,923
<b>Support Services</b>							
Attendance	12,680	0	0	12,680	13,245	13,245	565
Health Services	50,314	0	0	50,314	54,935	57,415	7,101
Other Student Support	301,789	0	1,197	302,986	314,262	418,543	115,557
Regular Instruction Program	457,211	0	0	457,211	462,520	463,520	6,309
Special Education Program	141,944	0	0	141,944	148,237	146,827	4,883
Other Programs	38,697	0	0	38,697	0	38,697	0
Board of Education	170,341	0	0	170,341	175,480	188,321	17,980
Director of Schools	174,940	0	0	174,940	180,615	180,615	5,675
Office of the Principal	515,990	0	0	515,990	517,860	521,405	5,415
Fiscal Services	96,933	0	0	96,933	93,393	100,723	3,790

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 745,636	\$ 0	\$ 0	\$ 745,636	\$ 780,182	\$ 777,917	\$ 32,281
Maintenance of Plant	131,959	(25,755)	400	106,604	109,075	111,340	4,736
Transportation	713,078	(74,699)	317	638,696	651,001	668,322	29,626
Central and Other	20,959	0	0	20,959	21,690	21,690	731
<u>Operation of Non-Instructional Services</u>							
Food Service	119	0	0	119	800	845	726
Community Services	301,046	(4,727)	2,167	298,486	15,212	298,947	461
Early Childhood Education	410,205	(353)	11,692	421,544	0	421,668	124
<u>Capital Outlay</u>							
Regular Capital Outlay	279,303	(51,531)	38,000	265,772	50,000	355,000	89,228
<u>Principal on Debt</u>							
Education	0	0	0	0	285,800	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	56,200	0	0
<u>Other Debt Service</u>							
Education	342,445	0	0	342,445	0	342,445	0
<b>Total Expenditures</b>	<b>\$ 11,407,360</b>	<b>\$ (157,621)</b>	<b>\$ 55,658</b>	<b>\$ 11,305,397</b>	<b>\$ 10,566,919</b>	<b>\$ 12,030,994</b>	<b>\$ 725,597</b>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<b>\$ 321,752</b>	<b>\$ 157,621</b>	<b>\$ (55,658)</b>	<b>\$ 423,715</b>	<b>\$ (10,000)</b>	<b>\$ (323,269)</b>	<b>\$ 746,984</b>
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 1,700	\$ 0	\$ 0	\$ 1,700	\$ 0	\$ 0	\$ 1,700
Insurance Recovery	28,975	0	0	28,975	0	0	28,975
Transfers In	10,633	0	0	10,633	10,000	10,000	633
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 41,308</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 41,308</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 31,308</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2007</b>	<b>\$ 363,060</b>	<b>\$ 157,621</b>	<b>\$ (55,658)</b>	<b>\$ 465,023</b>	<b>\$ 0</b>	<b>\$ (313,269)</b>	<b>\$ 778,292</b>
<b>Fund Balance, July 1, 2008</b>	<b>1,890,780</b>	<b>(157,621)</b>	<b>0</b>	<b>1,733,159</b>	<b>1,726,914</b>	<b>1,726,914</b>	<b>6,245</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 2,253,840</b>	<b>\$ 0</b>	<b>\$ (55,658)</b>	<b>\$ 2,198,182</b>	<b>\$ 1,726,914</b>	<b>\$ 1,413,645</b>	<b>\$ 784,537</b>

Exhibit I-7

Lewis County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Lewis County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 374,289	\$ 0	\$ 374,289	\$ 359,470	\$ 359,470	\$ 14,819
Other Local Revenues	14,476	0	14,476	8,150	14,150	326
State of Tennessee	11,574	0	11,574	12,000	12,000	(426)
Federal Government	625,035	0	625,035	559,500	571,500	53,535
Total Revenues	\$ 1,025,374	\$ 0	\$ 1,025,374	\$ 939,120	\$ 957,120	\$ 68,254
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,009,457	\$ 52,423	\$ 1,061,880	\$ 1,098,245	\$ 1,116,245	\$ 54,365
Total Expenditures	\$ 1,009,457	\$ 52,423	\$ 1,061,880	\$ 1,098,245	\$ 1,116,245	\$ 54,365
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,917	\$ (52,423)	\$ (36,506)	\$ (159,125)	\$ (159,125)	\$ 122,619
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 15,917	\$ (52,423)	\$ (36,506)	\$ (159,125)	\$ (159,125)	\$ 122,619
	420,107	0	420,107	425,709	425,709	(5,602)
Fund Balance, June 30, 2008	\$ 436,024	\$ (52,423)	\$ 383,601	\$ 266,584	\$ 266,584	\$ 117,017

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,079,256 \$	0 \$	0 \$	1,079,256 \$	1,100,291 \$	1,188,309 \$	(109,053)
Total Revenues	\$ 1,079,256 \$	0 \$	0 \$	1,079,256 \$	1,100,291 \$	1,188,309 \$	(109,053)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 528,428 \$	(8,560) \$	229 \$	520,097 \$	514,536 \$	579,374 \$	59,277
Special Education Program	195,803	(389)	0	195,414	199,036	216,497	21,083
Vocational Education Program	64,547	(21,967)	1,556	44,136	30,857	44,136	0
<u>Support Services</u>							
Health Services	3,226	0	0	3,226	3,000	3,226	0
Other Student Support	13,694	0	849	14,543	21,481	15,735	1,192
Regular Instruction Program	87,069	(3,443)	35	83,661	105,262	93,054	9,393
Special Education Program	179,586	0	1,971	181,557	185,556	208,959	27,402
Vocational Education Program	862	0	0	862	1,000	862	0
Transportation	20,483	0	0	20,483	22,510	26,860	6,377
<u>Operation of Non-Instructional Services</u>							
Community Services	3,191	(3,191)	0	0	0	0	0
Total Expenditures	\$ 1,096,889 \$	(37,550) \$	4,640 \$	1,063,979 \$	1,083,238 \$	1,188,703 \$	124,724
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,633) \$	37,550 \$	(4,640) \$	15,277 \$	17,053 \$	(394) \$	15,671
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (10,633) \$	0 \$	0 \$	(10,633) \$	(17,053) \$	(17,796) \$	7,163
Total Other Financing Sources (Uses)	\$ (10,633) \$	0 \$	0 \$	(10,633) \$	(17,053) \$	(17,796) \$	7,163
Net Change in Fund Balance	\$ (28,266) \$	37,550 \$	(4,640) \$	4,644 \$	0 \$	(18,190) \$	22,834
Fund Balance, July 1, 2007	55,736	(37,550)	0	18,186	55,736	55,736	(37,550)
Fund Balance, June 30, 2008	\$ 27,470 \$	0 \$	(4,640) \$	22,830 \$	55,736 \$	37,546 \$	(14,716)

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## MISCELLANEOUS SCHEDULES

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Lewis County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Paid and/or Matured During Period	Outstanding 6-30-08
<b>NOTES PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
Courthouse and Schools	\$ 96,000	0	9-8-1997	8-3-07	\$ 1,600	\$ 1,600	0
County Buildings Renovations	850,000	3.5 to 4.9	7-1-01	6-1-13	475,000	70,000	405,000
Public Works Projects and Refunding	980,000	2.26	6-11-04	6-10-10	490,001	163,333	326,668
Health and Human Services Buildout	750,000	4.88	11-1-06	11-1-09	750,000	315,102	434,898
Total Notes Payable					\$ 1,716,601	\$ 550,035	\$ 1,166,566
<b>BONDS PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
School Refunding	2,810,000	2.25 to 3.85	10-1-01	3-1-09	\$ 865,000	\$ 425,000	440,000
School Refunding	1,970,000	3.35	5-1-03	5-1-17	1,655,000	135,000	1,520,000
Total Bonds Payable					\$ 2,520,000	\$ 560,000	\$ 1,960,000

Exhibit J-2

Lewis County, Tennessee  
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 488,334	\$ 51,424	\$ 539,758
2010	423,232	20,601	443,833
2011	80,000	12,335	92,335
2012	85,000	8,575	93,575
2013	90,000	4,410	94,410
Total	\$ 1,166,566	\$ 97,345	\$ 1,263,911

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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	\$ 1,960,000	\$ 285,443	\$ 2,245,443

Exhibit J-3

Lewis County, Tennessee  
Schedule of Investments  
June 30, 2008

<u>Fund and Type</u>	<u>Amount</u>
<u>Special Purpose Fund</u>	
Dana Corporation Common Stock - 12,478 shares	<u>\$ 66,757</u>
Total Investments	<u><u>\$ 66,757</u></u>

Exhibit J-4

Lewis County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Lewis County School Department  
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
Solid Waste/Sanitation	General Debt Service	Debt retirement	\$ 19,914
Highway/Public Works	General Debt Service	Debt retirement	26,222
General	General Debt Service	Debt retirement	<u>76,421</u>
Total Transfers Primary Government			<u>\$ 122,557</u>
<u>Discretely Presented Lewis County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 10,633</u>
Total Transfers Discretely Presented Lewis County School Department			<u>\$ 10,633</u>

Exhibit J-5

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, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 60,139 (1)	\$ 25,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	62,009	100,000	"
Director of Schools	State Board of Education and Local Board of Education	86,000 (2)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	49,372	462,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u> , and County Commission	49,372 (3)	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	49,372	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	49,372	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	49,372	25,000	"
Register	Section 8-24-102, <u>TCA</u>	49,372	15,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	54,310 (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) Does not include \$1,500 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. Does not include amounts the board paid for 100 percent of the director's medical (\$13,795) and dental (\$1,185) benefits.
- (3) Does not include \$5,500 compensation for overseeing the county's reappraisal program.
- (4) Does not include \$6,000 for serving as workhouse superintendent and a law enforcement training supplement of \$600.

Lewis County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2008

	Special Revenue Funds					Highway / Public Works
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional - Officers - Fees	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,469,174	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,451
Trustee's Collections - Prior Year	40,090	0	0	0	0	1,178
Circuit/Clerk & Master Collections - Prior Years	33,088	0	0	0	0	909
Interest and Penalty	10,097	0	0	0	0	338
Payments in-Lieu-of Taxes - T.V.A.	5,691	0	0	0	0	197
Payments in-Lieu-of Taxes - Local Utilities	135,250	0	0	0	0	4,716
Payments in-Lieu-of Taxes - Other	4,467	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	60,616	0	0	0	0	0
Hotel/Motel Tax	15,334	0	0	0	0	0
Wheel Tax	217,042	0	0	0	0	0
Litigation Tax - General	28,061	0	0	0	0	0
Litigation Tax - Special Purpose	2,935	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	9,215	0	0	0	0	0
Litigation Tax - Victim/Offender Mediation Center	831	0	0	0	0	0
Business Tax	40,382	0	0	0	0	1,531
<u>Statutory Local Taxes</u>						
Bank Excise Tax	15,072	0	0	0	0	526
Wholesale Beer Tax	31,025	0	0	0	0	0
Interstate Telecommunications Tax	981	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 2,119,351</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 60,846</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 1,341	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	285	0	0	0	0	0
Other Permits	100	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 1,726</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 1,219	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,438	0	0	0	0	0	0
Drug Control Fines	0	0	0	2,180	0	0	0
Jail Fees	439	0	0	0	0	0	0
DUI Treatment Fines	314	0	0	0	0	0	0
Data Entry Fee - Circuit Court	106	0	0	0	0	0	0
Courtroom Security Fee	122	0	0	0	0	0	0
<u>Criminal Court</u>							
Drug Court Fees	1,111	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	16,127	0	0	0	0	0	0
Fines for Littering	582	0	0	0	0	0	0
Officers Costs	17,917	0	0	0	0	0	0
Game and Fish Fines	1,149	0	0	0	0	0	0
Drug Control Fines	0	0	0	7,057	0	0	0
Drug Court Fees	1,997	0	0	0	0	0	0
Jail Fees	9,853	0	0	0	0	0	0
DUI Treatment Fines	2,814	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	2,408	0	0	0	0	0	0
Courtroom Security Fee	694	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	3,644	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	1,655	0	0	0	0	0	0
Data Entry Fee - Chancery Court	846	0	0	0	0	0	0
Courtroom Security Fee	17	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	4	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 66,456	\$ 0	\$ 0	\$ 9,237	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 6,600	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fees	0	452,799	0	0	0	0
Work Release Charges for Board Fees	24,181	0	0	0	0	0
Airport Fees	6,460	0	0	0	0	0
Copy Fees	5,891	0	0	0	0	0
Library Fees	1,172	0	0	0	0	0
Telephone Commissions	9,241	0	0	0	0	0
Vending Machine Collections	208	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	865	0
Data Processing Fee - Register	5,868	0	0	0	0	0
Data Processing Fee - Sheriff	1,625	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,600	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	5,096	0	0	0	0	0
Total Charges for Current Services	\$ 61,342	\$ 459,399	\$ 0	\$ 0	\$ 865	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 92,437	\$ 0	\$ 8,709	\$ 0	\$ 0	\$ 0
Lease/Rentals	6,820	1,750	40,000	0	0	0
Commissary Sales	2,065	0	0	0	0	0
Sale of Gasoline	1,604	0	0	0	0	0
Sale of Recycled Materials	291	20,029	0	0	0	0
Miscellaneous Refunds	22,588	1,585	0	0	0	18,842
<u>Nonrecurring Items</u>						
Sale of Equipment	0	24,485	0	0	0	0
Contributions and Gifts	2,642	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	20,933	0	66,757	0	0	0
Total Other Local Revenues	\$ 149,380	\$ 47,849	\$ 115,466	\$ 0	\$ 0	\$ 18,842

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>						
<u>Fees In-Lieu-of-Salary</u>						
County Clerk	\$ 91,713	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	18,435	0	0	0	0	0
General Sessions Court Clerk	81,977	0	0	0	0	0
Clerk and Master	52,961	0	0	0	0	0
Register	67,961	0	0	0	0	0
Sheriff	5,926	0	0	0	0	0
Trustee	133,445	0	0	0	0	0
Total Fees Received from County Officials	\$ 452,418	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,239	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	4,699	0	0	0	0	0
Other General Government Grants	72,794	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	12,600	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	20,530	0	0	0	0	0
Other Health and Welfare Grants	15,789	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	446,872
State Aid Program	0	0	0	0	0	191,758
Litter Program	28,992	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	8,441	0	0	0	0	0
Beer Tax	24,381	0	0	0	0	0
Alcoholic Beverage Tax	17,712	0	0	0	0	0
State Revenue Sharing - T.V.A.	246,742	0	0	0	0	32,000
Contracted Prisoner Boarding	228,875	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,425,935
Petroleum Special Tax	0	0	0	0	0	9,890
Registrar's Salary Supplement	16,380	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>State of Tennessee (Cont.)</u>							
Other State Revenues (Cont.)							
Other State Grants	\$ 0	\$ 7,939	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	41,940	0	0	0	0	0	0
Total State of Tennessee	\$ 749,114	\$ 7,939	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,106,455
<u>Federal Government</u>							
Federal Through State							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	42,541	0	0	0	0	0	0
Other Federal through State	15,582	0	0	0	0	0	0
Direct Federal Revenue							
Other Direct Federal Revenue	0	0	0	0	0	0	165,294
Total Federal Government	\$ 58,123	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165,294
<u>Other Governments and Citizens Groups</u>							
Other Governments							
Prisoner Board	\$ 31,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	0	0	0	18,336
Contributions	46,472	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 77,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,336
Total	\$ 3,735,683	\$ 515,187	\$ 115,466	\$ 9,237	\$ 865	\$ 2,369,773	

(Continued)

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

	Debt Service		Capital Projects Funds			Total
	Fund		Community			
			General	Development/ Industrial Park	Highway Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$	169,146	\$	0	\$	1,726,178
Trustee's Collections - Prior Year		5,498		0	1,022	47,788
Circuit/Clerk & Master Collections - Prior Years		5,318		0	613	39,928
Interest and Penalty		1,266		0	287	11,988
Payments in-Lieu-of Taxes - T.V.A.		674		0	147	6,709
Payments in-Lieu-of Taxes - Local Utilities		15,572		0	3,363	158,901
Payments in-Lieu-of Taxes - Other		0		0	0	4,467
<u>County Local Option Taxes</u>						
Local Option Sales Tax		427,192		0	0	487,808
Hotel/Motel Tax		0		0	0	15,334
Wheel Tax		0		0	0	217,042
Litigation Tax - General		0		0	0	28,061
Litigation Tax - Special Purpose		0		0	0	2,935
Litigation Tax - Jail, Workhouse, or Courthouse		0		0	0	9,215
Litigation Tax - Victim/Offender Mediation Center		0		0	0	831
Business Tax		4,712		0	1,096	47,721
<u>Statutory Local Taxes</u>						
Bank Excise Tax		1,735		0	373	17,706
Wholesale Beer Tax		0		0	0	31,025
Interstate Telecommunications Tax		0		0	0	981
Total Local Taxes	\$	631,113	\$	0	\$	43,308
						\$
						\$
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$	0	\$	0	\$	1,341
Permits		0		0	0	285
Beer Permits		0		0	0	100
Other Permits		0		0	0	1,726
Total Licenses and Permits	\$	0	\$	0	\$	1,726

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	Community Development/Industrial Park	Highway Capital Projects	Total		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$	0 \$	0 \$	0 \$	0 \$	1,219
Officers Costs		0	0	0	0	3,438
Drug Control Fines		0	0	0	0	2,180
Jail Fees		0	0	0	0	439
DUI Treatment Fines		0	0	0	0	314
Data Entry Fee - Circuit Court		0	0	0	0	106
Courtroom Security Fee		0	0	0	0	122
<u>Criminal Court</u>						
Drug Court Fees		0	0	0	0	1,111
<u>General Sessions Court</u>						
Fines		0	0	0	0	16,127
Fines for Littering		0	0	0	0	582
Officers Costs		0	0	0	0	17,917
Game and Fish Fines		0	0	0	0	1,149
Drug Control Fines		0	0	0	0	7,057
Drug Court Fees		0	0	0	0	1,997
Jail Fees		0	0	0	0	9,853
DUI Treatment Fines		0	0	0	0	2,814
Data Entry Fee - General Sessions Court		0	0	0	0	2,408
Courtroom Security Fee		0	0	0	0	694
<u>Juvenile Court</u>						
Fines		0	0	0	0	3,644
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	1,655
Data Entry Fee - Chancery Court		0	0	0	0	846
Courtroom Security Fee		0	0	0	0	17
<u>Judicial District Drug Program</u>						
Courtroom Security Fee		0	0	0	0	4
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	75,693

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	Community Development/Industrial Park	Highway Capital	Projects		
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,600
Solid Waste Disposal Fees	0	0	0	0	0	452,799
Work Release Charges for Board Fees	0	0	0	0	0	24,181
Airport Fees	0	0	0	0	0	6,460
Copy Fees	0	0	0	0	0	5,891
Library Fees	0	0	0	0	0	1,172
Telephone Commissions	0	0	0	0	0	9,241
Vending Machine Collections	0	0	0	0	0	208
Constitutional Officers' Fees and Commissions	0	0	0	0	0	865
Data Processing Fee - Register	0	0	0	0	0	5,868
Data Processing Fee - Sheriff	0	0	0	0	0	1,625
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,600
<u>Other Charges for Services</u>	0	0	0	0	0	5,096
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 521,606
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 16,000	\$ 0	\$ 0	\$ 0	\$ 0	117,146
Lease/Rentals	138,436	0	0	0	0	187,006
Commissary Sales	0	0	0	0	0	2,065
Sale of Gasoline	0	0	0	0	0	1,604
Sale of Recycled Materials	0	0	0	0	0	20,320
Miscellaneous Refunds	0	0	0	0	0	43,015
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	24,485
Contributions and Gifts	0	0	0	0	0	2,642
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	87,690
Total Other Local Revenues	\$ 154,436	\$ 0	\$ 0	\$ 0	\$ 0	\$ 485,973

(Continued)

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

	Debt Service		Capital Projects Funds			Total
	Fund	General Debt Service	Community Development/Industrial Park		Highway Capital Projects	
<u>Fees Received from County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$	0 \$	0 \$	0 \$	0 \$	91,713
Circuit Court Clerk		0	0	0	0	18,435
General Sessions Court Clerk		0	0	0	0	81,977
Clerk and Master		0	0	0	0	52,961
Register		0	0	0	0	67,961
Sheriff		0	0	0	0	5,926
Trustee		0	0	0	0	133,445
<b>Total Fees Received from County Officials</b>	<b>\$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>452,418</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$	0 \$	0 \$	0 \$	0 \$	9,239
State Reappraisal Grant		0	0	0	0	4,699
Other General Government Grants		0	0	0	0	72,794
<u>Public Safety Grants</u>						
Law Enforcement Training Programs		0	0	0	0	12,600
<u>Health and Welfare Grants</u>						
Health Department Programs		0	0	0	0	20,530
Other Health and Welfare Grants		0	0	0	0	15,789
<u>Public Works Grants</u>						
Bridge Program		0	0	0	0	446,872
State Aid Program		0	0	0	0	191,758
Litter Program		0	0	0	0	28,992
<u>Other State Revenues</u>						
Income Tax		0	0	0	0	8,441
Beer Tax		0	0	0	0	24,381
Alcoholic Beverage Tax		0	0	0	0	17,712
State Revenue Sharing - T.V.A.		0	0	0	0	278,742
Contracted Prisoner Boarding		0	0	0	0	228,875
Gasoline and Motor Fuel Tax		0	0	0	0	1,425,935
Petroleum Special Tax		0	0	0	0	9,890
Registrar's Salary Supplement		0	0	0	0	16,380

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	Community Development/Industrial Park	Highway Capital Projects			
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,939
Other State Revenues	0	0	0	0	0	41,940
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,863,508
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 486,052	\$ 0	\$ 0	\$ 0	\$ 486,052
Homeland Security Grants	0	0	0	0	0	42,541
Other Federal through State	0	0	0	0	0	15,582
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	165,294
Total Federal Government	\$ 0	\$ 486,052	\$ 0	\$ 0	\$ 0	\$ 709,469
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,301
Paving and Maintenance	0	0	0	0	0	18,336
Contributions	342,445	37,044	0	0	0	425,961
Total Other Governments and Citizens Groups	\$ 342,445	\$ 37,044	\$ 0	\$ 0	\$ 0	\$ 475,598
Total	\$ 1,127,994	\$ 523,096	\$ 43,308	\$ 0	\$ 0	\$ 8,440,609

Exhibit J-7

Lewis County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Lewis County School Department  
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 917,678	\$ 0	\$ 0	\$ 917,678
Trustee's Collections - Prior Year	34,230	0	0	34,230
Circuit/Clerk & Master Collections - Prior Years	15,983	0	0	15,983
Interest and Penalty	6,114	0	0	6,114
Payments in-Lieu-of Taxes - T.V.A.	3,562	0	0	3,562
Payments in-Lieu-of Taxes - Local Utilities	85,279	0	0	85,279
<u>County Local Option Taxes</u>				
Local Option Sales Tax	658,131	0	0	658,131
Business Tax	27,726	0	0	27,726
<u>Statutory Local Taxes</u>				
Bank Excise Tax	9,504	0	0	9,504
Interstate Telecommunications Tax	1,454	0	0	1,454
<b>Total Local Taxes</b>	<b>\$ 1,759,661</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,759,661</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 551	\$ 0	\$ 0	\$ 551
<b>Total Licenses and Permits</b>	<b>\$ 551</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 551</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 165,345	\$ 165,345
Lunch Payments - Adults	0	0	26,423	26,423
Income from Breakfast	0	0	34,201	34,201
A la carte Sales	0	0	146,866	146,866
Receipts from Individual Schools	23,928	0	0	23,928
Community Service Fees - Children	115	0	0	115
TBI Criminal Background Fees	1,632	0	474	2,106
<u>Other Charges for Services</u>				
Other Charges for Services	42,025	0	980	43,005
<b>Total Charges for Current Services</b>	<b>\$ 67,700</b>	<b>\$ 0</b>	<b>\$ 374,289</b>	<b>\$ 441,989</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 48,623	\$ 0	\$ 14,400	\$ 63,023
Lease/Rentals	10,242	0	0	10,242
Refund of Telecommunication & Internet Fees (E-Rate)	4,630	0	0	4,630
Miscellaneous Refunds	2,939	0	0	2,939
<u>Nonrecurring Items</u>				
Sale of Equipment	8,262	0	0	8,262
Damages Recovered from Individuals	604	0	0	604
Contributions and Gifts	10,600	0	0	10,600
<u>Other Local Revenues</u>				
Other Local Revenues	2,295	0	76	2,371
<b>Total Other Local Revenues</b>	<b>\$ 88,195</b>	<b>\$ 0</b>	<b>\$ 14,476</b>	<b>\$ 102,671</b>

(Continued)

Exhibit J-7

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>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 38,697	\$ 0	\$ 0	\$ 38,697
<u>State Education Funds</u>				
Basic Education Program	8,899,742	0	0	8,899,742
Early Childhood Education	379,644	0	0	379,644
School Food Service	0	0	11,574	11,574
Driver Education	11,570	0	0	11,570
Other State Education Funds	290,487	0	0	290,487
Career Ladder Program	96,835	0	0	96,835
Career Ladder - Extended Contract	62,028	0	0	62,028
Other Vocational	8,700	0	0	8,700
<u>Other State Revenues</u>				
Other State Revenues	15,977	0	0	15,977
Total State of Tennessee	\$ 9,803,680	\$ 0	\$ 11,574	\$ 9,815,254
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 448,166	\$ 448,166
Breakfast	0	0	170,130	170,130
USDA - Other	0	0	6,739	6,739
Vocational Education - Basic Grants to States	0	40,836	0	40,836
Other Vocational	0	12,500	0	12,500
Title I Grants to Local Education Agencies	0	429,890	0	429,890
Innovative Education Program Strategies	0	3,168	0	3,168
Special Education - Grants to States	9,325	375,350	0	384,675
Special Education Preschool Grants	0	19,311	0	19,311
Safe and Drug-Free Schools - State Grants	0	9,623	0	9,623
Rural Education	0	64,456	0	64,456
Eisenhower Professional Development State Grants	0	124,122	0	124,122
Total Federal Government	\$ 9,325	\$ 1,079,256	\$ 625,035	\$ 1,713,616
Total	\$ 11,729,112	\$ 1,079,256	\$ 1,025,374	\$ 13,833,742

Exhibit J-8

Lewis County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	6,000	
Secretary to Board		3,810	
Data Processing Personnel		3,317	
Board and Committee Members Fees		31,020	
Other Fringe Benefits		960	
Advertising		69	
Audit Services		2,654	
Dues and Memberships		2,491	
Legal Notices, Recording, and Court Costs		478	
Printing, Stationery, and Forms		215	
Travel		3,537	
Food Supplies		1,927	
Office Supplies		7	
Other Charges		50	
Total County Commission			\$ 56,535

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)		23,489	
Part-time Personnel		15,682	
Other Salaries and Wages		3,600	
Data Processing Services		5,123	
Dues and Memberships		950	
Legal Notices, Recording, and Court Costs		14	
Maintenance and Repair Services - Office Equipment		225	
Printing, Stationery, and Forms		1,196	
Travel		4,246	
Office Supplies		2,264	
Periodicals		10	
Premiums on Corporate Surety Bonds		75	
Other Charges		84	
Maintenance Equipment		152	
Office Equipment		1,022	
Total County Mayor/Executive			118,271

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Legal Services	\$ 12,225	
Total County Attorney		\$ 12,225

Election Commission

County Official/Administrative Officer	\$ 44,435	
Part-time Personnel	7,586	
Election Commission	2,720	
Election Workers	4,893	
Data Processing Services	2,897	
Legal Notices, Recording, and Court Costs	800	
Printing, Stationery, and Forms	780	
Rentals	400	
Travel	485	
Other Contracted Services	3,411	
Office Supplies	615	
In Service/Staff Development	250	
Data Processing Equipment	1,773	
Total Election Commission		71,045

Register of Deeds

County Official/Administrative Officer	\$ 49,372	
Secretary(ies)	22,705	
Data Processing Services	6,452	
Dues and Memberships	422	
Maintenance and Repair Services - Office Equipment	141	
Printing, Stationery, and Forms	1,632	
Office Supplies	382	
Premiums on Corporate Surety Bonds	75	
Total Register of Deeds		81,181

Building

Contracts with Government Agencies	\$ 348	
Total Building		348

Engineering

Engineering Services	\$ 5,484	
Total Engineering		5,484

Geographical Information Systems

Data Processing Personnel	\$ 26,664	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Salary Supplements	\$	500	
In-Service Training		467	
Dues and Memberships		342	
Duplicating Supplies		419	
Office Supplies		81	
Total Geographical Information Systems			\$ 28,473

County Buildings

Supervisor/Director	\$	33,677
Custodial Personnel		14,053
Maintenance Personnel		21,816
Part-time Personnel		11,950
Advertising		167
Communication		25,356
Contracts with Private Agencies		587
Operating Lease Payments		2,476
Legal Notices, Recording, and Court Costs		106
Maintenance Agreements		291
Maintenance and Repair Services - Buildings		15,518
Maintenance and Repair Services - Equipment		4,744
Postal Charges		14,908
Printing, Stationery, and Forms		33
Rentals		205
Other Contracted Services		340
Custodial Supplies		4,362
Diesel Fuel		1,534
Food Supplies		1,161
Gasoline		2,787
Ice		1,254
Office Supplies		585
Periodicals		193
Propane Gas		137
Tires and Tubes		362
Uniforms		45
Utilities		53,740
Other Charges		560
Furniture and Fixtures		1,166
Maintenance Equipment		5,212
Motor Vehicles		3,724
Office Equipment		3,393

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Site Development	\$ 2,088	
Total County Buildings		\$ 228,530

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 49,372	
Assistant(s)	18,325	
Salary Supplements	1,500	
In-Service Training	144	
Audit Services	3,825	
Data Processing Services	1,918	
Dues and Memberships	1,143	
Legal Notices, Recording, and Court Costs	74	
Maintenance Agreements	160	
Travel	1,334	
Office Supplies	1,120	
Premiums on Corporate Surety Bonds	75	
Total Property Assessor's Office		78,990

Reappraisal Program

County Official/Administrative Officer	\$ 5,500	
Assistant(s)	12,294	
Other Per Diem and Fees	740	
Data Processing Services	1,835	
Office Supplies	321	
Office Equipment	1,014	
Total Reappraisal Program		21,704

County Trustee's Office

County Official/Administrative Officer	\$ 49,372
Data Processing Personnel	27,564
Part-time Personnel	15,401
Data Processing Services	4,249
Dues and Memberships	437
Legal Notices, Recording, and Court Costs	184
Printing, Stationery, and Forms	577
Travel	67
Other Contracted Services	1,918
Office Supplies	664
Periodicals	10

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Premiums on Corporate Surety Bonds	\$ 1,297	
Office Equipment	10,541	
	<hr/>	
Total County Trustee's Office		\$ 112,281

County Clerk's Office

County Official/Administrative Officer	\$ 49,372	
Data Processing Personnel	23,102	
Secretary(ies)	22,083	
Board and Committee Members Fees	10	
Data Processing Services	1,459	
Dues and Memberships	427	
Printing, Stationery, and Forms	1,582	
Travel	205	
Office Supplies	668	
Periodicals	212	
Premiums on Corporate Surety Bonds	75	
Maintenance Equipment	65	
	<hr/>	
Total County Clerk's Office		99,260

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 49,372	
Other Salaries and Wages	1,363	
Jury and Witness Fees	5,040	
Data Processing Services	5,289	
Dues and Memberships	387	
Printing, Stationery, and Forms	2,379	
Office Supplies	563	
Premiums on Corporate Surety Bonds	75	
Furniture and Fixtures	5,200	
	<hr/>	
Total Circuit Court		69,668

General Sessions Judge

Judge(s)	\$ 77,148	
Secretary(ies)	5,825	
Dues and Memberships	70	
Printing, Stationery, and Forms	27	
Travel	1,957	
Periodicals	545	
	<hr/>	
Total General Sessions Judge		85,572

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court Clerk

Data Processing Personnel	\$ 20,581	
Secretary(ies)	23,399	
Part-time Personnel	3,773	
Data Processing Services	2,796	
Operating Lease Payments	1,860	
Legal Notices, Recording, and Court Costs	152	
Maintenance and Repair Services - Office Equipment	181	
Printing, Stationery, and Forms	3,630	
Travel	778	
Office Supplies	409	
Periodicals	9	
Data Processing Equipment	1,458	
Furniture and Fixtures	750	
Total General Sessions Court Clerk		\$ 59,776

Chancery Court

County Official/Administrative Officer	\$ 49,372	
Secretary(ies)	21,884	
Part-time Personnel	72	
Data Processing Services	6,826	
Dues and Memberships	591	
Operating Lease Payments	1,580	
Legal Services	12	
Printing, Stationery, and Forms	689	
Data Processing Supplies	61	
Office Supplies	1,127	
Periodicals	9	
Premiums on Corporate Surety Bonds	213	
In Service/Staff Development	600	
Total Chancery Court		83,036

Judicial Commissioners

Supervisor/Director	\$ 15,373	
Part-time Personnel	5,400	
Dues and Memberships	105	
Travel	2,198	
Office Supplies	127	
Periodicals	235	
Total Judicial Commissioners		23,438

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security

Other Capital Outlay	\$ 45,006	
Total Courtroom Security		\$ 45,006

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 54,310	
Deputy(ies)	215,432	
Investigator(s)	22,558	
Lieutenant(s)	25,359	
Sergeant(s)	23,680	
Salary Supplements	6,600	
Guards	35,069	
Secretary(ies)	21,026	
Part-time Personnel	7,240	
School Resource Officer	43,349	
Other Salaries and Wages	19,537	
Advertising	200	
Communication	3,417	
Contracts with Government Agencies	63,880	
Contributions	50	
Dues and Memberships	970	
Maintenance and Repair Services - Equipment	1,167	
Maintenance and Repair Services - Vehicles	11,503	
Matching Share	3,184	
Printing, Stationery, and Forms	2,058	
Travel	1,625	
Other Contracted Services	710	
Gasoline	45,310	
Ice	271	
Office Supplies	1,432	
Periodicals	293	
Tires and Tubes	2,549	
Uniforms	4,750	
Premiums on Corporate Surety Bonds	944	
In Service/Staff Development	5,719	
Law Enforcement Equipment	2,534	
Motor Vehicles	9,870	
Total Sheriff's Department		636,596

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Maintenance and Repair Services - Office Equipment	\$ 1,701	
Total Administration of the Sexual Offender Registry		\$ 1,701

Jail

County Official/Administrative Officer	\$ 6,000	
Assistant(s)	12,732	
Supervisor/Director	26,883	
Medical Personnel	10,688	
Guards	244,728	
Secretary(ies)	22,018	
Cafeteria Personnel	21,141	
Other Salaries and Wages	25,281	
Other Fringe Benefits	591	
Advertising	96	
Contracts with Private Agencies	2,184	
Maintenance and Repair Services - Buildings	14,307	
Maintenance and Repair Services - Equipment	4,326	
Maintenance and Repair Services - Vehicles	985	
Medical and Dental Services	49,660	
Pest Control	650	
Printing, Stationery, and Forms	1,436	
Travel	5,661	
Custodial Supplies	3,816	
Drugs and Medical Supplies	20,102	
Food Supplies	50,407	
Gasoline	6,853	
Ice	500	
Office Supplies	1,126	
Tires and Tubes	559	
Uniforms	2,097	
Utilities	44,151	
In Service/Staff Development	895	
Heating and Air Conditioning Equipment	711	
Law Enforcement Equipment	351	
Motor Vehicles	3,017	
Total Jail	<u>583,952</u>	

Juvenile Services

Youth Service Officer(s)	\$ 10,524
Contracts with Government Agencies	1,316

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Travel	\$ 155	
Total Juvenile Services		\$ 11,995

Fire Prevention and Control

Contributions	\$ 19,000	
Total Fire Prevention and Control		19,000

Civil Defense

Supervisor/Director	\$ 10,805	
Maintenance and Repair Services - Equipment	96	
Travel	1,268	
Office Supplies	1,017	
Total Civil Defense		13,186

Other Emergency Management

Communication	\$ 1,353	
Other Charges	317	
Communication Equipment	1,143	
Total Other Emergency Management		2,813

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 1,992	
Medical and Dental Services	8,910	
Premiums on Corporate Surety Bonds	100	
Total County Coroner/Medical Examiner		11,002

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 2,801	
Communication	2,546	
Contributions	11,532	
Printing, Stationery, and Forms	56	
Other Contracted Services	100	
Custodial Supplies	315	
Office Supplies	1,024	
Periodicals	110	
Utilities	10,449	
Furniture and Fixtures	4,200	
Office Equipment	1,018	
Health Equipment	140	
Total Local Health Center		34,291

(Continued)

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	\$ 91,250	
Total Ambulance/Emergency Medical Services		\$ 91,250

Regional Mental Health Center

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

Sanitation Education/Information

Other Salaries and Wages	\$ 21,379	
Gasoline	2,443	
Instructional Supplies and Materials	4,256	
In Service/Staff Development	105	
Other Charges	2,060	
Maintenance Equipment	20	
Total Sanitation Education/Information		30,263

Other Public Health and Welfare

Clerical Personnel	\$ 11,662	
Contracts with Private Agencies	3,489	
Printing, Stationery, and Forms	240	
Food Supplies	93	
Instructional Supplies and Materials	241	
Office Supplies	45	
Uniforms	216	
Other Charges	17,782	
Office Equipment	3,443	
Total Other Public Health and Welfare		37,211

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Assistant(s)	\$ 17,708	
Supervisor/Director	24,815	
Part-time Personnel	5,867	
Advertising	125	
Communication	1,529	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Dues and Memberships	\$	154	
Legal Notices, Recording, and Court Costs		17	
Maintenance Agreements		1,542	
Maintenance and Repair Services - Buildings		9,512	
Maintenance and Repair Services - Equipment		100	
Travel		140	
Other Contracted Services		600	
Ice		220	
Library Books/Media		10,494	
Office Supplies		1,225	
Periodicals		1,171	
Utilities		10,859	
Office Equipment		<u>5,615</u>	
Total Libraries	\$		91,693

Parks and Fair Boards

Supervisor/Director	\$	24,815	
Custodial Personnel		20,505	
Advertising		125	
Communication		2,159	
Evaluation and Testing		18	
Maintenance and Repair Services - Buildings		19,361	
Maintenance and Repair Services - Equipment		1,956	
Printing, Stationery, and Forms		9	
Travel		11	
Disposal Fees		200	
Other Contracted Services		75	
Custodial Supplies		4,763	
Diesel Fuel		310	
Food Supplies		922	
Gasoline		365	
Instructional Supplies and Materials		38	
Office Supplies		36	
Sand		695	
Tires and Tubes		185	
Utilities		19,676	
Fencing		5,028	
Other Charges		8	
Maintenance Equipment		2,581	
Office Equipment		<u>511</u>	
Total Parks and Fair Boards			104,352

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Board and Committee Members Fees	\$ 980	
Communication	1,956	
Contracts with Government Agencies	36,808	
Dues and Memberships	245	
Travel	1,500	
Office Supplies	1,134	
Total Agriculture Extension Service		\$ 42,623

Soil Conservation

Contributions	\$ 18,000	
Total Soil Conservation		18,000

Other Operations

Other Economic and Community Development

Contributions	\$ 47,834	
Dues and Memberships	2,818	
Total Other Economic and Community Development		50,652

Airport

Advertising	\$ 25	
Communication	2,103	
Contracts with Government Agencies	2,100	
Contracts with Private Agencies	1,597	
Legal Notices, Recording, and Court Costs	30	
Maintenance and Repair Services - Buildings	301	
Maintenance and Repair Services - Equipment	6,165	
Rentals	330	
Other Contracted Services	563	
Custodial Supplies	228	
Diesel Fuel	725	
Office Supplies	40	
Utilities	7,637	
Excess Risk Insurance	3,859	
Maintenance Equipment	3,824	
Total Airport		29,527

Veterans' Services

County Official/Administrative Officer	\$ 3,548	
Dues and Memberships	65	
Travel	762	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Office Supplies	\$ 200	
Total Veterans' Services		\$ 4,575

Contributions to Other Agencies

Other Charges	\$ 715	
Total Contributions to Other Agencies		715

Employee Benefits

Social Security	\$ 141,548	
Handling Charges and Administrative Costs	3,534	
State Retirement	66,989	
Employee and Dependent Insurance	127,851	
Unemployment Compensation	6,997	
Bank Charges	174	
Contracts with Government Agencies	618	
Medical Claims	6,087	
Workers' Compensation Insurance	30,562	
Total Employee Benefits		384,360

Miscellaneous

Bank Charges	\$ 20	
Contributions	7,060	
Dues and Memberships	1,350	
Other Contracted Services	4,500	
Animal Food and Supplies	1,698	
Liability Insurance	38,640	
Trustee's Commission	42,887	
Other Charges	5,793	
Total Miscellaneous		101,948

Instruction

Adult Education Program

Contributions	\$ 5,900	
Total Adult Education Program		5,900

Capital Projects

General Administration Projects

Maintenance and Repair Services - Buildings	\$ 450	
Asphalt - Hot Mix	8,640	
Total General Administration Projects		9,090

Total General Fund		\$ 3,613,848
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(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund  
Public Health and Welfare

Transfer Stations

Supervisor/Director	\$ 33,677	
Clerical Personnel	22,817	
Attendants	35,145	
Part-time Personnel	6,390	
Contracts with Private Agencies	243,916	
Data Processing Services	1,454	
Legal Notices, Recording, and Court Costs	302	
Maintenance and Repair Services - Buildings	2,858	
Maintenance and Repair Services - Equipment	25,558	
Pest Control	76	
Printing, Stationery, and Forms	864	
Rentals	136	
Travel	307	
Permits	1,000	
Custodial Supplies	167	
Diesel Fuel	9,456	
Fertilizer, Lime, and Seed	71	
Food Supplies	436	
Gasoline	6,500	
Ice	538	
Office Supplies	223	
Pipe	28	
Propane Gas	768	
Tires and Tubes	1,947	
Uniforms	1,883	
Utilities	2,290	
Refunds	679	
Maintenance Equipment	7,921	
Motor Vehicles	3,810	
Total Transfer Stations		\$ 411,217

Landfill Operation and Maintenance

Equipment Operators	\$ 20,165
Equipment Operators - Heavy	896
Contracts with Government Agencies	4,101
Contracts with Private Agencies	3,370
Maintenance and Repair Services - Equipment	5,432
Permits	2,000
Diesel Fuel	2,352
Pipe - Metal	458

(Continued)

Exhibit J-8

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.)

Tires and Tubes	\$ 300	
Fencing	135	
Maintenance Equipment	<u>13,162</u>	
Total Landfill Operation and Maintenance		\$ 52,371

Other Operations

Employee Benefits

Social Security	\$ 8,506	
State Retirement	4,301	
Employee and Dependent Insurance	12,034	
Workers' Compensation Insurance	<u>4,799</u>	
Total Employee Benefits		29,640

Miscellaneous

Trustee's Commission	\$ 4,511	
Total Miscellaneous		<u>4,511</u>

Total Solid Waste/Sanitation Fund \$ 497,739

Special Purpose Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ 300	
Total Miscellaneous		<u>\$ 300</u>

Total Special Purpose Fund 300

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$ 3,526	
Other Salaries and Wages	30	
Instructional Supplies and Materials	636	
Other Charges	3,010	
Law Enforcement Equipment	4,631	
Motor Vehicles	<u>3,050</u>	
Total Drug Enforcement		\$ 14,883

(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Other Operations

Employee Benefits

Social Security	\$ 266	
Total Employee Benefits		\$ 266

Total Drug Control Fund \$ 15,149

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 549	
Total Register of Deeds		\$ 549

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 139	
Total County Clerk's Office		139

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 39	
Total Circuit Court		39

Chancery Court

Constitutional Officers' Operating Expenses	\$ 138	
Total Chancery Court		<u>138</u>

Total Constitutional Officers - Fees Fund 865

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 62,009
Assistant(s)	37,485
Accountants/Bookkeepers	37,485
Board and Committee Members Fees	960
Advertising	144
Communication	4,038
Contributions	5,000
Dues and Memberships	2,143
Legal Services	1,029
Legal Notices, Recording, and Court Costs	195

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Licenses	\$	51	
Maintenance and Repair Services - Buildings		1,306	
Maintenance and Repair Services - Office Equipment		262	
Postal Charges		364	
Printing, Stationery, and Forms		338	
Rentals		45	
Travel		1,123	
Other Contracted Services		6,225	
Custodial Supplies		1,489	
Data Processing Supplies		267	
Electricity		5,349	
Natural Gas		551	
Office Supplies		301	
Water and Sewer		2,284	
Other Supplies and Materials		818	
Total Administration			\$ 171,261

Highway and Bridge Maintenance

Foremen	\$	51,381	
Equipment Operators		63,134	
Equipment Operators - Light		85,100	
Truck Drivers		107,818	
Laborers		35,627	
Rentals		7,560	
Other Contracted Services		87,907	
Asphalt - Cold Mix		5,492	
Asphalt - Liquid		75,505	
Concrete		4,194	
Crushed Stone		40,214	
General Construction Materials		50	
Riprap		71,938	
Other Road Supplies		1,634	
Pipe - Metal		8,087	
Road Signs		2,806	
Gravel and Chert		1,900	
Geotextile Materials		3,040	
Total Highway and Bridge Maintenance			653,387

Operation and Maintenance of Equipment

Foremen	\$	29,653	
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(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Mechanic(s)	\$ 45,691	
Freight Expenses	318	
Rentals	1,328	
Other Contracted Services	6,630	
Diesel Fuel	74,284	
Equipment and Machinery Parts	35,139	
Garage Supplies	1,386	
Gasoline	29,062	
Lubricants	3,346	
Small Tools	613	
Tires and Tubes	7,781	
Uniforms	2,258	
Other Supplies and Materials	829	
Total Operation and Maintenance of Equipment		\$ 238,318

Other Charges

Liability Insurance	\$ 36,168	
Trustee's Commission	15,812	
Workers' Compensation Insurance	43,857	
Total Other Charges		95,837

Employee Benefits

Social Security	\$ 41,786	
State Retirement	83,311	
Life Insurance	5,051	
Medical Insurance	86,598	
Unemployment Compensation	4,401	
Other Fringe Benefits	1,832	
Total Employee Benefits		222,979

Capital Outlay

Matching Share	\$ 52,526	
Bridge Construction	120,986	
Highway Construction	191,758	
Motor Vehicles	55,145	
Other Construction	9,739	
Other Capital Outlay	52,800	
Total Capital Outlay		482,954

Total Highway/Public Works Fund \$ 1,864,736

(Continued)

Exhibit J-8

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

<u>General Debt Service Fund</u>		
<u>Other Operations</u>		
<u>Miscellaneous</u>		
Trustee's Commission	\$ 10,355	
Total Miscellaneous		\$ 10,355
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$ 524,735	
Total General Government		524,735
<u>Highways and Streets</u>		
Principal on Notes	\$ 24,500	
Total Highways and Streets		24,500
<u>Education</u>		
Principal on Bonds	\$ 560,000	
Principal on Notes	800	
Total Education		560,800
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 80,369	
Total General Government		80,369
<u>Highways and Streets</u>		
Interest on Notes	\$ 1,661	
Total Highways and Streets		1,661
<u>Education</u>		
Interest on Bonds	\$ 88,108	
Total Education		88,108
<u>Other Debt Service</u>		
<u>Education</u>		
Other Debt Issuance Charges	\$ 1,703	
Total Education		1,703
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Motor Vehicles	\$ 67,539	
Total Public Safety Projects		<u>67,539</u>
Total General Debt Service Fund		\$ 1,359,770

(Continued)

Exhibit J-8

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

<u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>Public Utility Projects</u>			
Consultants	\$	17,050	
Contracts with Private Agencies		394,236	
Engineering Services		111,350	
Legal Notices, Recording, and Court Costs		460	
Total Public Utility Projects		<u>          </u>	\$ <u>523,096</u>
Total Community Development/Industrial Park Fund			\$ 523,096
<u>Highway Capital Projects Fund</u>			
<u>Highways</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>847</u>	
Total Other Charges			\$ 847
<u>Capital Outlay</u>			
Engineering Services	\$	<u>38,031</u>	
Total Capital Outlay			<u>38,031</u>
Total Highway Capital Projects Fund			<u>38,878</u>
Total Governmental Funds - Primary Government			<u><u>\$ 7,914,381</u></u>

Exhibit J-9

Lewis County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Lewis County School Department  
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,040,341	
Career Ladder Program		55,998	
Career Ladder Extended Contracts		61,438	
Homebound Teachers		1,010	
Educational Assistants		48,007	
Certified Substitute Teachers		360	
Non-certified Substitute Teachers		48,337	
Social Security		235,221	
State Retirement		258,062	
Medical Insurance		352,975	
Dental Insurance		1,832	
Unemployment Compensation		56	
Employer Medicare		56,125	
Other Contracted Services		227	
Instructional Supplies and Materials		49,141	
Textbooks		157,320	
Fee Waivers		980	
Regular Instruction Equipment		60,409	
Total Regular Instruction Program			\$ 5,427,839

Alternative Instruction Program

Teachers	\$	36,195	
Other Salaries and Wages		9,736	
Non-certified Substitute Teachers		225	
Social Security		2,477	
State Retirement		3,074	
Medical Insurance		5,780	
Employer Medicare		579	
Other Contracted Services		383	
Instructional Supplies and Materials		200	
Other Equipment		1,130	
Total Alternative Instruction Program			59,779

Special Education Program

Teachers	\$	640,688
Career Ladder Program		5,000
Homebound Teachers		2,368
Other Salaries and Wages		16,940
Certified Substitute Teachers		270

(Continued)

Exhibit J-9

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.)

Non-certified Substitute Teachers	\$	12,892	
Social Security		36,968	
State Retirement		41,160	
Medical Insurance		60,507	
Dental Insurance		329	
Employer Medicare		8,863	
Other Contracted Services		13,608	
Instructional Supplies and Materials		7,951	
Total Special Education Program			\$ 847,544

Vocational Education Program

Teachers	\$	111,922	
Career Ladder Program		1,000	
Non-certified Substitute Teachers		2,768	
Social Security		6,333	
State Retirement		7,046	
Medical Insurance		12,423	
Employer Medicare		1,481	
Contracts with Other School Systems		13,863	
Instructional Supplies and Materials		1,899	
Other Charges		775	
Vocational Instruction Equipment		822	
Total Vocational Education Program			160,332

Student Body Education Program

Other Salaries and Wages	\$	3,782	
Social Security		220	
State Retirement		224	
Employer Medicare		51	
Other Contracted Services		2,000	
Total Student Body Education Program			6,277

Support Services

Attendance

Supervisor/Director	\$	6,070	
Social Security		326	
State Retirement		379	
Medical Insurance		725	
Employer Medicare		76	

(Continued)

Exhibit J-9

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.)

Attendance (Cont.)

Travel	\$	1,186	
In Service/Staff Development		1,418	
Attendance Equipment		2,500	
Total Attendance			\$ 12,680

Health Services

Medical Personnel	\$	24,950	
Other Salaries and Wages		11,088	
Social Security		2,153	
State Retirement		3,020	
Medical Insurance		995	
Dental Insurance		302	
Employer Medicare		504	
Travel		161	
Other Contracted Services		1,450	
Drugs and Medical Supplies		3,222	
Other Charges		2,469	
Total Health Services			50,314

Other Student Support

Teachers	\$	835	
Career Ladder Program		4,500	
Guidance Personnel		185,106	
Career Ladder Extended Contracts		2,500	
Clerical Personnel		10,647	
Other Salaries and Wages		3,667	
Social Security		10,675	
State Retirement		12,231	
Medical Insurance		18,306	
Dental Insurance		329	
Employer Medicare		2,816	
Communication		78	
Contracts with Government Agencies		14,804	
Evaluation and Testing		13,176	
Postal Charges		26	
Other Contracted Services		21,152	
Other Supplies and Materials		621	
In Service/Staff Development		320	
Total Other Student Support			301,789

(Continued)

Exhibit J-9

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

Supervisor/Director	\$	106,407	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		7,000	
Librarians		167,485	
Instructional Computer Personnel		45,126	
Secretary(ies)		13,717	
Other Salaries and Wages		1,200	
Non-certified Substitute Teachers		1,372	
Social Security		20,009	
State Retirement		23,005	
Medical Insurance		25,588	
Dental Insurance		251	
Employer Medicare		4,679	
Communication		1,584	
Travel		1,316	
Other Contracted Services		5,169	
Library Books/Media		24,658	
In Service/Staff Development		500	
Other Charges		145	
Total Regular Instruction Program			\$ 457,211

Special Education Program

Supervisor/Director	\$	54,215	
Career Ladder Program		2,500	
Psychological Personnel		60,156	
Social Security		6,991	
State Retirement		7,199	
Medical Insurance		8,806	
Dental Insurance		234	
Employer Medicare		1,657	
Other Contracted Services		50	
In Service/Staff Development		136	
Total Special Education Program			141,944

Other Programs

On-Behalf Payments to OPEB	\$	38,697	
Total Other Programs			38,697

(Continued)

Exhibit J-9

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

Secretary to Board	\$	1,400	
Board and Committee Members Fees		12,900	
Social Security		887	
State Retirement		117	
Medical Insurance		18	
Employer Medicare		207	
Audit Services		6,800	
Dues and Memberships		5,057	
Legal Services		200	
Postal Charges		150	
Travel		1,297	
Maintenance and Repair Services - Records		1,500	
Other Contracted Services		7,281	
Liability Insurance		14,553	
Premiums on Corporate Surety Bonds		1,667	
Trustee's Commission		49,376	
Workers' Compensation Insurance		56,268	
In Service/Staff Development		3,844	
Criminal Investigation of Applicants - TBI		2,416	
Refund to Applicant for Criminal Investigation		504	
Other Charges		3,899	
Total Board of Education			\$ 170,341

Director of Schools

County Official/Administrative Officer	\$	86,000
Secretary(ies)		30,632
Social Security		7,233
State Retirement		7,934
Medical Insurance		13,853
Dental Insurance		1,185
Employer Medicare		1,691
Communication		6,596
Dues and Memberships		1,015
Maintenance and Repair Services - Equipment		29
Postal Charges		1,784
Travel		1,744
Other Contracted Services		2,581
Office Supplies		9,148
In Service/Staff Development		740

(Continued)

Exhibit J-9

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.)

Director of Schools (Cont.)

Other Charges	\$	1,281	
Administration Equipment		1,494	
Total Director of Schools			\$ 174,940

Office of the Principal

Principals	\$	239,415	
Career Ladder Program		5,000	
Accountants/Bookkeepers		79,933	
Career Ladder Extended Contracts		2,500	
Assistant Principals		44,509	
Secretary(ies)		52,677	
Other Salaries and Wages		2,594	
Social Security		24,780	
State Retirement		28,433	
Medical Insurance		23,776	
Employer Medicare		5,795	
Communication		2,655	
Travel		464	
Other Contracted Services		1,833	
In Service/Staff Development		1,626	
Total Office of the Principal			515,990

Fiscal Services

Accountants/Bookkeepers	\$	49,544	
Other Salaries and Wages		17,877	
Social Security		2,745	
State Retirement		4,152	
Medical Insurance		4,568	
Dental Insurance		201	
Employer Medicare		901	
Travel		1,127	
Other Contracted Services		9,618	
Data Processing Supplies		2,601	
Office Supplies		420	
In Service/Staff Development		2,310	
Administration Equipment		869	
Total Fiscal Services			96,933

(Continued)

Exhibit J-9

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

Supervisor/Director	\$	49,121	
Custodial Personnel		157,181	
Other Salaries and Wages		27,696	
Social Security		14,099	
State Retirement		7,929	
Medical Insurance		5,957	
Unemployment Compensation		121	
Employer Medicare		3,297	
Other Contracted Services		7,046	
Custodial Supplies		24,826	
Electricity		268,008	
Natural Gas		89,650	
Water and Sewer		38,359	
Boiler Insurance		2,388	
Building and Contents Insurance		43,637	
In Service/Staff Development		290	
Plant Operation Equipment		6,031	
Total Operation of Plant			\$ 745,636

Maintenance of Plant

Maintenance Personnel	\$	56,463	
Other Salaries and Wages		8,221	
Social Security		3,836	
State Retirement		4,921	
Medical Insurance		2,628	
Employer Medicare		897	
Communication		812	
Laundry Service		1,339	
Other Contracted Services		4,526	
Other Supplies and Materials		20,774	
In Service/Staff Development		18	
Maintenance Equipment		27,524	
Total Maintenance of Plant			131,959

Transportation

Supervisor/Director	\$	27,203	
Mechanic(s)		41,601	
Bus Drivers		208,380	
Other Salaries and Wages		8,417	

(Continued)

Exhibit J-9

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.)

In-Service Training	\$	1,170	
Social Security		16,960	
State Retirement		20,883	
Medical Insurance		11,662	
Employer Medicare		3,966	
Communication		4,553	
Contracts with Parents		1,347	
Laundry Service		1,338	
Medical and Dental Services		990	
Travel		715	
Other Contracted Services		1,681	
Diesel Fuel		79,527	
Garage Supplies		1,814	
Gasoline		11,289	
Lubricants		2,465	
Tires and Tubes		8,281	
Vehicle Parts		16,854	
Vehicle and Equipment Insurance		13,433	
In Service/Staff Development		883	
Other Charges		1,523	
Transportation Equipment		226,143	
Total Transportation			\$ 713,078

Central and Other

Data Processing Personnel	\$	16,515	
Social Security		915	
State Retirement		1,384	
Medical Insurance		1,523	
Dental Insurance		67	
Employer Medicare		214	
Travel		150	
In Service/Staff Development		191	
Total Central and Other			20,959

Operation of Non-Instructional Services

Food Service

Other Charges	\$	119	
Total Food Service			119

(Continued)

Exhibit J-9

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

Supervisor/Director	\$	86,905	
Teachers		50,557	
Clerical Personnel		13,244	
Other Salaries and Wages		42,891	
Social Security		10,992	
State Retirement		11,403	
Medical Insurance		4,515	
Dental Insurance		268	
Employer Medicare		2,571	
Other Fringe Benefits		126	
Communication		2,428	
Postal Charges		518	
Other Contracted Services		45	
Other Supplies and Materials		54,386	
In Service/Staff Development		10,850	
Other Charges		8,347	
Other Equipment		1,000	
Total Community Services			\$ 301,046

Early Childhood Education

Supervisor/Director	\$	52,062	
Teachers		141,557	
Career Ladder Program		2,000	
Educational Assistants		76,272	
Certified Substitute Teachers		450	
Non-certified Substitute Teachers		765	
Social Security		15,480	
State Retirement		17,778	
Medical Insurance		21,675	
Employer Medicare		3,620	
Communication		1,211	
Postal Charges		646	
Other Contracted Services		329	
Instructional Supplies and Materials		56,372	
Other Supplies and Materials		400	
In Service/Staff Development		9,516	
Other Equipment		10,072	
Total Early Childhood Education			410,205

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 279,303	
Total Regular Capital Outlay		\$ 279,303

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 342,445	
Total Education		<u>342,445</u>

Total General Purpose School Fund \$ 11,407,360

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 305,141	
Educational Assistants	52,787	
Other Salaries and Wages	11,783	
Non-certified Substitute Teachers	2,809	
Social Security	21,762	
State Retirement	24,454	
Medical Insurance	17,557	
Dental Insurance	302	
Employer Medicare	5,089	
Other Fringe Benefits	175	
Instructional Supplies and Materials	58,061	
Regular Instruction Equipment	<u>28,508</u>	
Total Regular Instruction Program		\$ 528,428

Special Education Program

Teachers	\$ 4,033	
Educational Assistants	141,446	
Other Salaries and Wages	1,195	
Social Security	9,080	
State Retirement	11,253	
Employer Medicare	2,124	
Other Fringe Benefits	1,196	
Maintenance and Repair Services - Equipment	246	
Other Contracted Services	19,766	
Instructional Supplies and Materials	1,291	
Other Supplies and Materials	3,869	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Special Education Equipment	\$ 304	
Total Special Education Program		\$ 195,803

Vocational Education Program

Teachers	\$ 10,975	
Social Security	680	
State Retirement	685	
Employer Medicare	159	
Contracts with Other School Systems	13,506	
Other Supplies and Materials	1,626	
Vocational Instruction Equipment	36,916	
Total Vocational Education Program		64,547

Support Services

Health Services

Medical Personnel	\$ 2,584	
Social Security	160	
State Retirement	217	
Employer Medicare	37	
Other Charges	228	
Total Health Services		3,226

Other Student Support

Contracts with Government Agencies	\$ 3,797	
Travel	4,329	
Other Supplies and Materials	1,300	
In Service/Staff Development	3,859	
Other Charges	409	
Total Other Student Support		13,694

Regular Instruction Program

Supervisor/Director	\$ 7,500	
Secretary(ies)	4,000	
In-Service Training	1,125	
Social Security	783	
State Retirement	848	
Employer Medicare	183	
Other Fringe Benefits	47	
In Service/Staff Development	72,583	
Total Regular Instruction Program		87,069

(Continued)

Exhibit J-9

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

Supervisor/Director	\$	6,000	
Psychological Personnel		17,330	
Assessment Personnel		14,757	
Secretary(ies)		30,947	
Clerical Personnel		4,918	
Other Salaries and Wages		33,500	
Social Security		3,829	
State Retirement		5,698	
Medical Insurance		5,255	
Employer Medicare		1,381	
Other Fringe Benefits		380	
Communication		2,275	
Maintenance and Repair Services - Equipment		191	
Postal Charges		590	
Travel		1,457	
Other Contracted Services		42,341	
Other Supplies and Materials		3,452	
In Service/Staff Development		5,285	
Total Special Education Program			\$ 179,586

Vocational Education Program

In Service/Staff Development	\$	862	
Total Vocational Education Program			862

Transportation

Bus Drivers	\$	10,082	
Other Salaries and Wages		4,893	
Social Security		931	
State Retirement		1,255	
Employer Medicare		218	
Other Fringe Benefits		591	
Contracts with Parents		2,513	
Total Transportation			20,483

Operation of Non-Instructional Services

Community Services

Other Supplies and Materials	\$	3,191	
Total Community Services			3,191

Total School Federal Projects Fund \$ 1,096,889

(Continued)

Exhibit J-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	39,645	
Clerical Personnel		24,555	
Cafeteria Personnel		294,176	
Other Salaries and Wages		300	
In-Service Training		2,940	
Social Security		21,771	
State Retirement		23,334	
Unemployment Compensation		290	
Employer Medicare		5,146	
Other Fringe Benefits		9,179	
Communication		3,428	
Maintenance and Repair Services - Equipment		7,382	
Transportation - Other than Students		3,700	
Travel		335	
Other Contracted Services		11,798	
Food Preparation Supplies		26,606	
Food Supplies		427,505	
Office Supplies		5,926	
Utilities		32,379	
Other Supplies and Materials		603	
In Service/Staff Development		321	
Criminal Investigation of Applicants - TBI		576	
Refund to Applicant for Criminal Investigation		444	
Food Service Equipment		67,118	
Total Food Service			\$ 1,009,457

Total Central Cafeteria Fund \$ 1,009,457

Total Governmental Funds - Lewis County School Department \$ 13,513,706

Exhibit J-10

Lewis County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 935,729
Total Cash Receipts	<u>\$ 935,729</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 926,372
Trustee's Commission	<u>9,357</u>
Total Cash Disbursements	<u>\$ 935,729</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2007	<u>0</u>
 Cash Balance, June 30, 2008	 <u><u>\$ 0</u></u>

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**SINGLE AUDIT SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
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 28, 2008

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, 2008. 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, 2008.

#### 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.

#### 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, 2008, and have issued our report thereon dated October 28, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Lewis County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements 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 black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
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 28, 2008

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, 2008, which collectively comprise Lewis County's basic financial statements and have issued our report thereon dated October 28, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Lewis County Emergency Communications District, 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: 08.01, 08.02, 08.03, 08.04, 08.07, 08.08, and 08.09.

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. However, of the significant deficiencies described above, we consider items 08.01, 08.02, and 08.07 to be material weaknesses.

### 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 two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.05 and 08.06.

We consider item 08.10 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 flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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Lewis County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2008

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	\$ 165,294
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	46,328 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	170,130
National School Lunch Program	10.555	N/A	448,166 (3)
Summer Food Service Program for Children	10.559	N/A	6,739
Total U.S. Department of Agriculture			<u>\$ 836,657</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-07-20485-00	\$ 486,052
Total U.S. Department of Housing and Urban Development			<u>\$ 486,052</u>
U.S. Department of Labor:			
Passed-through State Department of Education:			
WIA Youth Activities	17.259	(2)	\$ 12,500
Total U.S. Department of Labor			<u>\$ 12,500</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-07-035865-00	\$ 795
Total U.S. Department of Transportation			<u>\$ 795</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 429,311
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	386,646
Special Education - Preschool Grants	84.173	N/A	19,311
Vocational Education - Basic Grants to States	84.048	N/A	61,247
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	9,623
Twenty-First Century Community Learning Centers	84.287	(2)	3,191
State Grants for Innovative Programs	84.298	N/A	3,277
Education Technology State Grants	84.318	(2)	6,979
Rural Education	84.358	N/A	69,136
Improving Teacher Quality State Grants	84.367	N/A	115,626
Total U.S. Department of Education			<u>\$ 1,104,347</u>
U.S. Elections Assistance Commission:			
Passed-through Office of Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 1,773
Total U.S. Elections Assistance Commission			<u>\$ 1,773</u>
Total Expenditures of Federal Awards			<u>\$ 2,442,124</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)	\$ 4,699
Library Technology Grant - Office of Tennessee Secretary of State	N/A	Z-07-020492-00	1,604
Juvenile Services Program - State Children's Services Commission	N/A	Z-08-022780-00	9,239
Tobacco Use Prevention and Cessation Initiative - State Department of Health	N/A	GG-08-23191-00	15,789
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-03-011290-03	7,939
Litter Program - State Department of Transportation	N/A	Z-08-021016-00	28,992
Diabetes Planning - State Department of Health	N/A	GG-08-22494-00	17,530
Safe Schools Act - State Department of Education	N/A	(2)	23,635
Land Acquisition Grant - State Department of Transportation	N/A	(4)	71,190
Coordinated School Health - State Department of Education	N/A	(2)	95,000
Jobs for TN Graduates - State Department of Education	N/A	(2)	8,700
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	135,000
Early Childhood Education - State Department of Education	N/A	(2)	379,644
Family Resource Grant - State Department of Education	N/A	(2)	33,300
<b>Total State Grants</b>			<b>\$ 832,261</b>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

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

(2) - Information not available.

(3) - Total for CFDA No. 10.555 is \$494,494.

(4) - Z-07-037649-00: \$15,539; Z-07-037650-00: \$55,651.

Lewis County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2008

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, for the year ended June 30, 2007, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.01	146	The office had not established a formal purchase order system

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.02	146	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
07.03	147	A central system of accounting, budgeting, and purchasing had not been adopted

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**LEWIS COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2008**

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

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, 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. Three 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. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559), the Community Development Block Grants/State's Program (CFDA No. 14.228), and the Title 1 Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. 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, County Commissioner Richie Brewer, County Commissioner Matthew Spitzer, and County Commissioner Joseph Churchwell 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.

### **LEWIS COUNTY AND LEWIS COUNTY SCHOOL DEPARTMENT**

**FINDING 08.01      **LEWIS COUNTY AND THE LEWIS COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS****

(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Lewis County's and the Lewis County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the county's external auditors, to assist Lewis County and the Lewis County School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

### **RECOMMENDATION**

Lewis County and the Lewis County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I would like to offer a summarized response to Findings 08.01, 08.02, 08.04, and 08.06 since I believe these findings are the result of the same circumstances.

I understand these findings and deficiencies, and believe we are already in the process of becoming better compliant with generally accepted accounting principles and better able to correct any weaknesses that may have previously existed.

We are implementing new accounting controls and operating procedures for all aspects of the county’s General Fund including budgets, revenues, expenditures, employee deductions, payroll taxes, and other various other responsibilities. With a new administrative assistant, who has a background in accounting, new steps are being incorporated that will allow us better internal control and awareness of the General Fund and will greatly improve the accuracy of the financial statements in the future.

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**OFFICE OF COUNTY MAYOR**

**FINDING 08.02**      **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted accounting principles require Lewis County to have adequate internal controls over the maintenance of its accounting records. At June 30, 2008, various general ledgers were not materially correct, and multiple audit adjustments were required for the financial statements to be materially correct at year-end. Therefore, the county’s financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records which are used to prepare the financial statements, including the related notes. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

**RECOMMENDATION**

Lewis County should have appropriate processes in place to ensure that its general ledgers are materially correct.

**MANAGEMENT’S RESPONSE – COUNTY MAYOR**

See the county mayor’s response in Finding 08.01

**FINDING 08.03      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. This deficiency can be attributed to the failure of management to correct an audit finding noted in prior reports. The absence of a formal purchase order system increases the risks of unauthorized purchases.

**RECOMMENDATION**

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

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

Our current software vendor has a purchase order system that we tried to implement early in the fiscal year. However, there were some application difficulties that are currently being addressed by the vendor. Once these are corrected, we will move forward with installing the purchase order system.

---

**FINDING 08.04      THE OFFICE HAD DEFICIENCIES IN ACCOUNTING PROCEDURES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our audit disclosed the following deficiencies in accounting procedures:

- A. In some instances, grant revenues were posted as reductions of expenditures and not as revenues. Also, some expenditures were posted directly as reductions of reserve accounts and not as revenues. These practices have the effect of understating both revenues and expenditures. Any material misclassifications noted during our examination were reclassified by management in the financial statements of this report.
- B. Numerous expenditures were coded to accounts that did not reflect the true nature of the expenditures. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool. Any material misclassifications noted during our examination were reclassified by management in the financial statements of this report.
- C. The sheriff and three employees of the Sheriff's Department were paid additional compensation for transporting prisoners. These payments were

made by vendor checks rather than through the county's payroll system. Therefore, applicable payroll taxes were not withheld and reported on this compensation. It should be noted that the sheriff's compensation is governed by Section 8-24-102(g), Tennessee Code Annotated. This statute does not permit the sheriff to receive additional compensation for transporting prisoners.

- D. Payroll and insurance bank accounts were not reconciled with the general ledger monthly. Also, monthly transactions of the medical insurance bank account were not posted to the accounting records. Sound business practice dictates that bank accounts be properly posted and reconciled with the general ledger monthly. The failure to properly post and reconcile the bank accounts is a significant deficiency resulting in the financial records being incomplete and the possibility that errors may not be discovered and corrected in a timely manner. These deficiencies have been corrected by management for financial statement presentation.

#### RECOMMENDATION

All revenues and expenditures should be properly classified and recorded in the accounting records. All employee compensation should be paid through the county's payroll system with all applicable taxes reported. The sheriff should be compensated in compliance with state statutes. Bank accounts should be reconciled monthly, and insurance transactions should be posted to the accounting records currently.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

See the county mayor's response in Finding 08.01.

---

#### FINDING 08.05      **THE COUNTY VIOLATED THE CONFLICT OF INTEREST STATUTE BY MAKING PURCHASES FROM BUSINESSES OWNED BY COUNTY COMMISSIONERS** (Noncompliance Under Government Auditing Standards)

During the year, the county made the following payments directly to county commissioners or businesses owned by county commissioners: 1) \$2,088 to Richie Brewer for planting trees at the Industrial Park; 2) \$3,822 to Ray Brewer for work at the Memorial Park; 3) \$71 to Lewis County Lawn and Leisure, a business owned by Ray Brewer; 4) \$72 to Joe's One Stop, a business owned by Joseph Churchwell; and 5) \$1,868 to Spitzer's Market and Deli, a business owned by Matthew Spitzer. These payments to county commissioners and to businesses owned by members of the County Commission violate the conflict of interest statute, Section 12-4-101(a)(1), Tennessee Code Annotated. This statute states that "it is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county ... shall or may be interested, to be directly interested in any such contract."

## RECOMMENDATION

County officials should review these payments and resolve the conflicts of interest.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

We understand the finding, but with such a small rural community the number of small businesses and available services are extremely limited. Any purchases that were made to county commissioners were done so out of necessity rather than a relationship with the county commissioner. We did not feel that the small amounts spent were a conflict of interest nor were they intended to be. We will be more careful of such purchases in the future.

## MANAGEMENT'S RESPONSE – COUNTY COMMISSIONER RICHIE BREWER

I was asked by our county mayor to trim and replace trees in the Industrial Park during November 2007. I originally denied his request and suggested that he hire another person for the job. This other person was hired and started the job but failed to complete all work requested by the mayor. The mayor then approached me a second time, in April 2008, and asked me to complete the project. This project had to be finished before spring arrived, or else it would be too late to plant the trees. Since there were only a few weeks left, I accepted this responsibility, all the while feeling obligated. The trees planted at the Industrial Park were sold to Lewis County at a wholesale price, and the labor cost was at a minimum amount to cover the people employed and equipment used for the job. I personally gained no profit from the \$2,088 paid to me for the project.

## MANAGEMENT'S RESPONSE – COUNTY COMMISSIONER MATTHEW SPITZER

I disagree with your finding. Section 12-4-101(a)(1), TCA, does not prevent me from voting on a budget for the county wherein one might find that the Sheriff's Department has funds to provide meals for its inmates. In this specific case, inmates housed at the county jail have been provided meals while working on public projects. Some of these meals were purchased at my convenience store and, I assume, at numerous other markets. These meals were single plates or boxes purchased for the inmates, and there is no contract or benefit other than my store receiving payment for the meals provided. I was asked to carry an invoice on each meal and quite frankly was not paid immediately and had to carry the cost for many months prior to payment. This is not a lucrative endeavor for my store, and the business was not solicited by me or anyone else on my behalf.

It is my position that Section 12-4-101(a)(1), TCA, does not cover single meal purchases. The County Commission made no decision, nor did I vote, on any provision whereby there was a directive to purchase meals for inmates at my store. Finally, the County Commission has no authority to vote for, let out, overlook, or superintend a mandate requiring the sheriff or Lewis County to purchase meals from any facility. Therefore, there is no conflict.

MANAGEMENT’S RESPONSE – COUNTY COMMISSIONER JOSEPH CHURCHWELL

I do not recall the items purchased by the county from my store, but the county must have needed them and didn’t want to leave town for them. I regret selling them to the county. In the future, I will not sell to any branch of county government.

REBUTTAL

The state Attorney General has opined in Opinion 99-185 that Section 12-4-101, TCA, prohibits a county commissioner personally, or a business of which he or she owns the controlling interest, from entering into a contract if he or she has a duty to vote for, let out, overlook, or in any manner superintend the contract. The only exception would be for contracts where the commissioner is the sole supplier of goods or services in the county.

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FINDING 08.06      **EXPENDITURES EXCEEDED APPROPRIATIONS**  
(Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations in the Engineering (\$2,563), Jail (\$55,080), and Libraries (\$5,478) major appropriation categories (the legal level of control) of the General Fund, and in the Public Safety major appropriation category (\$5,712) of the Drug Control Fund. Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because of the failure of management to stay within the spending limits authorized by the County Commission and results in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission as required by state statute.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

See the county mayor’s response in Finding 08.01.

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## **OFFICE OF ROAD SUPERINTENDENT**

**FINDING 08.07      **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION****  
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted accounting principles require the Lewis County Highway Department to have adequate internal controls over the maintenance of its accounting records. At June 30, 2008, various general ledgers were not materially correct, and multiple audit adjustments were required for the financial statements to be materially correct at year-end. Therefore, the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the department in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

### **RECOMMENDATION**

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

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## **OFFICE OF TRUSTEE**

**FINDING 08.08      **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS****  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. Because this log provided the only audit trail of these changes, it should be reviewed daily for inappropriate activity. Because they were not aware of its importance, management did not begin reviewing this log until several months into the fiscal year. Procedures for reviewing this log are currently in place.

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## OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.09      **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. This lack of segregation of duties is the result of managements' decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

### RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

Due to the limited number available personnel, the segregation of duties is difficult at best. We will attempt to segregate duties to the extent possible to try to comply with this finding.

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FINDING 08.10      **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. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

### 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 to the County Commission the adoption of the County Financial Management System of 1981, and twice the idea has been rejected. I believe that all the findings noted in this audit report could be eliminated with the adoption and implementation of a well structured financial management accounting 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, in hopes of becoming more compliant and preventing future, similar findings.

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

There were no findings and questioned costs for federal programs.

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**LEWIS COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2008**

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