
ANNUAL FINANCIAL REPORT LEWIS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



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

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

LEWIS COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Lewis County, Tennessee
For the Year Ended June 30, 2012

Scope

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

Results

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

Our audit resulted in 16 findings and recommendations, which we have reviewed with Lewis County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ The General Fund had a deficit in unassigned fund balance.
- ◆ Expenditures exceeded appropriations.
- ◆ Deficiencies were noted in the maintenance of capital asset records.
- ◆ The office had purchasing deficiencies.
- ◆ The office had accounting deficiencies.
- ◆ General ledger payroll liability accounts were not reconciled.
- ◆ Official prenumbered receipts were not issued for collections received at the Parks and Recreation Department for community building and swimming pool rentals.
- ◆ Some Parks and Recreation Department funds were not deposited within three days of collection.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft.
- ◆ Expenditures exceeded appropriations.
- ◆ Competitive bids were not solicited for projectors purchased with federal grant funds.

OFFICE OF TRUSTEE

- ◆ The trustee did not require a depository to adequately collateralize funds.
-

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND REGISTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not deposit some funds within three days of collection.
-

OFFICE OF SHERIFF

- ◆ The office circumvented the county's budgetary and purchasing processes.
-

PARKS AND RECREATION DEPARTMENT AND THE OFFICES OF COUNTY MAYOR, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Lewis County.

- Lewis County should adopt a central system of accounting, budgeting, and purchasing.
- Lewis County should establish an Audit Committee.

INTRODUCTORY SECTION

Lewis County Officials
June 30, 2012

Officials

Van Ward, County Mayor
Ronnie Darnell, Road Superintendent
Benny Pace, Director of Schools
Clark Carroll, Trustee
Travis Hinson, Assessor of Property
Sandra Clayton, County Clerk
Barbara Hinson, Circuit and General Sessions Courts Clerk
Donna Couch, Clerk and Master
Cheryl Staggs, Register
Dwayne Kilpatrick, Sheriff

Board of County Commissioners

Van Ward, County Mayor, Chairman
Jerry Ashmore
Jason Haygood
Bobby Barnes
Brian Peery
Roger Sealy
Charles Talley
Terry Hinson
Jonah Keltner
Shane Blackwood

Jim Nutt
Raymond Lomax
Landis Turner
Bruce Bowen
Leon Hunter
John Booker
Chris Dyer
Rick Brewer

Highway Commission

Jonah Keltner, Chairman
Van Ward, County Mayor
Sandra Hatton

Board of Education

Phyllis Townsend, Chairman
Dustin Flowers
Kenneth Carroll
Steve Skelton
Jeff Gandy

Mike Hinson
Angela Leigh
Glenda Atkinson
Carolyn Duncan

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

September 20, 2012

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, 2012, 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, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit, 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, 2012, 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 September 20, 2012, 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.

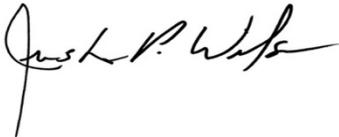
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lewis County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, 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 financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Lewis County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Lewis County School Department
<u>ASSETS</u>		
Cash	\$ 4,027	\$ 15,085
Equity in Pooled Cash and Investments	2,696,888	6,199,514
Inventories	0	23,783
Accounts Receivable	142,872	11,020
Allowance for Uncollectibles	(82,572)	0
Due from Other Governments	484,922	894,524
Property Taxes Receivable	2,184,433	1,230,704
Allowance for Uncollectible Property Taxes	(71,696)	(40,394)
Capital Assets:		
Assets Not Depreciated:		
Land	906,625	461,601
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,150,365	4,304,709
Other Capital Assets	260,189	1,372,178
Infrastructure	4,783,426	0
Total Assets	<u>\$ 12,459,479</u>	<u>\$ 14,472,724</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 11,653	\$ 10,315
Accrued Payroll	0	1,167
Payroll Deductions Payable	931	0
Cash Overdraft	0	41,075
Accrued Interest Payable	5,109	0
Deferred Revenue - Current Property Taxes	2,028,567	1,142,889
Due to State of Tennessee	16	0
Noncurrent Liabilities:		
Due Within One Year	191,531	4,754
Due in More Than One Year	799,826	282,391
Total Liabilities	<u>\$ 3,037,633</u>	<u>\$ 1,482,591</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 7,100,605	\$ 0
Invested in Capital Assets	0	6,138,488
Restricted for:		
General Government	41,820	0
Administration of Justice	9,839	0
Public Safety	122,301	0
Public Health and Welfare	10,706	0
Highway/Public Works	2,241,846	0
Capital Outlay	97,915	0
Instruction	0	95,333
Operation of Non-Instructional Services	0	465,412
Unrestricted	(203,186)	6,290,900
Total Net Assets	<u>\$ 9,421,846</u>	<u>\$ 12,990,133</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, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Primary		
				Governmental Activities	Lewis County School Department	
Primary Government:						
Governmental Activities:						
General Government	\$ 763,492	\$ 271,208	\$ 33,062	\$ (459,222)	\$ 0	0
Finance	416,577	241,372	1,000	(174,205)	0	0
Administration of Justice	434,797	247,970	9,000	(177,827)	0	0
Public Safety	1,915,964	226,719	30,848	(1,658,397)	0	0
Public Health and Welfare	682,545	500,344	50,959	(131,242)	0	0
Social, Cultural, and Recreational Services	338,824	16,733	90,352	(231,739)	0	0
Agriculture and Natural Resources	84,292	0	0	(84,292)	0	0
Other Operations	662,032	5,515	263,138	(393,379)	0	0
Highways/Public Works	2,424,540	0	1,594,815	(829,725)	0	0
Interest on Long-term Debt	35,120	0	0	(35,120)	0	0
Other Debt Service	525	0	196,512	195,987	0	0
Total Governmental Activities	\$ 7,758,708	\$ 1,509,861	\$ 2,269,686	\$ (3,979,161)	\$ 0	0
Total Primary Government	\$ 7,758,708	\$ 1,509,861	\$ 2,269,686	\$ (3,979,161)	\$ 0	0
Component Unit:						
Lewis County School Department	\$ 14,694,646	\$ 363,165	\$ 2,662,608	\$ 0	\$ (11,668,873)	
Total Component Unit	\$ 14,694,646	\$ 363,165	\$ 2,662,608	\$ 0	\$ (11,668,873)	

(Continued)

Exhibit B

Lewis County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Charges for Services	Operating Grants and Contributions	Expenses	Primary Governmental Activities	Lewis County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 1,866,521	\$ 1,091,709	
Property Taxes Levied for Debt Service				18,211	0	
Local Option Sales Taxes				200,799	1,222,518	
Hotel/Motel Tax				17,313	0	
Wheel Tax				211,032	0	
Litigation Tax - General				30,198	0	
Litigation Tax - Jail, Workhouse, or Courthouse				24,349	0	
Business Tax				56,975	0	
Wholesale Beer Tax				30,557	0	
Other Local Taxes				4,457	34,245	
Grants and Contributions Not Restricted to Specific Programs				608,818	9,905,799	
Interest Income				21,842	5,662	
Miscellaneous				62,465	38,733	
Insurance Recovery				23,979	11,444	
Total General Revenues				\$ 3,177,516	\$ 12,310,110	
Change in Net Assets				\$ (801,645)	\$ 641,237	
Net Assets, July 1, 2011				10,223,491	12,348,896	
Net Assets, June 30, 2012				\$ 9,421,846	\$ 12,990,133	

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, 2012

	Major Funds		Nonmajor Funds	Total
	General	Highway / Public Works	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>				
Cash	\$ 3,617	\$ 10	\$ 400	\$ 4,027
Equity in Pooled Cash and Investments	139,608	1,889,254	668,026	2,696,888
Accounts Receivable	4,700	0	138,172	142,872
Allowance for Uncollectibles	0	0	(82,572)	(82,572)
Due from Other Governments	121,574	361,248	2,100	484,922
Property Taxes Receivable	1,992,653	77,532	114,248	2,184,433
Allowance for Uncollectible Property Taxes	(65,401)	(2,545)	(3,750)	(71,696)
Total Assets	<u>\$ 2,196,751</u>	<u>\$ 2,325,499</u>	<u>\$ 836,624</u>	<u>\$ 5,358,874</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 11,653	\$ 0	\$ 11,653
Payroll Deductions Payable	670	0	261	931
Due to State of Tennessee	16	0	0	16
Deferred Revenue - Current Property Taxes	1,850,471	72,000	106,096	2,028,567
Deferred Revenue - Delinquent Property Taxes	72,512	2,814	4,088	79,414
Other Deferred Revenues	32,294	114,672	51,684	198,650
Total Liabilities	<u>\$ 1,955,963</u>	<u>\$ 201,139</u>	<u>\$ 162,129</u>	<u>\$ 2,319,231</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for General Government	\$ 41,820	\$ 0	\$ 0	\$ 41,820
Restricted for Administration of Justice	9,839	0	0	9,839
Restricted for Public Safety	109,027	0	13,274	122,301
Restricted for Public Health and Welfare	10,706	0	0	10,706
Restricted for Highways/Public Works	0	2,124,360	0	2,124,360
Restricted for Capital Outlay	97,915	0	0	97,915
Committed:				
Committed for Public Health and Welfare	0	0	243,220	243,220
Committed for Social, Cultural, and Recreational Services	0	0	52,261	52,261
Committed for Capital Outlay	0	0	151,056	151,056
Committed for Debt Service	0	0	203,145	203,145
Committed for Capital Projects	0	0	11,539	11,539
Assigned:				
Assigned for General Government	917	0	0	917
Assigned for Social, Cultural, and Recreational Services	11,134	0	0	11,134
Unassigned	(40,570)	0	0	(40,570)
Total Fund Balances	<u>\$ 240,788</u>	<u>\$ 2,124,360</u>	<u>\$ 674,495</u>	<u>\$ 3,039,643</u>
Total Liabilities and Fund Balances	<u>\$ 2,196,751</u>	<u>\$ 2,325,499</u>	<u>\$ 836,624</u>	<u>\$ 5,358,874</u>

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, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 3,039,643
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 906,625	
Add: buildings and improvements net of accumulated depreciation	1,150,365	
Add: other capital assets net of accumulated depreciation	260,189	
Add: infrastructure net of accumulated depreciation	<u>4,783,426</u>	7,100,605
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (915,000)	
Less: compensated absences payable	(21,531)	
Less: other postemployment benefits liability	(54,826)	
Less: accrued interest on bonds and notes	<u>(5,109)</u>	(996,466)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>278,064</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 9,421,846</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, 2012

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 2,391,637	\$ 76,897	\$ 175,395	\$ 2,643,929
Licenses and Permits	2,802	0	0	2,802
Fines, Forfeitures, and Penalties	54,053	0	3,805	57,858
Charges for Current Services	35,490	1	508,164	543,655
Other Local Revenues	130,185	14,104	168,753	313,042
Fees Received from County Officials	480,024	0	0	480,024
State of Tennessee	642,435	1,441,937	6,284	2,090,656
Federal Government	324,764	190,097	0	514,861
Other Governments and Citizens Groups	59,308	10,392	241,662	311,362
Total Revenues	\$ 4,120,698	\$ 1,733,428	\$ 1,104,063	\$ 6,958,189
<u>Expenditures</u>				
Current:				
General Government	\$ 639,159	\$ 0	\$ 0	\$ 639,159
Finance	347,978	0	0	347,978
Administration of Justice	366,142	0	56	366,198
Public Safety	1,635,598	0	4,417	1,640,015
Public Health and Welfare	223,904	0	453,154	677,058
Social, Cultural, and Recreational Services	138,870	0	115,781	254,651
Agriculture and Natural Resources	84,292	0	0	84,292
Other Operations	678,709	0	73,202	751,911
Highways	0	1,632,275	29,159	1,661,434
Debt Service:				
Principal on Debt	0	0	160,000	160,000
Interest on Debt	0	0	36,013	36,013
Other Debt Service	0	0	525	525
Capital Projects	354,615	0	24,800	379,415
Total Expenditures	\$ 4,469,267	\$ 1,632,275	\$ 897,107	\$ 6,998,649
Excess (Deficiency) of Revenues Over Expenditures	\$ (348,569)	\$ 101,153	\$ 206,956	\$ (40,460)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,954	\$ 21,025	\$ 0	\$ 23,979
Transfers In	84,666	0	0	84,666
Transfers Out	0	0	(84,666)	(84,666)
Total Other Financing Sources (Uses)	\$ 87,620	\$ 21,025	\$ (84,666)	\$ 23,979
Net Change in Fund Balances	\$ (260,949)	\$ 122,178	\$ 122,290	\$ (16,481)
Fund Balance, July 1, 2011	501,737	2,002,182	552,205	3,056,124
Fund Balance, June 30, 2012	\$ 240,788	\$ 2,124,360	\$ 674,495	\$ 3,039,643

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, 2012

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	(16,481)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	185,275	
Less: current-year depreciation expense		<u>(1,088,630)</u>	(903,355)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$	(303,169)	
Add: deferred delinquent property taxes and other deferred June 30, 2012		<u>278,064</u>	(25,105)
(3) The issuance of long-term debt (e.g., bonds and notes) 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			160,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	893	
Change in compensated absences payable		(10,991)	
Change in other postemployment benefits liability		<u>(6,606)</u>	<u>(16,704)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (801,645)</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 387,396
Due from Other Governments	<u>164,817</u>
Total Assets	<u>\$ 552,213</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 164,817
Due to Litigants, Heirs, and Others	<u>387,396</u>
Total Liabilities	<u>\$ 552,213</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, 2012

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.

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 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 all 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, 2012.

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. An emphasis is placed on major funds within the governmental category. Lewis County has no proprietary funds to report.

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

Additionally, Lewis County reports the following fund types:

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

Capital Projects Fund – The Highway Capital Projects Fund accounts for the capital expenditures of the Highway Department.

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.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide 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.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds 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, General Debt Service, and the General Purpose School funds. Lewis County and the 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

All solid waste and property tax receivables are shown with an allowance for uncollectibles. Solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

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

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

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

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

3. Inventories

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

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 leave and compensatory time 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 and other postemployment benefits, 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, 2012, Lewis County had \$915,000 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 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific

purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget Committee and the Board of Education are authorized bodies to make assignments.

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

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 H-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 H-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, and the Highway Capital Projects Fund, which adopts a project length budget. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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. Fund Deficit

The General Fund had a negative unassigned fund balance of \$40,570 at June 30, 2012. This negative unassigned fund balance resulted from expenditures exceeding restricted, committed, and assigned balances. The negative unassigned fund balance was liquidated when revenues were recognized after June 30, 2012.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$41,075 at June 30, 2012. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2012.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
County Trustee's Office	\$ 299
Chancery Court	38
Administration of the Sex Offender Registry	44
Jail	196,881
General Purpose School:	
Community Services	9,728
Early Childhood Education	4
School Federal Projects:	
Vocational Education Program	42

In addition, total expenditures of the General Fund exceeded total appropriations approved by the County Commission by \$80,943.

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund and by available fund balance in the General Purpose School and School Federal Projects funds.

E. The County Had Deposits Exposed to Custodial Credit Risk

The trustee did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At December 31, 2011, deposits at Peoples Bank exceeded FDIC coverage and collateral securities pledged by \$2,554,497. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds. This deficiency is the result of management's oversight. The failure to adequately collateralize funds could result in a loss for the county.

F. Highway Department Indictments

On November 7, 2011, pursuant to an investigation of the Lewis County Highway Department performed by the Tennessee Bureau of Investigation, the Road Superintendent, Ronnie Darnell, and a Highway Department employee, Pete Burns, were indicted on ten separate counts. Ronnie Darnell was indicted on one count of unlawful disposal of hazardous waste, one count of theft of property under \$500, two counts of theft of property over \$1,000, one count of theft of property over \$10,000, and five counts of official misconduct. Pete Burns was indicted on one count of unlawful disposal of hazardous waste. An arraignment hearing was held on December 19, 2011. Both men pled not guilty. A trial date has been scheduled for November 15, 2012.

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

Deposits

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

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

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	\$ 906,625	\$ 0	\$ 906,625
Total Capital Assets Not Depreciated	<u>\$ 906,625</u>	<u>\$ 0</u>	<u>\$ 906,625</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,959,393	\$ 0	\$ 2,959,393
Other Capital Assets	1,744,998	95,301	1,840,299
Roads and Bridges	17,938,295	89,974	18,028,269
Total Capital Assets Depreciated	<u>\$ 22,642,686</u>	<u>\$ 185,275</u>	<u>\$ 22,827,961</u>

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Balance 6-30-12
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 1,697,616	\$ 111,412	\$ 1,809,028
Other Capital Assets	1,480,664	99,446	1,580,110
Roads and Bridges	12,367,071	877,772	13,244,843
Total Accumulated Depreciation	<u>\$ 15,545,351</u>	<u>\$ 1,088,630</u>	<u>\$ 16,633,981</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,097,335</u>	<u>\$ (903,355)</u>	<u>\$ 6,193,980</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,003,960</u>	<u>\$ (903,355)</u>	<u>\$ 7,100,605</u>

There were no deductions in capital assets to report during the year ended June 30, 2012.

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

Governmental Activities:

General Government	\$ 3,781
Public Safety	61,604
Public Health and Welfare	21,487
Social, Cultural, and Recreation	60,401
Other General Government	8,976
Highway/Public Works	<u>932,381</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,088,630</u>

Discretely Presented Lewis County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
	<u> </u>		<u> </u>
Capital Assets Not Depreciated:			
Land	\$ 461,601	\$ 0	\$ 461,601
Total Capital Assets Not Depreciated	<u>\$ 461,601</u>	<u>\$ 0</u>	<u>\$ 461,601</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 10,716,794	\$ 0	\$ 10,716,794
Other Capital Assets	<u>2,685,555</u>	<u>269,690</u>	<u>2,955,245</u>
Total Capital Assets Depreciated	<u>\$ 13,402,349</u>	<u>\$ 269,690</u>	<u>\$ 13,672,039</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 6,060,426	\$ 351,659	\$ 6,412,085
Other Capital Assets	<u>1,414,201</u>	<u>168,866</u>	<u>1,583,067</u>
Total Accumulated Depreciation	<u>\$ 7,474,627</u>	<u>\$ 520,525</u>	<u>\$ 7,995,152</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,927,722</u>	<u>\$ (250,835)</u>	<u>\$ 5,676,887</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 6,389,323</u></u>	<u><u>\$ (250,835)</u></u>	<u><u>\$ 6,138,488</u></u>

There were no deductions in capital assets to report during the year ended June 30, 2012.

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

Support Services	\$ 494,542
Operation of Non-Instructional Services	<u>25,983</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 520,525</u></u>

C. Interfund Transfers

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

Primary Government

	<u>Transfer In</u>
<u>Transfer Out</u>	General Fund
Nonmajor governmental funds	\$ 84,666

Discretely Presented Lewis County School Department

	<u>Transfer In</u>
<u>Transfer Out</u>	General Purpose School Fund
School Federal Projects Fund	\$ 11,556

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.

The county made a one-time transfer of non-tax revenues (\$84,666) from the General Debt Service Fund to the General Fund for operations.

D. Long-term Debt

Primary Government

General Obligation Bonds

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.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for an original term of 14 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds - Refunding	3.35 %	5-1-17	\$ 1,970,000	\$ 915,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2012, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 915,000	\$ 94,135	\$ 1,009,135

There is \$203,145 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$75, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Compensated Absences
Balance, July 1, 2011	\$ 1,075,000	\$ 10,540
Additions	0	39,358
Deductions	(160,000)	(28,367)
Balance, June 30, 2012	\$ 915,000	\$ 21,531
Balance Due Within One Year	\$ 170,000	\$ 21,531

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 48,220
Additions	7,881
Deductions	<u>(1,275)</u>
Balance, June 30, 2012	<u>\$ 54,826</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 991,357
Less: Balance Due Within One Year	<u>(191,531)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 799,826</u>

Compensated absences and other postemployment benefits 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, 2012, was as follows:

Governmental Activities:	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 5,094	\$ 184,170
Additions	3,967	145,547
Deductions	<u>(4,307)</u>	<u>(47,326)</u>
Balance, June 30, 2012	<u>\$ 4,754</u>	<u>\$ 282,391</u>
Balance Due Within One Year	<u>\$ 4,754</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 287,145
Less: Balance Due Within One Year	<u>(4,754)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 282,391</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, 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, 2012, were \$32,647 and \$10,286, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. Short-term Debt

Lewis County issued tax anticipation notes from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet payroll and other operating expenditures coming due before current tax collections. Short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance 7-1-11	Issued	Paid	Balance 6-30-12
Tax Anticipation Notes	\$ 0	\$ 160,000	\$ (160,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Lewis 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 an annual premium 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.

The 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.

Lewis County (excluding the Highway Department) purchases commercial insurance for health insurance coverage. This health insurance is not available for retirees. 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 an annual premium 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 discretely presented Lewis County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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. Subsequent Events

On August 31, 2012, Ronnie Darnell left the Office of Road Superintendent and was succeeded by Randall Stewart.

On August 23, 2012, the county's General Debt Service Fund issued a \$200,000 tax anticipation note to the General Fund for temporary operating funds.

C. 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.

D. Joint Ventures

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 2011-12 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, 2012.

Lewis County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Joint Economic and Community Development Board of Lewis County and the Twenty-first Judicial District Drug Task Force can be obtained from their administrative offices at the following address:

Administrative Offices:

Joint Economic and Community Development
Board of Lewis County
196 North Court Street
Hohenwald, TN 38462

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

E. Jointly Governed Organization

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

F. Retirement Commitments

Information for this footnote for the year ended June 30, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

1. Plan Description

Employees of Lewis County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who

become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Lewis County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/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 ended June 30, 2011, was 5.45 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lewis County is established and may be amended by the TCRS Board of Trustees.

County Officials

Lewis County requires its county officials 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 ended June 30, 2011, was 6.98 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lewis County is established and may be amended by the TCRS Board of Trustees.

Highway Department Employees

Lewis County requires Highway Department 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 ended June 30, 2011, was 7.79 percent of annual covered payroll.

The contribution requirement of plan members is set by state statute. The contribution requirement for Lewis County is established and may be amended by the TCRS Board of Trustees.

School Department Employees

The Lewis County School Department requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 11.16 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 ended June 30, 2011, Lewis County’s annual pension cost of \$63,863 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 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 ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 18 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$63,863	100%	\$0
6-30-10	62,386	100	0
6-30-09	61,755	100	0

County Officials

For the year ended June 30, 2011, Lewis County official’s annual pension cost of \$44,076 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 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 2.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 20 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-11	\$44,076	100%	\$0
6-30-10	17,273	100	0
6-30-09	17,640	100	0

Highway Department Employees

For the year ended June 30, 2011, the Highway Department’s annual pension cost of \$41,517 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county’s

unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 20 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$41,517	100%	\$0
6-30-10	47,575	100	0
6-30-09	54,101	100	0

School Department Employees

For the year ended June 30, 2011, the Lewis County School Department's annual pension cost of \$185,750 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$185,750	100%	\$0
6-30-10	171,811	100	0
6-30-09	165,887	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 61.26 percent funded. The actuarial accrued liability for benefits was zero, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was \$1 million, and the ratio of the UAAL to the covered payroll was 12.73 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

County Officials

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.14 percent funded. The actuarial accrued liability for benefits was \$2 million, and the actuarial value of assets was \$2 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was \$1 million, and the ratio of the UAAL to the covered payroll was 42.17 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Highway Department Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 85 percent funded. The actuarial accrued liability for benefits was \$2 million, and the actuarial value of assets was \$2 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was 54.29 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Department Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 83.17 percent funded. The actuarial accrued liability for benefits was \$4 million, and the actuarial value of assets was \$3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1 million, and the ratio of the UAAL to the covered payroll was 46.96 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Teachers

Plan Description

The 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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$621,012, \$436,001, and \$426,644, respectively, equal to the required contributions for each year.

2. **Deferred Compensation**

Lewis County Highway Department offers its employees a deferred compensation plan established pursuant to IRC Section 457 and the Lewis County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The Section 403(b) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 403(b) and 457 establish participation, contribution, and withdrawal provisions for the plans.

G. **Other Postemployment Benefits (OPEB)**

Plan Description

The Lewis County Highway Department and the Lewis County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 members in the Medicare Supplement Plan. Highway Department retirees' contributions vary depending on the insurance options they select, ranging from \$260 to \$300 per month. School Department retirees' contributions vary depending on the insurance options

they select, ranging from \$257 to \$984 per month. The Highway Department and the School Department recognized expenditures of \$1,275 and \$47,326, respectively, for postemployment health care during the year ended June 30, 2012.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan *
	<u> </u>	<u> </u>
ARC	\$ 146,000	\$ 8,000
Interest on the NPO	7,367	1,929
Adjustment to the ARC	<u>(7,820)</u>	<u>(2,048)</u>
Annual OPEB cost	\$ 145,547	\$ 7,881
Amount of contribution	<u>(47,326)</u>	<u>(1,275)</u>
Increase/decrease in NPO	\$ 98,221	\$ 6,606
Net OPEB obligation, 7-1-11	<u>184,170</u>	<u>48,220</u>
Net OPEB obligation, 6-30-12	<u>\$ 282,391</u>	<u>\$ 54,826</u>

* Local Government Group Plan covers only the Highway Department.

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6-30-10	Local Education Group	\$ 111,176	54 %	\$ 125,743
6-30-11	"	116,299	49	184,170
6-30-12	"	145,547	33	282,391
6-30-10	Local Government Group	26,003	8	25,396
6-30-11	"	25,060	9	48,220
6-30-12	"	7,881	16	54,826

Funded Status and Funding Progress

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

(dollars in thousands)	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 1,266	\$ 72
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,266	\$ 72
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,974	\$ 564
UAAL as a % of covered payroll	16%	13%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Education Group and the Local Government Group plans, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,391,637	\$ 2,495,982	\$ 2,495,982	\$ (104,345)
Licenses and Permits	2,802	2,100	2,100	702
Fines, Forfeitures, and Penalties	54,053	64,500	64,500	(10,447)
Charges for Current Services	35,490	41,550	41,550	(6,060)
Other Local Revenues	130,185	187,000	189,050	(58,865)
Fees Received from County Officials	480,024	442,000	442,000	38,024
State of Tennessee	642,435	658,537	717,008	(74,573)
Federal Government	324,764	28,100	329,966	(5,202)
Other Governments and Citizens Groups	59,308	50,000	64,152	(4,844)
Total Revenues	\$ 4,120,698	\$ 3,969,769	\$ 4,346,308	\$ (225,610)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 59,557	\$ 65,879	\$ 65,879	\$ 6,322
Board of Equalization	1,000	1,200	1,200	200
County Mayor/Executive	123,112	128,472	128,472	5,360
County Attorney	6,400	11,000	11,000	4,600
Election Commission	100,784	101,575	101,575	791
Register of Deeds	87,590	93,127	93,127	5,537
Geographical Information Systems	29,411	31,091	31,091	1,680
County Buildings	216,138	208,916	219,477	3,339
Other Facilities	15,167	15,500	15,500	333
<u>Finance</u>				
Property Assessor's Office	89,376	92,290	94,290	4,914
Reappraisal Program	24,919	26,700	26,700	1,781
County Trustee's Office	117,399	117,100	117,100	(299)
County Clerk's Office	116,284	112,931	118,131	1,847
<u>Administration of Justice</u>				
Circuit Court	75,479	78,628	78,628	3,149
General Sessions Judge	92,511	94,174	94,174	1,663
General Sessions Court Clerk	72,917	69,272	73,222	305
Chancery Court	96,983	94,636	96,945	(38)
Judicial Commissioners	28,252	29,962	29,962	1,710
Courtroom Security	0	500	500	500
<u>Public Safety</u>				
Sheriff's Department	608,037	610,739	610,739	2,702
Drug Enforcement	34,514	34,850	34,850	336
Administration of the Sexual Offender Registry	282	0	238	(44)
Jail	830,189	608,476	633,308	(196,881)
Juvenile Services	11,669	11,840	11,840	171
Fire Prevention and Control	19,000	19,000	19,000	0
Civil Defense	121,630	98,885	124,283	2,653
County Coroner/Medical Examiner	10,277	7,152	10,277	0

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 33,245	\$ 33,796	\$ 33,796	\$ 551
Rabies and Animal Control	4,197	11,500	4,439	242
Ambulance/Emergency Medical Services	142,800	142,800	142,800	0
Other Local Health Services	2,375	0	2,375	0
Sanitation Education/Information	41,287	39,237	41,287	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	40,146	51,000	51,000	10,854
Libraries	98,724	80,123	98,759	35
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	47,140	48,467	48,467	1,327
Soil Conservation	37,152	18,000	37,152	0
<u>Other Operations</u>				
Tourism	481	0	481	0
Other Economic and Community Development	20,775	63,831	58,607	37,832
Airport	51,674	53,697	63,697	12,023
Veterans' Services	6,391	6,900	6,900	509
Employee Benefits	496,944	498,000	498,901	1,957
Miscellaneous	102,444	103,420	103,420	976
<u>Capital Projects</u>				
General Administration Projects	715	0	715	0
Other General Government Projects	353,900	0	354,020	120
Total Expenditures	<u>\$ 4,469,267</u>	<u>\$ 3,914,666</u>	<u>\$ 4,388,324</u>	<u>\$ (80,943)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (348,569)</u>	<u>\$ 55,103</u>	<u>\$ (42,016)</u>	<u>\$ (306,553)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,954	\$ 0	\$ 0	\$ 2,954
Transfers In	84,666	0	0	84,666
Total Other Financing Sources (Uses)	<u>\$ 87,620</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 87,620</u>
Net Change in Fund Balance	\$ (260,949)	\$ 55,103	\$ (42,016)	\$ (218,933)
Fund Balance, July 1, 2011	<u>501,737</u>	<u>550,000</u>	<u>605,603</u>	<u>(103,866)</u>
Fund Balance, June 30, 2012	<u>\$ 240,788</u>	<u>\$ 605,103</u>	<u>\$ 563,587</u>	<u>\$ (322,799)</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 76,897	\$ 73,000	\$ 73,000	\$ 3,897
Charges for Current Services	1	0	0	1
Other Local Revenues	14,104	2,000	2,000	12,104
State of Tennessee	1,441,937	1,661,251	1,661,251	(219,314)
Federal Government	190,097	58,000	58,000	132,097
Other Governments and Citizens Groups	10,392	6,000	6,000	4,392
Total Revenues	<u>\$ 1,733,428</u>	<u>\$ 1,800,251</u>	<u>\$ 1,800,251</u>	<u>\$ (66,823)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 208,672	\$ 202,032	\$ 210,359	\$ 1,687
Highway and Bridge Maintenance	709,559	597,700	747,700	38,141
Operation and Maintenance of Equipment	246,769	310,870	310,870	64,101
Other Charges	73,857	81,836	81,836	7,979
Employee Benefits	216,827	229,000	220,672	3,845
Capital Outlay	176,591	378,813	378,813	202,222
Total Expenditures	<u>\$ 1,632,275</u>	<u>\$ 1,800,251</u>	<u>\$ 1,950,250</u>	<u>\$ 317,975</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 101,153</u>	<u>\$ 0</u>	<u>\$ (149,999)</u>	<u>\$ 251,152</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 21,025	\$ 0	\$ 0	\$ 21,025
Total Other Financing Sources (Uses)	<u>\$ 21,025</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,025</u>
Net Change in Fund Balance	\$ 122,178	\$ 0	\$ (149,999)	\$ 272,177
Fund Balance, July 1, 2011	<u>2,002,182</u>	<u>2,002,182</u>	<u>2,002,182</u>	<u>0</u>
Fund Balance, June 30, 2012	<u>\$ 2,124,360</u>	<u>\$ 2,002,182</u>	<u>\$ 1,852,183</u>	<u>\$ 272,177</u>

Exhibit E-3

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date*	Actuarial Value of Plan Assets (a)	Actuarial 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	7-1-09	\$ 226	\$ 369	\$ 143	61.26 %	\$ 1,124	12.73 %
"	7-1-07	0	0	0	0	0	0
County Officials	7-1-09	1,722	1,976	254	87.14	603	42.17
"	7-1-07	1,648	1,682	34	97.98	525	6.48
Highway Department Employees	7-1-09	1,515	1,783	267	85.00	492	54.29
"	7-1-07	1,425	1,627	202	87.58	545	37.06
School Department Employees	7-1-09	3,439	4,135	696	83.17	1,482	46.96
"	7-1-07	3,190	3,723	533	85.68	1,329	40.11

* - Information for July 1, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years are presented.

Exhibit E-4

Lewis County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Lewis County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 259	\$ 259	0 %	\$ 532	49 %
"	7-1-10	0	265	265	0	493	54
"	7-1-11	0	72	72	0	564	13
<u>DISCRETELY PRESENTED LEWIS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	1,075	1,075	0	6,933	16
"	7-1-10	0	1,115	1,115	0	7,155	16
"	7-1-11	0	1,266	1,266	0	7,974	16

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

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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. FUND DEFICIT

The General Fund had a negative unassigned fund balance of \$40,570 at June 30, 2012. This negative unassigned fund balance resulted from expenditures exceeding restricted, committed, and assigned balances. The negative unassigned fund balance was liquidated when revenues were recognized after June 30, 2012.

C. EXPENDITURES EXCEEDED APPROPRIATIONS

General Fund expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
County Trustee's Office	\$ 299
Chancery Court	38
Administration of the Sex Offender Registry	44
Jail	196,881

In addition, expenditures of the General Fund exceeded total appropriations approved by the County Commission by \$80,943.

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

D. HIGHWAY DEPARTMENT INDICTMENTS

On November 7, 2011, pursuant to an investigation of the Lewis County Highway Department performed by the Tennessee Bureau of Investigation, the Road Superintendent, Ronnie Darnell, and a Highway Department employee, Pete Burns, were indicted on ten separate counts. Ronnie Darnell was indicted on one count of unlawful disposal of hazardous waste, one count of theft of property under \$500, two counts of theft of property over \$1,000, one count of theft of property over \$10,000, and five counts of official misconduct. Pete Burns was indicted on one count of unlawful disposal of hazardous waste. An arraignment hearing was held on December 19, 2011. Both men pled not guilty. A trial date has been scheduled for November 15, 2012.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions relating to the Lewis County Memorial Park.

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.

Debt Service Fund

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

Capital Projects Fund

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

Exhibit F-1

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

	Special Revenue Funds				Total	Debt Service Fund		Capital Projects Fund	Total Nonmajor Governmental Funds	
	Solid Waste / Sanitation	Drug Control	Sports and Recreation			General	Debt Service			Highway Capital Projects
\$	400	0	0	400	0	0	0	400		
	250,704	13,274	51,986	315,964	201,006	151,056		668,026		
	138,172	0	0	138,172	0	0	0	138,172		
	(82,572)	0	0	(82,572)	0	0	0	(82,572)		
	0	0	0	0	2,100	0	0	2,100		
	0	0	96,603	96,603	17,645	0	0	114,248		
	0	0	(3,171)	(3,171)	(579)	0	0	(3,750)		
\$	306,704	13,274	145,418	465,396	220,172	151,056		836,624		

ASSETS

Cash	400
Equity in Pooled Cash and Investments	0
Accounts Receivable	51,986
Allowance for Uncollectibles	0
Due from Other Governments	0
Property Taxes Receivable	96,603
Allowance for Uncollectible Property Taxes	(3,171)
Total Assets	145,418

LIABILITIES AND FUND BALANCES

Liabilities								
Payroll Deductions Payable	261	0	0	261	0	0	0	261
Deferred Revenue - Current Property Taxes	0	0	89,710	89,710	16,386	0	0	106,096
Deferred Revenue - Delinquent Property Taxes	0	0	3,447	3,447	641	0	0	4,088
Other Deferred Revenues	51,684	0	0	51,684	0	0	0	51,684
Total Liabilities	51,945	0	93,157	145,102	17,027	0	0	162,129
Fund Balances								
Restricted:								
Restricted for Public Safety	0	13,274	0	13,274	0	0	0	13,274
Committed:								
Committed for Public Health and Welfare	243,220	0	0	243,220	0	0	0	243,220
Committed for Social, Cultural, and Recreational Services	0	0	52,261	52,261	0	0	0	52,261
Committed for Capital Outlay	0	0	0	0	0	151,056	0	151,056
Committed for Debt Service	0	0	0	0	203,145	0	0	203,145
Committed for Capital Projects	11,539	0	0	11,539	0	0	0	11,539
Total Fund Balances	254,759	13,274	52,261	320,294	203,145	151,056		674,495
Total Liabilities and Fund Balances	306,704	13,274	145,418	465,396	220,172	151,056		836,624

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, 2012

	Special Revenue Funds						Total	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	General Debt Service	Highway Capital Projects				
<u>Revenues</u>										
Local Taxes	\$ 0	\$ 0	\$ 115,171	\$ 0	\$ 26,398	\$ 115,171	\$ 33,826	\$ 175,395		
Fines, Forfeitures, and Penalties	0	3,805	0	0	0	3,805	0	3,805		
Charges for Current Services	494,874	0	13,234	56	0	508,164	0	508,164		
Other Local Revenues	9,082	0	0	0	159,671	9,082	0	168,753		
State of Tennessee	6,284	0	0	0	0	6,284	0	6,284		
Other Governments and Citizens Groups	0	150	45,000	0	196,512	45,150	0	241,662		
Total Revenues	\$ 510,240	\$ 3,955	\$ 173,405	\$ 56	\$ 382,581	\$ 687,656	\$ 33,826	\$ 1,104,063		
<u>Expenditures</u>										
Current:										
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 56	\$ 0	\$ 56	\$ 0	\$ 56		
Public Safety	0	4,417	0	0	0	4,417	0	4,417		
Public Health and Welfare	453,154	0	0	0	0	453,154	0	453,154		
Social, Cultural, and Recreational Services	0	0	115,781	0	0	115,781	0	115,781		
Other Operations	52,189	0	19,009	0	2,004	71,198	0	73,202		
Highways	0	0	0	0	0	0	29,159	29,159		
Debt Service:										
Principal on Debt	0	0	0	0	160,000	0	0	160,000		
Interest on Debt	0	0	0	0	36,013	0	0	36,013		
Other Debt Service	0	0	0	0	525	0	0	525		
Capital Projects	0	0	0	0	24,800	0	0	24,800		
Total Expenditures	\$ 505,343	\$ 4,417	\$ 134,790	\$ 56	\$ 223,342	\$ 644,606	\$ 29,159	\$ 897,107		
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,897	\$ (462)	\$ 38,615	\$ 0	\$ 159,239	\$ 43,050	\$ 4,667	\$ 206,956		
<u>Other Financing Sources (Uses)</u>										
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (84,666)	\$ 0	\$ 0	\$ (84,666)		
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (84,666)	\$ 0	\$ 0	\$ (84,666)		
Net Change in Fund Balances	\$ 4,897	\$ (462)	\$ 38,615	\$ 0	\$ 74,573	\$ 43,050	\$ 4,667	\$ 122,290		
Fund Balance, July 1, 2011	249,862	13,736	13,646	0	128,572	277,244	146,389	552,205		
Fund Balance, June 30, 2012	\$ 254,759	\$ 13,274	\$ 52,261	\$ 0	\$ 203,145	\$ 320,294	\$ 151,056	\$ 674,495		

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 494,874	\$ 500,336	\$ 500,336	\$ (5,462)
Other Local Revenues	9,082	8,300	8,300	782
State of Tennessee	6,284	8,795	8,795	(2,511)
Total Revenues	<u>\$ 510,240</u>	<u>\$ 517,431</u>	<u>\$ 517,431</u>	<u>\$ (7,191)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 385,889	\$ 415,891	\$ 412,489	\$ 26,600
Landfill Operation and Maintenance	67,265	52,540	68,540	1,275
<u>Other Operations</u>				
Employee Benefits	39,664	37,200	39,664	0
Miscellaneous	12,525	11,800	12,737	212
Total Expenditures	<u>\$ 505,343</u>	<u>\$ 517,431</u>	<u>\$ 533,430</u>	<u>\$ 28,087</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,897</u>	<u>\$ 0</u>	<u>\$ (15,999)</u>	<u>\$ 20,896</u>
Net Change in Fund Balance	\$ 4,897	\$ 0	\$ (15,999)	\$ 20,896
Fund Balance, July 1, 2011	<u>249,862</u>	<u>215,527</u>	<u>215,527</u>	<u>34,335</u>
Fund Balance, June 30, 2012	<u>\$ 254,759</u>	<u>\$ 215,527</u>	<u>\$ 199,528</u>	<u>\$ 55,231</u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 3,805	\$ 8,600	\$ 8,600	\$ (4,795)
Other Governments and Citizens Groups	150	0	0	150
Total Revenues	<u>\$ 3,955</u>	<u>\$ 8,600</u>	<u>\$ 8,600</u>	<u>\$ (4,645)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 4,417	\$ 10,600	\$ 10,600	\$ 6,183
Total Expenditures	<u>\$ 4,417</u>	<u>\$ 10,600</u>	<u>\$ 10,600</u>	<u>\$ 6,183</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (462)</u>	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ 1,538</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 2,000	\$ 2,000	\$ (2,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ (2,000)</u>
Net Change in Fund Balance	\$ (462)	\$ 0	\$ 0	\$ (462)
Fund Balance, July 1, 2011	13,736	19,594	19,594	(5,858)
Fund Balance, June 30, 2012	<u>\$ 13,274</u>	<u>\$ 19,594</u>	<u>\$ 19,594</u>	<u>\$ (6,320)</u>

Exhibit F-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 115,171	\$ 117,573	\$ 117,573	\$ (2,402)
Charges for Current Services	13,234	0	0	13,234
Other Governments and Citizens Groups	45,000	45,000	45,000	0
Total Revenues	<u>\$ 173,405</u>	<u>\$ 162,573</u>	<u>\$ 162,573</u>	<u>\$ 10,832</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 115,781	\$ 143,773	\$ 143,773	\$ 27,992
<u>Other Operations</u>				
Employee Benefits	15,540	14,300	15,570	30
Miscellaneous	3,469	4,500	3,566	97
Total Expenditures	<u>\$ 134,790</u>	<u>\$ 162,573</u>	<u>\$ 162,909</u>	<u>\$ 28,119</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,615</u>	<u>\$ 0</u>	<u>\$ (336)</u>	<u>\$ 38,951</u>
Net Change in Fund Balance	\$ 38,615	\$ 0	\$ (336)	\$ 38,951
Fund Balance, July 1, 2011	<u>13,646</u>	<u>13,678</u>	<u>13,678</u>	<u>(32)</u>
Fund Balance, June 30, 2012	<u>\$ 52,261</u>	<u>\$ 13,678</u>	<u>\$ 13,342</u>	<u>\$ 38,919</u>

Exhibit F-6

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 26,398	\$ 45,400	\$ 45,400	\$ (19,002)
Other Local Revenues	159,671	156,000	156,000	3,671
Other Governments and Citizens Groups	196,512	0	196,512	0
Total Revenues	<u>\$ 382,581</u>	<u>\$ 201,400</u>	<u>\$ 397,912</u>	<u>\$ (15,331)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 2,004	\$ 5,000	\$ 5,000	\$ 2,996
<u>Principal on Debt</u>				
General Government	0	84,666	0	0
Education	160,000	160,000	160,000	0
<u>Interest on Debt</u>				
Education	36,013	36,012	36,013	0
<u>Other Debt Service</u>				
Education	525	750	750	225
<u>Capital Projects</u>				
General Administration Projects	24,800	0	24,800	0
Total Expenditures	<u>\$ 223,342</u>	<u>\$ 286,428</u>	<u>\$ 226,563</u>	<u>\$ 3,221</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 159,239</u>	<u>\$ (85,028)</u>	<u>\$ 171,349</u>	<u>\$ (12,110)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 196,763	\$ 251	\$ (251)
Transfers Out	(84,666)	0	(84,666)	0
Total Other Financing Sources (Uses)	<u>\$ (84,666)</u>	<u>\$ 196,763</u>	<u>\$ (84,415)</u>	<u>\$ (251)</u>
Net Change in Fund Balance	\$ 74,573	\$ 111,735	\$ 86,934	\$ (12,361)
Fund Balance, July 1, 2011	128,572	230,278	230,278	(101,706)
Fund Balance, June 30, 2012	<u>\$ 203,145</u>	<u>\$ 342,013</u>	<u>\$ 317,212</u>	<u>\$ (114,067)</u>

Fiduciary Funds

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

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

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

Exhibit G-1

Lewis County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 387,396	\$ 387,396
Due from Other Governments	164,817	0	164,817
Total Assets	<u>\$ 164,817</u>	<u>\$ 387,396</u>	<u>\$ 552,213</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 164,817	\$ 0	\$ 164,817
Due to Litigants, Heirs, and Others	0	387,396	387,396
Total Liabilities	<u>\$ 164,817</u>	<u>\$ 387,396</u>	<u>\$ 552,213</u>

Exhibit G-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 897,941	\$ 897,941	\$ 0
Due from Other Governments	138,974	164,817	138,974	164,817
Total Assets	\$ 0	\$ 1,062,758	\$ 1,036,915	\$ 164,817
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 138,974	\$ 1,062,758	\$ 1,036,915	\$ 164,817
Total Liabilities	\$ 138,974	\$ 1,062,758	\$ 1,036,915	\$ 164,817
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 451,114	\$ 1,763,770	\$ 1,827,488	\$ 387,396
Total Assets	\$ 451,114	\$ 1,763,770	\$ 1,827,488	\$ 387,396
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 451,114	\$ 1,763,770	\$ 1,827,488	\$ 387,396
Total Liabilities	\$ 451,114	\$ 1,763,770	\$ 1,827,488	\$ 387,396
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 451,114	\$ 1,763,770	\$ 1,827,488	\$ 387,396
Equity in Pooled Cash and Investments	0	897,941	897,941	0
Due from Other Governments	138,974	164,817	138,974	164,817
Total Assets	\$ 590,088	\$ 2,826,528	\$ 2,864,403	\$ 552,213
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 138,974	\$ 1,062,758	\$ 1,036,915	\$ 164,817
Due to Litigants, Heirs, and Others	451,114	1,763,770	1,827,488	387,396
Total Liabilities	\$ 590,088	\$ 2,826,528	\$ 2,864,403	\$ 552,213

Lewis County School Department

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

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

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

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

Exhibit H-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 8,088,073	\$ 0	\$ 895,987	\$ (7,192,086)
Support Services	4,761,029	21,938	539,373	(4,199,718)
Operation of Non-Instructional Services	1,845,544	341,227	1,227,248	(277,069)
Total Governmental Activities	\$ 14,694,646	\$ 363,165	\$ 2,662,608	\$ (11,668,873)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$ 1,091,709	
Local Option Sales Tax			1,222,518	
Other Local Taxes			34,245	
Grants and Contributions Not Restricted to Specific Programs			9,905,799	
Interest Income			5,662	
Miscellaneous			38,733	
Insurance Recovery			11,444	
Total General Revenues			\$ 12,310,110	
Change in Net Assets			\$ 641,237	
Net Assets, July 1, 2011			12,348,896	
Net Assets, June 30, 2012			\$ 12,990,133	

Exhibit H-2

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 510	\$ 0	\$ 14,575	\$ 15,085
Equity in Pooled Cash and Investments	5,852,565	0	346,949	6,199,514
Inventories	0	0	23,783	23,783
Accounts Receivable	10,865	155	0	11,020
Due from Other Governments	713,252	101,167	80,105	894,524
Property Taxes Receivable	1,230,704	0	0	1,230,704
Allowance for Uncollectible Property Taxes	(40,394)	0	0	(40,394)
Total Assets	\$ 7,767,502	\$ 101,322	\$ 465,412	\$ 8,334,236
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 10,315	\$ 0	\$ 10,315
Accrued Payroll	1,167	0	0	1,167
Cash Overdraft	0	41,075	0	41,075
Deferred Revenue - Current Property Taxes	1,142,889	0	0	1,142,889
Deferred Revenue - Delinquent Property Taxes	44,667	0	0	44,667
Other Deferred Revenues	85,000	0	0	85,000
Total Liabilities	\$ 1,273,723	\$ 51,390	\$ 0	\$ 1,325,113
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 23,783	\$ 23,783
Restricted:				
Restricted for Instruction	45,401	49,932	0	95,333
Restricted for Operation of Non-Instructional Services	0	0	441,629	441,629
Assigned:				
Assigned for Operation of Non-Instructional Services	62,490	0	0	62,490
Assigned for Capital Outlay	2,803,490	0	0	2,803,490
Unassigned	3,582,398	0	0	3,582,398
Total Fund Balances	\$ 6,493,779	\$ 49,932	\$ 465,412	\$ 7,009,123
Total Liabilities and Fund Balances	\$ 7,767,502	\$ 101,322	\$ 465,412	\$ 8,334,236

Exhibit H-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, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit H-2)		\$	7,009,123
(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		4,304,709	
Add: other capital assets net of accumulated depreciation		<u>1,372,178</u>	6,138,488
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability	\$	(282,391)	
Less: compensated absences payable		<u>(4,754)</u>	(287,145)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>129,667</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>12,990,133</u></u>

Exhibit H-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, 2012

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 2,459,944	\$ 0	\$ 0	\$ 2,459,944
Licenses and Permits	532	0	0	532
Charges for Current Services	21,587	0	341,596	363,183
Other Local Revenues	45,676	0	2,301	47,977
State of Tennessee	9,991,620	0	17,626	10,009,246
Federal Government	0	1,641,781	807,966	2,449,747
Total Revenues	\$ 12,519,359	\$ 1,641,781	\$ 1,169,489	\$ 15,330,629
<u>Expenditures</u>				
Current:				
Instruction	\$ 6,723,834	\$ 1,241,600	\$ 0	\$ 7,965,434
Support Services	3,876,792	395,183	0	4,271,975
Operation of Non-Instructional Services	675,530	0	1,215,455	1,890,985
Capital Outlay	21,024	0	0	21,024
Debt Service:				
Other Debt Service	196,512	0	0	196,512
Total Expenditures	\$ 11,493,692	\$ 1,636,783	\$ 1,215,455	\$ 14,345,930
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,025,667	\$ 4,998	\$ (45,966)	\$ 984,699
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 11,444	\$ 0	\$ 0	\$ 11,444
Transfers In	11,556	0	0	11,556
Transfers Out	0	(11,556)	0	(11,556)
Total Other Financing Sources (Uses)	\$ 23,000	\$ (11,556)	\$ 0	\$ 11,444
Net Change in Fund Balances				
Fund Balance, July 1, 2011	\$ 1,048,667	\$ (6,558)	\$ (45,966)	\$ 996,143
	5,445,112	56,490	511,378	6,012,980
Fund Balance, June 30, 2012				
	\$ 6,493,779	\$ 49,932	\$ 465,412	\$ 7,009,123

Exhibit H-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, 2012

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

Net change in fund balances - total governmental funds (Exhibit H-4)		\$ 996,143
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 269,690	
Less: current-year depreciation expense	<u>(520,525)</u>	(250,835)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$ (135,857)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>129,667</u>	(6,190)
(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	\$ 340	
Change in other postemployment benefits liability	<u>(98,221)</u>	<u>(97,881)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 641,237</u>

Exhibit H-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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,459,944	\$ 0	\$ 0	\$ 2,459,944	\$ 1,826,861	\$ 2,194,915	\$ 265,029
Licenses and Permits	532	0	0	532	500	500	32
Charges for Current Services	21,587	0	0	21,587	21,600	21,600	(13)
Other Local Revenues	45,676	0	0	45,676	30,000	60,027	(14,351)
State of Tennessee	9,991,620	0	0	9,991,620	9,262,112	9,971,051	20,569
Total Revenues	\$ 12,519,359	\$ 0	\$ 0	\$ 12,519,359	\$ 11,141,073	\$ 12,248,093	\$ 271,266
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,573,321	(44)	\$ 6	\$ 5,573,283	\$ 5,775,455	\$ 5,782,752	\$ 209,469
Alternative Instruction Program	74,238	0	0	74,238	75,183	75,183	945
Special Education Program	828,054	0	0	828,054	880,314	880,814	52,760
Vocational Education Program	239,985	0	0	239,985	248,704	252,399	12,414
Student Body Education Program	8,236	0	0	8,236	8,205	8,705	469
<u>Support Services</u>							
Attendance	13,221	0	0	13,221	13,885	13,885	664
Health Services	64,816	0	0	64,816	65,153	65,153	337
Other Student Support	316,532	0	0	316,532	331,370	341,670	25,138
Regular Instruction Program	516,881	0	0	516,881	514,750	524,850	7,969
Special Education Program	153,073	0	0	153,073	158,605	158,605	5,532
Other Programs	42,933	0	0	42,933	0	42,933	0
Board of Education	165,448	0	0	165,448	178,925	180,050	14,602
Director of Schools	205,612	0	0	205,612	200,455	211,655	6,043
Office of the Principal	575,822	0	0	575,822	642,060	642,560	66,738

Exhibit H-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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 87,567	\$ 0	\$ 0	\$ 87,567	\$ 92,960	\$ 92,960	\$ 5,393
Operation of Plant	815,352	0	0	815,352	957,630	969,630	154,278
Maintenance of Plant	152,647	0	0	152,647	134,645	160,945	8,298
Transportation	742,780	(170,322)	62,489	634,947	590,820	669,799	34,852
Central and Other	24,108	0	0	24,108	24,405	24,405	297
<u>Operation of Non-Instructional Services</u>							
Food Service	137	0	0	137	500	500	363
Community Services	281,963	0	4,477	286,440	39,462	276,712	(9,728)
Early Childhood Education	393,430	0	14,230	407,660	0	407,656	(4)
<u>Capital Outlay</u>							
Regular Capital Outlay	21,024	0	110,395	131,419	40,574	302,149	170,730
Principal on Debt	0	0	0	0	160,000	0	0
Interest on Debt	0	0	0	0	36,013	1	1
Other Debt Service	0	0	0	0	0	0	0
Education	196,512	0	0	196,512	0	196,512	0
<u>Total Expenditures</u>	<u>\$ 11,493,692</u>	<u>\$ (170,366)</u>	<u>\$ 191,597</u>	<u>\$ 11,514,923</u>	<u>\$ 11,170,073</u>	<u>\$ 12,282,483</u>	<u>\$ 767,560</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ 1,025,667</u>	<u>\$ 170,366</u>	<u>\$ (191,597)</u>	<u>\$ 1,004,436</u>	<u>\$ (29,000)</u>	<u>\$ (34,390)</u>	<u>\$ 1,038,826</u>

(Continued)

Exhibit H-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:		Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2011	6/30/2012			Original	Final	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 11,444	\$ 0	\$ 0	\$ 0	\$ 11,444	\$ 0	\$ 11,444	\$ 0
Transfers In	11,556	0	0	0	11,556	10,000	10,000	1,556
Total Other Financing Sources (Uses)	\$ 23,000	\$ 0	\$ 0	\$ 0	\$ 23,000	\$ 10,000	\$ 21,444	\$ 1,556
Net Change in Fund Balance	\$ 1,048,667	\$ 170,366	\$ (191,597)	\$ 1,027,436	\$ (19,000)	\$ (19,000)	\$ (12,946)	\$ 1,040,382
Fund Balance, July 1, 2011	5,445,112	(170,366)	0	5,274,746	3,933,896	3,933,896	3,933,896	1,340,850
Fund Balance, June 30, 2012	\$ 6,493,779	\$ 0	\$ (191,597)	\$ 6,302,182	\$ 3,914,896	\$ 3,914,896	\$ 3,920,950	\$ 2,381,232

Exhibit H-7

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, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,641,781	0	\$ 1,641,781	\$ 1,800,983	\$ 1,876,878	\$ (235,097)
Total Revenues	\$ 1,641,781	0	\$ 1,641,781	\$ 1,800,983	\$ 1,876,878	\$ (235,097)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 963,632	0	\$ 963,632	\$ 998,173	\$ 1,083,230	\$ 119,598
Special Education Program	262,284	191	262,475	275,085	271,870	9,395
Vocational Education Program	15,684	11,202	26,886	26,796	26,844	(42)
<u>Support Services</u>						
Other Student Support	9,691	0	9,691	15,209	15,453	5,762
Regular Instruction Program	69,047	12,398	81,445	133,212	124,488	43,043
Special Education Program	207,230	1,157	208,387	211,905	215,453	7,066
Vocational Education Program	1,183	0	1,183	1,489	1,226	43
Office of the Principal	61,695	0	61,695	61,695	61,695	0
Transportation	46,337	0	46,337	52,069	51,069	4,732
Total Expenditures	\$ 1,636,783	24,948	\$ 1,661,731	\$ 1,775,633	\$ 1,851,328	\$ 189,597
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,998	(24,948)	\$ (19,950)	\$ 25,350	\$ 25,550	\$ (45,500)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (11,556)	0	\$ (11,556)	(12,891)	(13,089)	1,533
Total Other Financing Sources (Uses)	\$ (11,556)	0	\$ (11,556)	(12,891)	(13,089)	1,533
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (6,558)	(24,948)	\$ (31,506)	12,459	12,461	(43,967)
	56,490	0	56,490	0	0	56,490
Fund Balance, June 30, 2012	\$ 49,932	(24,948)	\$ 24,984	\$ 12,459	\$ 12,461	\$ 12,523

Exhibit H-8

Lewis County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Lewis County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 341,596	\$ 340,400	\$ 340,400	\$ 1,196
Other Local Revenues	2,301	4,500	4,500	(2,199)
State of Tennessee	17,626	11,000	11,000	6,626
Federal Government	807,966	731,500	774,489	33,477
Total Revenues	<u>\$ 1,169,489</u>	<u>\$ 1,087,400</u>	<u>\$ 1,130,389</u>	<u>\$ 39,100</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,215,455	\$ 1,148,430	\$ 1,261,277	\$ 45,822
Total Expenditures	<u>\$ 1,215,455</u>	<u>\$ 1,148,430</u>	<u>\$ 1,261,277</u>	<u>\$ 45,822</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (45,966)</u>	<u>\$ (61,030)</u>	<u>\$ (130,888)</u>	<u>\$ 84,922</u>
Net Change in Fund Balance	\$ (45,966)	\$ (61,030)	\$ (130,888)	\$ 84,922
Fund Balance, July 1, 2011	<u>511,378</u>	<u>431,133</u>	<u>431,133</u>	<u>80,245</u>
Fund Balance, June 30, 2012	<u>\$ 465,412</u>	<u>\$ 370,103</u>	<u>\$ 300,245</u>	<u>\$ 165,167</u>

MISCELLANEOUS SCHEDULES

Exhibit I-1

Lewis County, Tennessee
Schedule of Changes in Long-term Bonds
For the Year Ended June 30, 2012

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-11</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6-30-12</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>	\$ 1,970,000	3.35 %	5-1-03	5-1-17	\$ 1,075,000	\$ 160,000	\$ 915,000
<u>School Refunding</u>							
<u>Total Bonds Payable</u>					<u>\$ 1,075,000</u>	<u>\$ 160,000</u>	<u>\$ 915,000</u>

Exhibit I-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 915,000	\$ 94,135	\$ 1,009,135

Exhibit I-3

Lewis County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Lewis County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Debt Service	General	Non-tax revenue for operations	\$ <u>84,666</u>
Total Transfers Primary Government			\$ <u>84,666</u>
<u>DISCRETELY PRESENTED LEWIS COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>11,556</u>
Total Transfers Discretely Presented Lewis County School Department			\$ <u>11,556</u>

Exhibit I-4

Lewis County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Lewis County School Department
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 66,702 (1)	\$ 25,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	96,670 (2)	50,000	"
Trustee	Section 8-24-102, TCA	57,751	500,000	Star Insurance Company
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	57,751	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	25,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	35,000	"
Register	Section 8-24-102, TCA	57,751	15,000	"
Sheriff	Section 8-24-102, TCA	63,527 (3)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Does not include \$1,800 for serving as chairman of the Highway Commission and \$4,500 for serving as chairman of County Commission.
- (2) Includes a chief executive officer training supplement of \$1,000. Does not include 100 percent of the premiums for family health (\$14,870) and dental (\$1,437) insurance.
- (3) Does not include \$600 for a law enforcement training supplement.

Exhibit I-5

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

	Special Revenue Funds							Total	
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		Highway Capital Projects
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 1,530,580	\$ 0	\$ 0	\$ 99,776	\$ 0	\$ 63,069	\$ 14,076	\$ 27,461	\$ 1,734,962
Trustee's Collections - Prior Year	75,184	0	0	5,017	0	3,169	730	1,383	85,483
Circuit/Clerk & Master Collections - Prior Years	36,224	0	0	0	0	1,389	3,799	834	42,346
Interest and Penalty	12,696	0	0	840	0	533	128	233	14,430
Payments in-Lieu-of Taxes - T.V.A.	5,566	0	0	0	0	240	555	105	6,466
Payments in-Lieu-of Taxes - Local Utilities	144,221	0	0	9,464	0	5,959	1,335	2,602	163,581
Payments in-Lieu-of Taxes - Other	10,400	0	0	74	0	47	10	20	10,551
<u>County Local Option Taxes</u>									
Local Option Sales Tax	201,043	0	0	0	0	0	0	0	201,043
Hotel/Motel Tax	17,313	0	0	0	0	0	0	0	17,313
Wheel Tax	211,032	0	0	0	0	0	0	0	211,032
Litigation Tax - General	30,198	0	0	0	0	0	0	0	30,198
Litigation Tax - Special Purpose	3,134	0	0	0	0	0	0	0	3,134
Litigation Tax - Jail, Workhouse, or Courthouse	24,349	0	0	0	0	0	0	0	24,349
Litigation Tax - Victim/Offender Mediation Center	854	0	0	0	0	0	0	0	854
Business Tax	49,048	0	0	0	0	2,113	4,891	923	56,975
<u>Statutory Local Taxes</u>									
Bank Excise Tax	8,769	0	0	0	0	378	874	165	10,186
Wholesale Beer Tax	30,557	0	0	0	0	0	0	0	30,557
Interstate Telecommunications Tax	469	0	0	0	0	0	0	0	469
Total Local Taxes	\$ 2,391,637	\$ 0	\$ 0	\$ 115,171	\$ 0	\$ 76,897	\$ 26,398	\$ 33,826	\$ 2,643,929
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 1,889	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,889
<u>Permits</u>									
Beer Permits	913	0	0	0	0	0	0	0	913
Total Licenses and Permits	\$ 2,802	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,802

(Continued)

Exhibit I-5

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 3,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,410
Officers Costs	7,135	0	0	0	0	0	0	7,135
Data Entry Fee - Circuit Court	888	0	0	0	0	0	0	888
Courtroom Security Fee	25	0	0	0	0	0	0	25
<u>Criminal Court</u>								
Drug Court Fees	1,007	0	0	0	0	0	0	1,007
<u>General Sessions Court</u>								
Fines	7,215	0	0	0	0	0	0	7,215
Officers Costs	13,500	0	0	0	0	0	0	13,500
Game and Fish Fines	225	0	0	0	0	0	0	225
Drug Control Fines	0	0	723	0	0	0	0	723
Drug Court Fees	1,999	0	0	0	0	0	0	1,999
Jail Fees	10,503	0	0	0	0	0	0	10,503
DUI Treatment Fines	380	0	0	0	0	0	0	380
Data Entry Fee - General Sessions Court	1,846	0	0	0	0	0	0	1,846
Courtroom Security Fee	218	0	0	0	0	0	0	218
<u>Juvenile Court</u>								
Fines	508	0	0	0	0	0	0	508
<u>Chancery Court</u>								
Officers Costs	3,482	0	0	0	0	0	0	3,482
Data Entry Fee - Chancery Court	1,693	0	0	0	0	0	0	1,693
Courtroom Security Fee	19	0	0	0	0	0	0	19
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	3,082	0	0	0	0	3,082
Total Fines, Forfeitures, and Penalties	\$ 54,053	\$ 0	\$ 3,805	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,858
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Transfer Waste Stations Collection Charge	\$ 0	\$ 8,719	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,719
Tipping Fees	6	6,131	0	0	0	0	0	6,137

(Continued)

Exhibit I-5

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>								
<u>General Service Charges (Cont.)</u>								
Surcharge - General	\$ 240	\$ 917	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,157
Solid Waste Disposal Fees	0	479,107	0	0	0	0	0	479,107
<u>Fees</u>								
Airport Fees	5,515	0	0	0	0	0	0	5,515
Recreation Fees	0	0	0	13,232	0	0	0	13,232
Copy Fees	798	0	0	0	0	0	0	798
Library Fees	3,501	0	0	0	0	0	0	3,501
Greenbelt Late Application Fee	28	0	0	2	0	1	0	31
Telephone Commissions	11,778	0	0	0	0	0	0	11,778
Constitutional Officers' Fees and Commissions	0	0	0	0	56	0	0	56
Data Processing Fee - Register	3,472	0	0	0	0	0	0	3,472
Data Processing Fee - Sheriff	4,182	0	0	0	0	0	0	4,182
Sexual Offender Registration Fees - Sheriff	900	0	0	0	0	0	0	900
Data Processing Fee - County Clerk	716	0	0	0	0	0	0	716
<u>Other Charges for Services</u>								
Other Charges for Services	4,354	0	0	0	0	0	0	4,354
<u>Total Charges for Current Services</u>	\$ 35,490	\$ 494,874	\$ 0	\$ 13,234	\$ 56	\$ 1	\$ 0	\$ 543,655
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 9,348	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,494	\$ 21,842
Lease/Rentals	42,433	4,848	0	0	0	0	147,177	194,458
Commissary Sales	2,727	0	0	0	0	0	0	2,727
Sale of Gasoline	24,214	0	0	0	0	0	0	24,214
Sale of Recycled Materials	0	4,224	0	0	0	0	0	4,224
Miscellaneous Refunds	5,608	10	0	0	0	4,604	0	10,222
<u>Nonrecurring Items</u>								
Sale of Equipment	8,887	0	0	0	0	9,500	0	18,387
Damages Recovered from Individuals	9,642	0	0	0	0	0	0	9,642

(Continued)

Exhibit I-5

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Local Revenues (Cont.)</u>								
<u>Other Local Revenues</u>	\$ 27,326	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,326
Total Other Local Revenues	\$ 130,185	\$ 9,082	\$ 0	\$ 0	\$ 0	\$ 14,104	\$ 159,671	\$ 313,042
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of-Salary</u>								
County Clerk	\$ 97,938	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,938
Circuit Court Clerk	71,928	0	0	0	0	0	0	71,928
General Sessions Court Clerk	64,605	0	0	0	0	0	0	64,605
Clerk and Master	56,661	0	0	0	0	0	0	56,661
Register	43,094	0	0	0	0	0	0	43,094
Sheriff	8,263	0	0	0	0	0	0	8,263
Trustee	137,535	0	0	0	0	0	0	137,535
Total Fees Received from County Officials	\$ 480,024	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 480,024
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	5,000	0	0	0	0	0	0	5,000
Other General Government Grants	3,942	0	0	0	0	0	0	3,942
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	7,800	0	0	0	0	0	0	7,800
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	2,375	0	0	0	0	0	0	2,375
<u>Public Works Grants</u>								
Litter Program	42,300	0	0	0	0	0	0	42,300
<u>Other State Revenues</u>								
Income Tax	8,579	0	0	0	0	0	0	8,579
Beer Tax	38,344	0	0	0	0	0	0	38,344
Alcoholic Beverage Tax	6,692	0	0	0	0	0	0	6,692
State Revenue Sharing - T. V. A.	332,419	0	0	0	32,000	0	0	364,419

(Continued)

Exhibit I-5

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Contracted Prisoner Boarding	\$ 169,820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 169,820
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,349,868	0	1,349,868
Petroleum Special Tax	0	0	0	0	0	8,805	0	8,805
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164
Other State Grants	0	6,284	0	0	0	46,331	0	52,615
Other State Revenues	1,000	0	0	0	0	4,933	0	5,933
Total State of Tennessee	\$ 642,435	\$ 6,284	\$ 0	\$ 0	\$ 0	\$ 1,441,937	\$ 0	\$ 2,090,656
<u>Federal Government</u>								
<u>Federal Through State</u>								
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,142	\$ 0	\$ 157,142
Homeland Security Grants	22,898	0	0	0	0	0	0	22,898
Other Federal through State	301,866	0	0	0	0	32,955	0	334,821
Total Federal Government	\$ 324,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 190,097	\$ 0	\$ 514,861
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,392	\$ 0	\$ 10,392
Contributions	0	0	150	45,000	0	0	196,512	0
<u>Citizens Groups</u>								
Donations	17,898	0	0	0	0	0	0	17,898
Other	41,410	0	0	0	0	0	0	41,410
Total Other Governments and Citizens Groups	\$ 59,308	\$ 0	\$ 150	\$ 45,000	\$ 0	\$ 10,392	\$ 196,512	\$ 311,362
Total	\$ 4,120,698	\$ 510,240	\$ 3,955	\$ 173,405	\$ 56	\$ 1,733,428	\$ 382,581	\$ 6,958,189

Exhibit I-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,005,319	\$ 0	\$ 0	\$ 1,005,319
Trustee's Collections - Prior Year	50,363	0	0	50,363
Circuit/Clerk & Master Collections - Prior Years	25,251	0	0	25,251
Interest and Penalty	8,474	0	0	8,474
Payments in-Lieu-of Taxes - T.V.A.	3,809	0	0	3,809
Payments in-Lieu-of Taxes - Local Utilities	94,732	0	0	94,732
Payments in-Lieu-of Taxes - Other	740	0	0	740
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,231,010	0	0	1,231,010
Business Tax	33,567	0	0	33,567
<u>Statutory Local Taxes</u>				
Bank Excise Tax	6,001	0	0	6,001
Interstate Telecommunications Tax	678	0	0	678
Total Local Taxes	\$ 2,459,944	\$ 0	\$ 0	\$ 2,459,944
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 532	\$ 0	\$ 0	\$ 532
Total Licenses and Permits	\$ 532	\$ 0	\$ 0	\$ 532
<u>Charges for Current Services</u>				
<u>Fees</u>				
Greenbelt Late Application Fee	\$ 18	\$ 0	\$ 0	\$ 18
<u>Education Charges</u>				
Lunch Payments - Children	0	0	128,327	128,327
Lunch Payments - Adults	0	0	32,322	32,322
Income from Breakfast	0	0	27,110	27,110
A la carte Sales	0	0	151,585	151,585
Receipts from Individual Schools	19,445	0	0	19,445
Community Service Fees - Children	15	0	0	15
TBI Criminal Background Fees	2,109	0	384	2,493
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	1,868	1,868
Total Charges for Current Services	\$ 21,587	\$ 0	\$ 341,596	\$ 363,183
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 4,576	\$ 0	\$ 1,086	\$ 5,662
Lease/Rentals	10,725	0	0	10,725
Sale of Materials and Supplies	165	0	0	165
Refund of Telecommunication & Internet Fees (E-Rate)	22,292	0	0	22,292
Miscellaneous Refunds	149	0	0	149
<u>Nonrecurring Items</u>				
Sale of Equipment	3,695	0	0	3,695
Damages Recovered from Individuals	474	0	0	474
Contributions and Gifts	3,600	0	0	3,600
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	1,215	1,215
Total Other Local Revenues	\$ 45,676	\$ 0	\$ 2,301	\$ 47,977

(Continued)

Exhibit I-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 42,933	\$ 0	\$ 0	\$ 42,933
<u>Health and Welfare Grants</u>				
Health Department Programs	1,000	0	0	1,000
<u>State Education Funds</u>				
Basic Education Program	9,146,868	0	0	9,146,868
Early Childhood Education	407,656	0	0	407,656
School Food Service	0	0	10,626	10,626
Energy Efficient School Initiative	3,600	0	7,000	10,600
Driver Education	8,803	0	0	8,803
Other State Education Funds	264,929	0	0	264,929
Career Ladder Program	76,831	0	0	76,831
Career Ladder - Extended Contract	38,500	0	0	38,500
<u>Other State Revenues</u>				
Other State Revenues	500	0	0	500
Total State of Tennessee	\$ 9,991,620	\$ 0	\$ 17,626	\$ 10,009,246
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 544,119	\$ 544,119
USDA - Commodities	0	0	42,989	42,989
Breakfast	0	0	209,249	209,249
USDA - Other	0	0	11,609	11,609
Vocational Education - Basic Grants to States	0	18,255	0	18,255
Title I Grants to Local Education Agencies	0	606,584	0	606,584
Special Education - Grants to States	0	513,293	0	513,293
Special Education Preschool Grants	0	17,398	0	17,398
Rural Education	0	30,606	0	30,606
Eisenhower Professional Development State Grants	0	60,965	0	60,965
Race-to-the-Top - ARRA	0	115,734	0	115,734
Other Federal through State	0	278,946	0	278,946
Total Federal Government	\$ 0	\$ 1,641,781	\$ 807,966	\$ 2,449,747
Total	\$ 12,519,359	\$ 1,641,781	\$ 1,169,489	\$ 15,330,629

Exhibit I-7

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

General Fund

General Government

County Commission

County Official/Administrative Officer	\$ 6,000	
Secretary to Board	4,042	
Board and Committee Members Fees	31,300	
Audit Services	3,648	
Data Processing Services	600	
Dues and Memberships	2,491	
Legal Notices, Recording, and Court Costs	838	
Printing, Stationery, and Forms	118	
Travel	9,308	
Food Supplies	728	
Office Supplies	484	
Total County Commission		\$ 59,557

Board of Equalization

Board and Committee Members Fees	\$ 1,000	
Total Board of Equalization		1,000

County Mayor/Executive

County Official/Administrative Officer	\$ 66,702	
Assistant(s)	24,920	
Part-time Personnel	12,875	
Other Salaries and Wages	3,600	
Data Processing Services	7,344	
Dues and Memberships	950	
Legal Notices, Recording, and Court Costs	126	
Printing, Stationery, and Forms	992	
Travel	3,772	
Tuition	295	
Office Supplies	1,461	
Premiums on Corporate Surety Bonds	75	
Total County Mayor/Executive		123,112

County Attorney

Contracts with Private Agencies	\$ 3,000	
Legal Services	3,300	
Travel	100	
Total County Attorney		6,400

Election Commission

County Official/Administrative Officer	\$ 51,976	
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(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Part-time Personnel	\$ 13,472	
Election Commission	3,315	
Election Workers	5,636	
Data Processing Services	6,000	
Dues and Memberships	100	
Legal Notices, Recording, and Court Costs	1,272	
Printing, Stationery, and Forms	2,081	
Rentals	400	
Travel	3,295	
Other Contracted Services	1,935	
Office Supplies	3,059	
Data Processing Equipment	8,243	
Total Election Commission		\$ 100,784

Register of Deeds

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	23,358	
Data Processing Services	4,095	
Dues and Memberships	342	
Maintenance and Repair Services - Office Equipment	550	
Printing, Stationery, and Forms	1,151	
Office Supplies	268	
Premiums on Corporate Surety Bonds	75	
Total Register of Deeds		87,590

Geographical Information Systems

Data Processing Personnel	\$ 28,411	
Salary Supplements	1,000	
Total Geographical Information Systems		29,411

County Buildings

Supervisor/Director	\$ 35,728	
Custodial Personnel	20,580	
Maintenance Personnel	24,553	
Part-time Personnel	5,735	
Communication	33,191	
Contracts with Private Agencies	1,460	
Operating Lease Payments	2,134	
Legal Notices, Recording, and Court Costs	28	
Maintenance Agreements	1,336	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Buildings	\$ 16,948	
Maintenance and Repair Services - Equipment	1,768	
Postal Charges	14,958	
Other Contracted Services	6,027	
Custodial Supplies	4,175	
Diesel Fuel	46	
Food Supplies	2,303	
Gasoline	2,811	
Ice	1,525	
Office Supplies	428	
Uniforms	218	
Utilities	35,436	
Other Charges	415	
Furniture and Fixtures	250	
Maintenance Equipment	1,285	
Office Equipment	2,800	
Total County Buildings		\$ 216,138

Other Facilities

Communication	\$ 859	
Maintenance and Repair Services - Buildings	5,829	
Pest Control	55	
Custodial Supplies	1,500	
Utilities	6,924	
Total Other Facilities		15,167

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 57,751	
Assistant(s)	19,208	
Audit Services	4,410	
Data Processing Services	2,300	
Dues and Memberships	1,320	
Legal Notices, Recording, and Court Costs	105	
Maintenance Agreements	478	
Maintenance and Repair Services - Equipment	723	
Travel	528	
Gasoline	642	
Office Supplies	1,435	
Premiums on Corporate Surety Bonds	75	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Motor Vehicles	\$ 69	
Office Equipment	332	
Total Property Assessor's Office	\$ 89,376	

Reappraisal Program

Assistant(s)	\$ 22,383	
Data Processing Services	1,877	
Office Supplies	209	
Office Equipment	450	
Total Reappraisal Program	24,919	

County Trustee's Office

County Official/Administrative Officer	\$ 57,751	
Data Processing Personnel	24,205	
Secretary(ies)	22,407	
Data Processing Services	6,311	
Dues and Memberships	500	
Legal Notices, Recording, and Court Costs	141	
Maintenance and Repair Services - Office Equipment	100	
Printing, Stationery, and Forms	969	
Travel	499	
Other Contracted Services	2,426	
Office Supplies	740	
Premiums on Corporate Surety Bonds	1,350	
Total County Trustee's Office	117,399	

County Clerk's Office

County Official/Administrative Officer	\$ 57,751	
Data Processing Personnel	25,750	
Secretary(ies)	24,088	
Board and Committee Members Fees	320	
Data Processing Services	5,033	
Dues and Memberships	437	
Legal Notices, Recording, and Court Costs	70	
Maintenance and Repair Services - Office Equipment	135	
Printing, Stationery, and Forms	1,753	
Travel	70	
Office Supplies	509	
Periodicals	293	
Premiums on Corporate Surety Bonds	75	
Total County Clerk's Office	116,284	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Other Salaries and Wages		3,510	
Jury and Witness Expense		5,420	
Data Processing Services		5,844	
Dues and Memberships		437	
Printing, Stationery, and Forms		1,171	
Office Supplies		1,271	
Premiums on Corporate Surety Bonds		75	
Total Circuit Court			\$ 75,479

General Sessions Judge

Judge(s)	\$	83,723	
Secretary(ies)		7,500	
Travel		828	
Office Supplies		67	
Periodicals		393	
Total General Sessions Judge			92,511

General Sessions Court Clerk

Data Processing Personnel	\$	23,424	
Secretary(ies)		24,712	
Part-time Personnel		14,040	
Data Processing Services		6,619	
Operating Lease Payments		2,184	
Printing, Stationery, and Forms		1,192	
Travel		346	
Office Supplies		400	
Total General Sessions Court Clerk			72,917

Chancery Court

County Official/Administrative Officer	\$	57,751	
Secretary(ies)		24,918	
In-Service Training		195	
Data Processing Services		3,694	
Dues and Memberships		487	
Operating Lease Payments		2,001	
Legal Notices, Recording, and Court Costs		250	
Maintenance and Repair Services - Office Equipment		804	
Printing, Stationery, and Forms		547	
Travel		605	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Other Contracted Services	\$ 310	
Data Processing Supplies	3,815	
Office Supplies	955	
Periodicals	488	
Premiums on Corporate Surety Bonds	163	
Total Chancery Court		\$ 96,983

Judicial Commissioners

Supervisor/Director	\$ 20,103	
Part-time Personnel	6,292	
Communication	393	
Travel	1,311	
Office Supplies	153	
Total Judicial Commissioners		28,252

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 63,527	
Supervisor/Director	37,034	
Deputy(ies)	160,226	
Investigator(s)	30,838	
Lieutenant(s)	35,263	
Sergeant(s)	34,789	
Guidance Personnel	59,568	
Salary Supplements	7,800	
Guards	18,438	
Secretary(ies)	21,406	
Part-time Personnel	1,823	
School Resource Officer	28,718	
Bonus Payments	1,495	
Other Salaries and Wages	3,993	
In-Service Training	390	
Advertising	184	
Communication	3,094	
Contracts with Government Agencies	235	
Contracts with Other School Systems	561	
Dues and Memberships	1,800	
Operating Lease Payments	973	
Legal Notices, Recording, and Court Costs	300	
Maintenance and Repair Services - Equipment	1,500	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$ 4,200	
Printing, Stationery, and Forms	1,480	
Travel	1,330	
Other Contracted Services	1,077	
Fuel Oil	727	
Gasoline	49,124	
Ice	282	
Office Supplies	1,211	
Periodicals	14	
Tires and Tubes	5,057	
Uniforms	2,567	
Vehicle Parts	372	
Premiums on Corporate Surety Bonds	969	
In Service/Staff Development	5,000	
Law Enforcement Equipment	2,729	
Motor Vehicles	17,943	
Total Sheriff's Department		\$ 608,037

Drug Enforcement

Detective(s)	\$ 33,004	
Other Charges	841	
Law Enforcement Equipment	669	
Total Drug Enforcement		34,514

Administration of the Sexual Offender Registry

Maintenance and Repair Services - Office Equipment	\$ 282	
Total Administration of the Sexual Offender Registry		282

Jail

Supervisor/Director	\$ 33,713	
Data Processing Personnel	21,406	
Guards	245,215	
Secretary(ies)	23,866	
Cafeteria Personnel	23,647	
Part-time Personnel	31,709	
Other Salaries and Wages	2,549	
In-Service Training	500	
Contracts with Government Agencies	81,515	
Contracts with Private Agencies	3,817	
Contracts with Public Carriers	640	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Dues and Memberships	\$	100	
Maintenance and Repair Services - Buildings		33,676	
Maintenance and Repair Services - Equipment		2,694	
Maintenance and Repair Services - Vehicles		1,303	
Medical and Dental Services		187,979	
Pest Control		946	
Printing, Stationery, and Forms		1,073	
Travel		1,500	
Other Contracted Services		100	
Custodial Supplies		5,777	
Drugs and Medical Supplies		1,027	
Food Supplies		61,110	
Gasoline		9,554	
Ice		477	
Office Supplies		735	
Prisoners Clothing		1,500	
Tires and Tubes		630	
Uniforms		1,746	
Utilities		43,011	
Premiums on Corporate Surety Bonds		200	
Other Charges		1,000	
Heating and Air Conditioning Equipment		500	
Law Enforcement Equipment		294	
Maintenance Equipment		4,680	
Total Jail			\$ 830,189

Juvenile Services

Youth Service Officer(s)	\$	10,840	
Contracts with Government Agencies		829	
Total Juvenile Services			11,669

Fire Prevention and Control

Contracts with Private Agencies	\$	19,000	
Total Fire Prevention and Control			19,000

Civil Defense

Supervisor/Director	\$	14,269	
Dispatchers/Radio Operators		79,842	
Maintenance Agreements		1,884	
Matching Share		22,898	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Travel	\$ 1,000	
Gasoline	774	
Office Supplies	963	
Total Civil Defense		\$ 121,630

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 2,113	
Medical and Dental Services	8,064	
Premiums on Corporate Surety Bonds	100	
Total County Coroner/Medical Examiner		10,277

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 2,971	
Communication	3,919	
Contributions	11,532	
Maintenance and Repair Services - Buildings	550	
Maintenance and Repair Services - Office Equipment	75	
Other Contracted Services	796	
Custodial Supplies	377	
Drugs and Medical Supplies	180	
Office Supplies	1,644	
Periodicals	214	
Utilities	10,987	
Total Local Health Center		33,245

Rabies and Animal Control

Part-time Personnel	\$ 375	
Animal Food and Supplies	2,435	
Gasoline	500	
Utilities	887	
Total Rabies and Animal Control		4,197

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$ 142,800	
Total Ambulance/Emergency Medical Services		142,800

Other Local Health Services

Other Charges	\$ 2,375	
Total Other Local Health Services		2,375

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information

Other Salaries and Wages	\$	19,600	
Maintenance and Repair Services - Equipment		808	
Travel		481	
Custodial Supplies		531	
Food Supplies		132	
Gasoline		3,507	
Instructional Supplies and Materials		6,495	
Tires and Tubes		165	
Other Charges		5,368	
Motor Vehicles		4,200	
Total Sanitation Education/Information			\$ 41,287

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	3,000	
Gasoline		37,146	
Total Senior Citizens Assistance			40,146

Libraries

Assistant(s)	\$	19,797	
Supervisor/Director		26,841	
Part-time Personnel		6,981	
Communication		1,687	
Dues and Memberships		229	
Maintenance Agreements		1,623	
Maintenance and Repair Services - Buildings		94	
Maintenance and Repair Services - Equipment		100	
Pest Control		28	
Travel		336	
Other Contracted Services		600	
Ice		345	
Library Books/Media		9,825	
Office Supplies		5,332	
Periodicals		1,462	
Utilities		6,885	
Office Equipment		16,559	
Total Libraries			98,724

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 41,136	
Board and Committee Members Fees	735	
Communication	974	
Dues and Memberships	300	
Travel	3,000	
Office Supplies	995	
Total Agriculture Extension Service		\$ 47,140

Soil Conservation

Other Salaries and Wages	\$ 19,152	
Contributions	18,000	
Total Soil Conservation		37,152

Other Operations

Tourism

Other Charges	\$ 481	
Total Tourism		481

Other Economic and Community Development

Advertising	\$ 180	
Contracts with Private Agencies	10,000	
Dues and Memberships	3,715	
Travel	62	
Office Supplies	1,150	
Other Charges	5,668	
Total Other Economic and Community Development		20,775

Airport

Advertising	\$ 30	
Communication	2,068	
Contracts with Private Agencies	1,200	
Maintenance and Repair Services - Buildings	219	
Maintenance and Repair Services - Equipment	6,827	
Travel	3,039	
Crushed Stone	510	
Gasoline	26,967	
Utilities	7,710	
Excess Risk Insurance	2,124	
Maintenance Equipment	980	
Total Airport		51,674

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

County Official/Administrative Officer	\$ 5,000	
Advertising	159	
Travel	1,045	
Library Books/Media	100	
Office Supplies	87	
Total Veterans' Services		\$ 6,391

Employee Benefits

Social Security	\$ 153,197	
Handling Charges and Administrative Costs	3,114	
State Retirement	107,541	
Employee and Dependent Insurance	171,147	
Unemployment Compensation	13,396	
Local Retirement	1,540	
Bank Charges	55	
Medical Claims	21,510	
Workers' Compensation Insurance	25,444	
Total Employee Benefits		496,944

Miscellaneous

Salary Supplements	\$ 600	
Bank Charges	20	
Contributions	11,968	
Liability Insurance	33,000	
Trustee's Commission	46,913	
Other Charges	9,943	
Total Miscellaneous		102,444

Capital Projects

General Administration Projects

Other Capital Outlay	\$ 715	
Total General Administration Projects		715

Other General Government Projects

Other Contracted Services	\$ 353,900	
Total Other General Government Projects		<u>353,900</u>

Total General Fund \$ 4,469,267

(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Supervisor/Director	\$ 26,238	
Accountants/Bookkeepers	12,875	
Clerical Personnel	30,401	
Attendants	42,524	
Part-time Personnel	13,208	
Other Salaries and Wages	154	
Medical Insurance	3,000	
Communication	116	
Contracts with Private Agencies	208,439	
Data Processing Services	2,500	
Dues and Memberships	100	
Legal Notices, Recording, and Court Costs	1,481	
Maintenance and Repair Services - Buildings	1,887	
Maintenance and Repair Services - Equipment	11,264	
Postal Charges	3,000	
Printing, Stationery, and Forms	2,500	
Travel	245	
Permits	1,500	
Crushed Stone	308	
Custodial Supplies	257	
Food Supplies	261	
Gasoline	5,031	
Ice	460	
Office Supplies	1,250	
Propane Gas	735	
Tires and Tubes	1,527	
Uniforms	2,299	
Utilities	2,831	
Refunds	1,420	
Maintenance Equipment	550	
Motor Vehicles	5,028	
Office Equipment	2,500	
Total Transfer Stations		\$ 385,889

Landfill Operation and Maintenance

Equipment Operators	\$ 21,424	
Part-time Personnel	2,025	
Maintenance and Repair Services - Equipment	29,367	
Permits	3,000	
Diesel Fuel	11,449	
Total Landfill Operation and Maintenance		67,265

(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Employee Benefits

Social Security	\$ 11,289	
State Retirement	7,727	
Employee and Dependent Insurance	16,634	
Unemployment Compensation	1,514	
Workers' Compensation Insurance	2,500	
Total Employee Benefits		\$ 39,664

Miscellaneous

Medical Insurance	\$ 2,000	
Liability Insurance	5,500	
Trustee's Commission	5,025	
Total Miscellaneous		<u>12,525</u>

Total Solid Waste/Sanitation Fund \$ 505,343

Drug Control Fund

Public Safety

Drug Enforcement

Other Charges	\$ 2,370	
Law Enforcement Equipment	100	
Other Equipment	1,947	
Total Drug Enforcement		<u>\$ 4,417</u>

Total Drug Control Fund 4,417

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$ 26,326
Custodial Personnel	21,747
Temporary Personnel	12,590
Medical Insurance	4,000
Communication	2,159
Dues and Memberships	100
Legal Notices, Recording, and Court Costs	14
Maintenance and Repair Services - Buildings	4,406
Maintenance and Repair Services - Equipment	2,948
Permits	680
Custodial Supplies	1,142
Diesel Fuel	688

(Continued)

Exhibit I-7

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

Sports and Recreation Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Food Supplies	\$	882	
Gasoline		221	
Office Supplies		116	
Sand		128	
Utilities		32,411	
Fencing		2,683	
Chemicals		1,999	
Maintenance Equipment		541	
Total Parks and Fair Boards			\$ 115,781

Other Operations

Employee Benefits

Social Security	\$	4,970	
Employee and Dependent Insurance		8,770	
Unemployment Compensation		750	
Workers' Compensation Insurance		1,050	
Total Employee Benefits			15,540

Miscellaneous

Liability Insurance	\$	1,000	
Trustee's Commission		2,469	
Total Miscellaneous			3,469

Total Sports and Recreation Fund \$ 134,790

Constitutional Officers - Fees Fund

Administration of Justice

General Sessions Court

Constitutional Officers' Operating Expenses	\$	56	
Total General Sessions Court			\$ 56

Total Constitutional Officers - Fees Fund 56

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
Assistant(s)		40,540	
Accountants/Bookkeepers		40,540	
Salary Supplements		1,150	

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Secretary(ies)	\$ 23,021	
Board and Committee Members Fees	960	
Advertising	242	
Communication	6,924	
Contributions	5,000	
Dues and Memberships	2,143	
Legal Services	947	
Legal Notices, Recording, and Court Costs	18	
Licenses	370	
Maintenance and Repair Services - Buildings	783	
Postal Charges	204	
Printing, Stationery, and Forms	141	
Rentals	126	
Travel	1,020	
Other Contracted Services	10,072	
Custodial Supplies	1,448	
Data Processing Supplies	141	
Electricity	5,272	
Food Supplies	122	
Natural Gas	173	
Office Supplies	491	
Water and Sewer	2,200	
Other Supplies and Materials	898	
Office Equipment	199	
Total Administration		\$ 208,672

Highway and Bridge Maintenance

Foremen	\$ 34,344
Equipment Operators	58,320
Equipment Operators - Light	82,911
Truck Drivers	73,234
Laborers	61,641
Freight Expenses	31
Rentals	22,875
Other Contracted Services	62,205
Asphalt - Cold Mix	11,442
Asphalt - Liquid	217,916
Crushed Stone	59,897
Riprap	16,574
Other Road Supplies	174

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe - Concrete	\$ 985	
Pipe - Metal	240	
Road Signs	1,977	
Gravel and Chert	1,928	
Geotextile Materials	2,640	
Other Supplies and Materials	225	
Total Highway and Bridge Maintenance		\$ 709,559

Operation and Maintenance of Equipment

Foremen	\$ 27,971	
Mechanic(s)	56,701	
Freight Expenses	1,654	
Other Contracted Services	14,549	
Diesel Fuel	65,344	
Equipment and Machinery Parts	31,721	
Garage Supplies	2,634	
Gasoline	26,251	
Lubricants	2,079	
Small Tools	211	
Tires and Tubes	14,960	
Uniforms	2,065	
Other Supplies and Materials	629	
Total Operation and Maintenance of Equipment		246,769

Other Charges

Liability Insurance	\$ 32,983	
Trustee's Commission	15,699	
Workers' Compensation Insurance	25,175	
Total Other Charges		73,857

Employee Benefits

Social Security	\$ 34,178	
State Retirement	40,547	
Life Insurance	4,440	
Medical Insurance	122,589	
Unemployment Compensation	5,921	
Employer Medicare	7,993	
Other Fringe Benefits	1,159	
Total Employee Benefits		216,827

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Other Contracted Services	\$ 45,716	
Motor Vehicles	14,000	
Transportation Equipment	37,459	
Other Equipment	76,444	
Other Construction	2,972	
Total Capital Outlay	<u> </u>	\$ 176,591

Total Highway/Public Works Fund \$ 1,632,275

General Debt Service Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ 2,004	
Total Miscellaneous	<u> </u>	\$ 2,004

Principal on Debt

Education

Principal on Bonds	\$ 160,000	
Total Education	<u> </u>	160,000

Interest on Debt

Education

Interest on Bonds	\$ 36,013	
Total Education	<u> </u>	36,013

Other Debt Service

Education

Other Debt Service	\$ 525	
Total Education	<u> </u>	525

Capital Projects

General Administration Projects

Maintenance and Repair Services - Buildings	\$ 24,800	
Total General Administration Projects	<u> </u>	24,800

Total General Debt Service Fund 223,342

(Continued)

Exhibit I-7

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

<u>Highway Capital Projects Fund</u>		
<u>Highways</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 662	
Total Other Charges		\$ 662
 <u>Capital Outlay</u>		
Engineering Services	\$ 28,497	
Total Capital Outlay		<u>28,497</u>
 Total Highway Capital Projects Fund		 <u>\$ 29,159</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 6,998,649</u></u>

Exhibit I-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,048,815	
Career Ladder Program	44,910	
Career Ladder Extended Contracts	30,885	
Homebound Teachers	236	
Educational Assistants	65,956	
Certified Substitute Teachers	32,562	
Non-certified Substitute Teachers	58,762	
Social Security	237,594	
State Retirement	371,474	
Medical Insurance	308,336	
Dental Insurance	2,758	
Unemployment Compensation	21,248	
Employer Medicare	57,270	
Other Contracted Services	1,627	
Instructional Supplies and Materials	98,220	
Textbooks	122,311	
Fee Waivers	1,032	
Regular Instruction Equipment	69,325	
Total Regular Instruction Program		\$ 5,573,321

Alternative Instruction Program

Teachers	\$ 43,455	
Other Salaries and Wages	12,598	
Non-certified Substitute Teachers	1,100	
Social Security	3,045	
State Retirement	4,996	
Medical Insurance	7,400	
Employer Medicare	712	
Other Contracted Services	932	
Total Alternative Instruction Program		74,238

Special Education Program

Teachers	\$ 600,596
Career Ladder Program	3,000
Homebound Teachers	5,083
Speech Pathologist	44,080
Other Salaries and Wages	9
Certified Substitute Teachers	275
Non-certified Substitute Teachers	17,902

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$ 35,734	
State Retirement	55,489	
Medical Insurance	49,352	
Dental Insurance	803	
Employer Medicare	8,911	
Instructional Supplies and Materials	6,820	
Total Special Education Program		\$ 828,054

Vocational Education Program

Teachers	\$ 178,905	
Career Ladder Program	1,000	
Non-certified Substitute Teachers	3,059	
Social Security	10,167	
State Retirement	16,281	
Medical Insurance	18,275	
Employer Medicare	2,378	
Contracts with Other School Systems	5,000	
Instructional Supplies and Materials	3,919	
Other Charges	1,001	
Total Vocational Education Program		239,985

Student Body Education Program

Other Salaries and Wages	\$ 6,481	
Social Security	247	
Employer Medicare	58	
Other Contracted Services	1,450	
Total Student Body Education Program		8,236

Support Services

Attendance

Supervisor/Director	\$ 6,070	
Social Security	319	
State Retirement	549	
Medical Insurance	849	
Employer Medicare	75	
Travel	3,109	
In Service/Staff Development	1,500	
Attendance Equipment	750	
Total Attendance		13,221

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	33,010	
Other Salaries and Wages		13,300	
Non-certified Substitute Teachers		606	
Social Security		2,880	
State Retirement		5,117	
Employer Medicare		674	
Other Contracted Services		6,170	
Drugs and Medical Supplies		675	
Other Charges		1,909	
Health Equipment		475	
Total Health Services			\$ 64,816

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		205,730	
Career Ladder Extended Contracts		4,500	
Clerical Personnel		12,628	
Social Security		12,753	
State Retirement		20,526	
Medical Insurance		15,628	
Dental Insurance		401	
Employer Medicare		2,982	
Contracts with Government Agencies		10,843	
Evaluation and Testing		14,687	
Other Contracted Services		13,820	
Other Supplies and Materials		62	
In Service/Staff Development		972	
Total Other Student Support			316,532

Regular Instruction Program

Supervisor/Director	\$	123,259	
Career Ladder Program		7,000	
Career Ladder Extended Contracts		5,000	
Librarians		176,970	
Instructional Computer Personnel		48,127	
Secretary(ies)		15,438	
Other Salaries and Wages		1,200	
Certified Substitute Teachers		25	
Non-certified Substitute Teachers		2,825	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	21,673	
State Retirement		35,432	
Medical Insurance		27,857	
Dental Insurance		701	
Employer Medicare		5,069	
Communication		1,608	
Travel		1,414	
Other Contracted Services		14,916	
Library Books/Media		24,970	
In Service/Staff Development		1,520	
Other Equipment		1,877	
Total Regular Instruction Program			\$ 516,881

Special Education Program

Supervisor/Director	\$	54,714	
Career Ladder Program		1,000	
Psychological Personnel		65,449	
Social Security		6,801	
State Retirement		10,965	
Medical Insurance		10,122	
Dental Insurance		399	
Employer Medicare		1,590	
Other Contracted Services		1,351	
In Service/Staff Development		682	
Total Special Education Program			153,073

Other Programs

On-Behalf Payments to OPEB	\$	42,933	
Total Other Programs			42,933

Board of Education

Secretary to Board	\$	1,400	
Board and Committee Members Fees		13,650	
Social Security		933	
State Retirement		156	
Medical Insurance		16	
Employer Medicare		218	
Audit Services		6,800	
Dues and Memberships		5,794	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Postal Charges	\$	200	
Travel		2,200	
Maintenance and Repair Services - Records		1,500	
Other Contracted Services		5,625	
Liability Insurance		15,543	
Premiums on Corporate Surety Bonds		1,568	
Trustee's Commission		55,782	
Workers' Compensation Insurance		40,697	
In Service/Staff Development		5,266	
Criminal Investigation of Applicants - TBI		3,782	
Refund to Applicant for Criminal Investigation		432	
Other Charges		3,886	
Total Board of Education			\$ 165,448

Director of Schools

County Official/Administrative Officer	\$	96,670	
Secretary(ies)		34,476	
Social Security		8,131	
State Retirement		12,596	
Medical Insurance		15,016	
Dental Insurance		1,414	
Employer Medicare		1,902	
Communication		8,236	
Dues and Memberships		993	
Postal Charges		1,878	
Travel		1,616	
Other Contracted Services		3,163	
Office Supplies		4,398	
In Service/Staff Development		717	
Other Charges		1,229	
Administration Equipment		13,177	
Total Director of Schools			205,612

Office of the Principal

Principals	\$	255,191	
Career Ladder Program		4,000	
Accountants/Bookkeepers		89,966	
Assistant Principals		50,317	
Secretary(ies)		58,656	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Other Salaries and Wages	\$	5,321	
Social Security		26,561	
State Retirement		44,779	
Medical Insurance		26,837	
Employer Medicare		6,212	
Communication		4,968	
Travel		255	
Other Contracted Services		1,000	
In Service/Staff Development		1,259	
Other Charges		500	
Total Office of the Principal			\$ 575,822

Fiscal Services

Accountants/Bookkeepers	\$	55,763	
Social Security		3,128	
State Retirement		6,223	
Medical Insurance		4,087	
Dental Insurance		300	
Employer Medicare		732	
Dues and Memberships		20	
Travel		1,397	
Other Contracted Services		10,024	
Data Processing Supplies		2,171	
Office Supplies		993	
In Service/Staff Development		1,339	
Other Charges		192	
Administration Equipment		1,198	
Total Fiscal Services			87,567

Operation of Plant

Supervisor/Director	\$	55,286	
Custodial Personnel		181,925	
Other Salaries and Wages		36,708	
Social Security		16,607	
State Retirement		12,362	
Medical Insurance		4,783	
Employer Medicare		3,884	
Other Contracted Services		7,105	
Custodial Supplies		31,102	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Electricity	\$	310,298	
Natural Gas		38,821	
Water and Sewer		49,196	
Boiler Insurance		2,070	
Building and Contents Insurance		37,720	
In Service/Staff Development		178	
Plant Operation Equipment		27,307	
Total Operation of Plant			\$ 815,352

Maintenance of Plant

Maintenance Personnel	\$	63,550	
Other Salaries and Wages		18,929	
Social Security		4,023	
State Retirement		7,536	
Medical Insurance		3,045	
Employer Medicare		941	
Communication		2,511	
Laundry Service		1,396	
Other Contracted Services		12,172	
Other Supplies and Materials		22,771	
Maintenance Equipment		15,773	
Total Maintenance of Plant			152,647

Transportation

Supervisor/Director	\$	30,617	
Mechanic(s)		61,602	
Bus Drivers		234,547	
Other Salaries and Wages		6,872	
In-Service Training		1,200	
Social Security		20,019	
State Retirement		30,163	
Medical Insurance		10,799	
Employer Medicare		4,682	
Communication		4,632	
Contracts with Parents		1,713	
Laundry Service		1,392	
Medical and Dental Services		1,394	
Travel		388	
Other Contracted Services		2,176	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Diesel Fuel	\$	90,052	
Garage Supplies		2,372	
Gasoline		5,200	
Lubricants		1,646	
Tires and Tubes		12,307	
Vehicle Parts		21,376	
Vehicle and Equipment Insurance		8,720	
In Service/Staff Development		1,242	
Other Charges		855	
Transportation Equipment		186,814	
Total Transportation			\$ 742,780

Central and Other

Data Processing Personnel	\$	18,588	
Social Security		1,043	
State Retirement		2,074	
Medical Insurance		1,362	
Dental Insurance		100	
Employer Medicare		244	
Travel		301	
In Service/Staff Development		396	
Total Central and Other			24,108

Operation of Non-Instructional Services

Food Service

Other Charges	\$	137	
Total Food Service			137

Community Services

Supervisor/Director	\$	102,030	
Clerical Personnel		13,414	
Other Salaries and Wages		74,195	
Social Security		11,058	
State Retirement		15,972	
Medical Insurance		5,725	
Dental Insurance		399	
Employer Medicare		2,586	
Other Fringe Benefits		386	
Communication		2,291	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Postal Charges	\$	89	
Other Contracted Services		1,179	
Other Supplies and Materials		39,346	
In Service/Staff Development		11,248	
Other Charges		<u>2,045</u>	
Total Community Services	\$		281,963

Early Childhood Education

Supervisor/Director	\$	54,960	
Teachers		152,232	
Career Ladder Program		2,000	
Educational Assistants		73,979	
Certified Substitute Teachers		5,482	
Non-certified Substitute Teachers		5,700	
Social Security		16,985	
State Retirement		27,233	
Medical Insurance		17,766	
Employer Medicare		3,972	
Communication		1,665	
Instructional Supplies and Materials		19,620	
In Service/Staff Development		10,272	
Other Equipment		<u>1,564</u>	
Total Early Childhood Education			393,430

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	<u>21,024</u>	
Total Regular Capital Outlay			21,024

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>196,512</u>	
Total Education			<u>196,512</u>

Total General Purpose School Fund \$ 11,493,692

(Continued)

Exhibit I-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	516,720	
Educational Assistants		63,758	
Other Salaries and Wages		13,258	
Non-certified Substitute Teachers		4,356	
Social Security		34,410	
State Retirement		55,105	
Medical Insurance		41,907	
Employer Medicare		8,065	
Instructional Supplies and Materials		81,123	
Regular Instruction Equipment		144,930	
Total Regular Instruction Program			\$ 963,632

Special Education Program

Teachers	\$	4,263	
Educational Assistants		185,507	
Speech Pathologist		18,690	
Other Salaries and Wages		1,008	
Social Security		13,057	
State Retirement		23,460	
Employer Medicare		3,053	
Other Fringe Benefits		752	
Maintenance and Repair Services - Equipment		500	
Instructional Supplies and Materials		10,120	
Other Supplies and Materials		205	
Other Charges		395	
Special Education Equipment		1,274	
Total Special Education Program			262,284

Vocational Education Program

Other Salaries and Wages	\$	1,200	
Social Security		74	
State Retirement		109	
Employer Medicare		17	
Vocational Instruction Equipment		14,284	
Total Vocational Education Program			15,684

Support Services

Other Student Support

Travel	\$	7,887	
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(Continued)

Exhibit I-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Charges	\$ 1,804	
Total Other Student Support		\$ 9,691

Regular Instruction Program

Secretary(ies)	\$ 4,500	
Social Security	279	
State Retirement	502	
Employer Medicare	65	
In Service/Staff Development	63,701	
Total Regular Instruction Program		69,047

Special Education Program

Supervisor/Director	\$ 6,528	
Psychological Personnel	17,328	
Assessment Personnel	23,828	
Secretary(ies)	37,478	
Social Security	5,221	
State Retirement	9,000	
Medical Insurance	7,518	
Employer Medicare	1,221	
Other Fringe Benefits	215	
Communication	2,977	
Maintenance and Repair Services - Equipment	1,750	
Postal Charges	4,175	
Travel	9,198	
Other Contracted Services	71,793	
Other Supplies and Materials	6,121	
In Service/Staff Development	2,879	
Total Special Education Program		207,230

Vocational Education Program

In Service/Staff Development	\$ 1,183	
Total Vocational Education Program		1,183

Office of the Principal

Assistant Principals	\$ 47,710	
Social Security	3,020	
State Retirement	4,408	
Medical Insurance	5,851	

(Continued)

Exhibit I-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Employer Medicare	\$ 706	
Total Office of the Principal		\$ 61,695

Transportation

Bus Drivers	\$ 23,617	
Other Salaries and Wages	13,582	
Social Security	2,302	
State Retirement	3,876	
Employer Medicare	538	
Other Fringe Benefits	1,087	
Contracts with Parents	1,335	
Total Transportation		<u>46,337</u>

Total School Federal Projects Fund		\$ 1,636,783
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 44,625
Clerical Personnel	12,388
Cafeteria Personnel	358,725
Other Salaries and Wages	761
In-Service Training	1,575
Social Security	24,259
State Retirement	33,103
Medical Insurance	1,744
Employer Medicare	5,993
Other Fringe Benefits	7,835
Communication	4,780
Maintenance and Repair Services - Equipment	7,497
Transportation - Other than Students	4,213
Travel	238
Other Contracted Services	13,788
Food Preparation Supplies	36,182
Food Supplies	487,438
Office Supplies	5,716
Utilities	31,046
USDA - Commodities	42,989
Other Supplies and Materials	888

(Continued)

Exhibit I-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

In Service/Staff Development	\$	751	
Criminal Investigation of Applicants - TBI		432	
Refund to Applicant for Criminal Investigation		288	
Food Service Equipment		<u>88,201</u>	
Total Food Service			<u>\$ 1,215,455</u>

Total Central Cafeteria Fund \$ 1,215,455

Total Governmental Funds - Lewis County School Department \$ 14,345,930

Exhibit I-9

Lewis County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 897,941
Total Cash Receipts	<u>\$ 897,941</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 888,962
Trustee's Commission	8,979
Total Cash Disbursements	<u>\$ 897,941</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

September 20, 2012

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, 2012, which collectively comprise Lewis County's basic financial statements and have issued our report thereon dated September 20, 2012. 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

The management of Lewis County is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 12.03 and 12.09.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.01, 12.04, 12.05, 12.06, 12.13, and 12.16.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02, 12.07, 12.08, 12.10, 12.11, 12.12, 12.14, and 12.15.

We also noted certain matters that we reported to 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 the responses.

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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

September 20, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Lewis County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 of Lewis County's compliance with those requirements.

In our opinion, Lewis County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as items 12.11 and 12.17.

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lewis County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

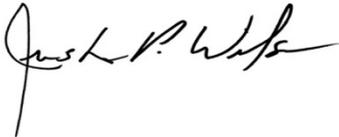
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lewis County as of and for the year ended June 30, 2012, and have issued our report thereon dated September 20, 2012. 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 as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 the responses.

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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 32,955
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	209,249
National School Lunch Program	10.555	N/A	555,728 (5)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	<u>42,989 (5)</u>
Total U.S. Department of Agriculture			<u>\$ 840,921</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Home Investment Partnerships Program	14.239	(2)	<u>\$ 301,866</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 301,866</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 615,414
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	501,944
Special Education - Preschool Grants	84.173	N/A	17,398
Career and Technical Education - Basic Grants to States	84.048	N/A	24,755
State Grants for Innovative Programs	84.298	N/A	1,532
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	(2)	451
Education Technology State Grants - Recovery Act	84.386	(2)	636
Rural Education	84.358	N/A	31,244
Improving Teacher Quality State Grants	84.367	N/A	60,965
Education Jobs Fund	84.410	N/A	277,859
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grant, Recovery Act	84.395	N/A	116,141
Total U.S. Department of Education			<u>\$ 1,532,198</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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 157,142
Homeland Security Grant Program	97.067	(2)	22,898
Total U.S. Department of Homeland Security			\$ 180,040
Total Expenditures of Federal Awards			\$ 2,855,025

<u>State Grants</u>	<u>Contract Number</u>		Expenditures
Health Department Program - State Department of Health	N/A	Z-12-44001-00	\$ 2,375
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	125,550
Airport Maintenance Grant - State Department of Transportation	N/A	(2)	5,000
Disaster Assistance Grant - State Department of Military	N/A	(4)	46,331
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	9,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-212961-00	6,284
Litter Program - State Department of Transportation	N/A	Z-12-LIT051-00	42,300
Statewide Student Management System - State Department of Education	N/A	(2)	4,965
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Energy Efficient School Initiative - State Department of Education	N/A	(2)	10,600
Family Resource Grant - State Department of Education	N/A	(2)	29,612
Safe Schools Act Grant - State Department of Education	N/A	(2)	10,300
Eat Well Play More - State Department of Health	N/A	GG-11-34616-00	1,000
Rural Library Grant - Tennessee Secretary of State	N/A	(2)	3,942
Early Childhood Education - State Department of Education	N/A	(2)	407,656
Total State Grants			\$ 794,915

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) 1909-DR-TN: \$93,525; 1974-DR-TN: \$63,617.
- (4) 1909-DR-TN: \$38,379; 1974-DR-TN: \$7,952.
- (5) Total for CFDA No. 10.555 is \$598,717.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are the findings from the Annual Financial Report for Lewis County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
11.01	143	Expenditures exceeded appropriations
11.02	144	Official prenumbered receipts were not issued for collections received from the Parks and Recreation Department for community building and swimming pool rentals
11.03	144	Some Parks and Recreation Department receipts were not deposited within three days of collection

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND REGISTER

Finding Number	Page Number	Subject
11.06	145	Multiple employees operated from the same cash drawer

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
11.07	146	The office did not deposit some funds within three days of collection

PARKS AND RECREATION DEPARTMENT AND THE OFFICES OF COUNTY MAYOR, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

Finding Number	Page Number	Subject
11.09	147	Duties were not segregated adequately

LEWIS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the 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. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed two 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 one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); Home Investment Partnerships Program (CFDA No. 14.239); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. 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 trustee and director of schools provided written responses, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **THE GENERAL FUND HAD A DEFICIT IN UNASSIGNED FUND BALANCE**

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

The General Fund had a deficit in unassigned fund balance of \$40,570 at June 30, 2012. The fund deficit resulted from expenditures exceeding available funds. Generally accepted accounting principles dictate that expenditures be held within available funding. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

Officials should liquidate the deficit in unassigned fund balance. Steps should be taken to ensure that expenditures are held within available funding by either reducing expenditures or increasing funding.

FINDING 12.02 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Material Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations:

- A. General Fund total expenditures and other uses exceeded appropriations approved by the County Commission by \$80,943.
- B. Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the General Fund:

Major Category	Amount Overspent
County Trustee's Office	\$ 299
Chancery Court	38
Administration of the Sexual Offender Registry	44
Jail	196,881

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 for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures and management’s failure to correct the prior-year audit finding.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

FINDING 12.03 **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSET RECORDS** (Internal Control – Material Weakness Under *Government Auditing Standards*)

Our examination of the capital asset records revealed the following deficiencies. These deficiencies can be attributed in part to ineffective management oversight and a lack of technical skills to maintain accounting records in accordance with generally accepted accounting principles. We presented audit adjustments to management, which they approved and posted to properly present capital assets in the financial statements in this report.

- A. Beginning balances on capital asset records did not agree with ending balances from the prior year by \$72,396 (assets) and \$64,766 (accumulated depreciation).
- B. Various capital asset reports did not agree. Two new assets totaling \$60,688 recorded on the Governmental Activities Report did not appear on the Function and Activities Report.
- C. Individual files were not maintained for newly acquired assets. Instead, a folder was maintained containing invoices, titles, and road additions that was filed under “11-12 GASB File.” Auditors identified additional infrastructure that the bookkeeper had not included in the capital asset reports totaling \$126,523.
- D. It was difficult to determine which reports were the most current because capital asset reports were reprinted several times due to the errors noted above and depreciation not being calculated properly.

RECOMMENDATION

Management should provide the necessary oversight to ensure capital asset records are accurately maintained in compliance with generally accepted accounting principles.

FINDING 12.04

THE OFFICE HAD PURCHASING DEFICIENCIES

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

Our examination revealed the following purchasing deficiencies. These deficiencies can be attributed to a lack of management oversight.

- A. Purchase orders were not issued in some instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.
- B. In some instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made.

FINDING 12.05

THE OFFICE HAD ACCOUNTING DEFICIENCIES

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

Our examination revealed the following accounting deficiencies. These deficiencies can be attributed to a lack of management oversight.

- A. In some instances, invoices were paid late, resulting in late payment penalties and interest.
- B. Several expenditures were coded to accounts that did not reflect the true nature of the transactions. Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. These misclassifications were not corrected; however, the misclassifications were not considered material to the financial statements of this report.

RECOMMENDATION

Steps should be taken to ensure that invoices are paid timely to avoid additional late charges. Expenditures should be properly classified to reflect the true nature of the transactions.

FINDING 12.06 GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected differences to be material to the financial statements. This finding can be attributed to a lack of management oversight.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and errors should be corrected promptly.

FINDING 12.07 OFFICIAL PRENUMBERED RECEIPTS WERE NOT ISSUED FOR COLLECTIONS RECEIVED AT THE PARKS AND RECREATION DEPARTMENT FOR COMMUNITY BUILDING AND SWIMMING POOL RENTALS

(Noncompliance Under *Government Auditing Standards*)

Official prenumbered receipts were not issued by the Parks and Recreation Department for fees collected from community building and swimming pool rentals. Section 9-2-103, *Tennessee Code Annotated*, requires official prenumbered receipts for all collections. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report. Since receipts were not issued, we could not determine if all collections had been accounted for properly.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections as required by state statute.

FINDING 12.08 SOME PARKS AND RECREATION DEPARTMENT FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

In some instances, Parks and Recreation Department funds were not deposited with the county trustee within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds within three days of receiving the funds. This deficiency can be attributed to the failure of management to correct the finding noted

in the prior-year audit report. This deficiency in internal controls increases the risk of fraud and abuse.

RECOMMENDATION

Parks and Recreation Department funds should be deposited with the county trustee within three days of collection as required by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.09 **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

The School Federal Projects Fund had a cash overdraft of \$41,075 at June 30, 2012. Sound business practices dictate that expenditures be held within available funds. The cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2012.

RECOMMENDATION

The School Department should not issue warrants in excess of cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Management has discussed this finding with departmental personnel, and in the future proper procedures for requesting funds in a timely manner will be followed. Also, cash balances will be monitored before payments are processed.

FINDING 12.10 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission by \$9,728 in the Community Services major appropriation category (the legal level of control) of the General Purpose School Fund and by \$42 in the Vocational Education major appropriation category (the legal level of control) of the School Federal Projects 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 management failed to hold spending to the limit authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs with this finding. We have reviewed the over-expenditures with the appropriate staff, and steps have been taken to prevent this in the future.

FINDING 12.11 **COMPETITIVE BIDS WERE NOT SOLICITED FOR PROJECTORS PURCHASED WITH FEDERAL GRANT FUNDS**
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

During the year, School Department officials purchased projectors using the federal Race-to-the-Top Incentive grant (\$45,603) and Title I grant (\$41,483) funds. Competitive bids were not solicited for these purchases. Officials stated that purchases were made through the National Joint Powers Alliance, a national purchasing cooperative. However, we consider the alliance purchase to be the equivalent of a bid, which was not competitively solicited as provided by Section 49-2-203, *Tennessee Code Annotated (TCA)*. School Department purchasing procedures are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Our staff learned, while attending a regional conference, that other school systems were using cooperative group purchasing agreements. We became aware of the National Joint Powers Alliance (NJPA), a national purchasing cooperative, through the Tennessee Board of Regents website as a viable purchasing source. We feel the NJPA misled us by stating that they were a governmental agency, and the bids they received could be used. Since the NJPA provided us with documentation of its bidding process and since it met all our purchasing requirements, we were confident we could purchase from them without obtaining additional bids. In the future, we will solicit bids through newspaper advertisement for all purchases that exceed \$10,000 in compliance with Section 49-2-203, *Tennessee Code Annotated*.

OFFICE OF TRUSTEE

FINDING 12.12 THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS
(Material Noncompliance Under *Government Auditing Standards*)

The trustee did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At December 31, 2011, deposits at Peoples Bank exceeded FDIC coverage and collateral securities pledged by \$2,554,497. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds. This deficiency is the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

The trustee should require all depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

Peoples Bank personnel confirmed that funds were not adequately collateralized in accordance with our agreement. Going forward, all funds will be insured at all times. I will meet with bank personnel monthly to ensure this does not happen in the future.

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND REGISTER

FINDING 12.13 MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, and Register. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight for risks related to safeguarding assets and the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should assign each employee their own cash drawer.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 12.14 **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under *Government Auditing Standards*)

In some instances, collections were not deposited to the office bank account within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds within three days of receiving the funds. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report. The delay in depositing the funds increases the risks of fraud and misappropriation.

RECOMMENDATION

The clerk should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

OFFICE OF SHERIFF

FINDING 12.15 **THE OFFICE CIRCUMVENTED THE COUNTY'S BUDGETARY AND PURCHASING PROCESSES**
(Noncompliance Under *Government Auditing Standards*)

During the year, the Sheriff's Department received \$20,500 from seizures and the sale of seized property. This revenue was deposited directly into the office's confidential drug fund bank account. The department expended \$5,961 during the audit period, including \$5,000 for a 2005 Ford Explorer and \$961 in miscellaneous purchases. These expenditures were not accounted for through the county's budgetary or purchasing processes. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies." This deficiency occurred due to a lack of management understanding and oversight.

RECOMMENDATION

Funds received by the Sheriff's Department from seizure activities should be remitted to the county trustee for deposit to the Drug Control Fund, appropriated through the county's budgetary process, and expended through the county's purchasing process.

PARKS AND RECREATION DEPARTMENT AND THE OFFICES OF COUNTY MAYOR, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

FINDING 12.16 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees in the Parks and Recreation Department and in the Offices of County Mayor, 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 management’s decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Lewis County.

ITEM 1. **LEWIS COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Lewis County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. **LEWIS COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Lewis County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management’s plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education Passed-through State Department of Education: Title I - Grants to Local Educational Agencies	12.17	84.010	Circular A-133, Section 500(d)(1)	Noncompliance - See Finding 12.11 School Department officials purchased projectors using federal Title I grant (\$41,483) funds. Competitive bids were not solicited for this purchase. Officials stated that the purchase was made through National Joint Powers Alliance, a national purchasing cooperative. Sections 5-14-201 through 5-14-206, <i>Tennessee Code Annotated</i> , require public advertising and solicitation of competitive bids on purchases exceeding \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.	\$ 0
State Fiscal Stabilizaiaon Fund (SFSF) - Race-to-the-Top, Recovery Act	12.17	84.395	Circular A-133, Section 500(d)(1)	Noncompliance - See Finding 12.11 School Department officials purchased projectors using federal Race-to-the-Top Incentive grant (\$45,603) funds. Competitive bids were not solicited for this purchase. Officials stated that the purchase was made through National Joint Powers Alliance, a national purchasing cooperative. Sections 5-14-201 through 5-14-206, <i>Tennessee Code Annotated</i> , require public advertising and solicitation of competitive bids on purchases exceeding \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.	\$ 0
Total Unallowed Cost					<u>0</u>
					<u>\$ 0</u>

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

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

There was one audit finding relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

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

FINDINGS 12.10 and 12.16

Contact person: Benny Pace

Corrective action plan: Our staff learned, while attending a regional conference, that other school systems were using cooperative group purchasing agreements. We became aware of the National Joint Powers Alliance (NJPA), a national purchasing cooperative, through the Tennessee Board of Regents website as a viable purchasing source. We feel the NJPA mislead us by stating that they were a governmental agency and the bids they received could be used. Since the NJPA provided us with documentation of its bidding process and since it met all our purchasing requirements, we were confident we could purchase from them without obtaining additional bids. In the future, we will solicit bids through newspaper advertisement for all purchases that exceed \$10,000 in compliance with Section 49-2-203, *Tennessee Code Annotated*.

Anticipated completion date: 2012-13