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# ANNUAL FINANCIAL REPORT LEWIS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT**  
**LEWIS COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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

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

***RHONDA DAVIS, CFE***  
***JACOB KENNEDY, CISA***  
***State Auditors***

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

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## LEWIS COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Lewis County, Tennessee  
For the Year Ended June 30, 2014

## ***Scope***

We have audited the basic financial statements of Lewis County as of and for the year ended June 30, 2014.

## ***Results***

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

Our audit resulted in 25 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***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ The General and General Capital Projects funds had deficits in unassigned fund balance.
- ◆ The General Fund had a cash overdraft at June 30, 2014.
- ◆ Expenditures exceeded appropriations.
- ◆ The office had purchasing deficiencies.
- ◆ The Solid Waste/Sanitation Fund had deficiencies in the maintenance of accounting records.
- ◆ Capital outlay notes were not issued in compliance with state statutes.
- ◆ Official prenumbered receipts were not issued for some collections received by the Parks and Recreation Department.
- ◆ Unclaimed funds were not reported and paid to the state.

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### **OFFICE OF ROAD SUPERINTENDENT**

- ◆ A county road list was not submitted to the County Commission for approval.
  - ◆ The office had purchasing deficiencies.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The actual balance of the General Purpose School Fund exceeded the estimated fund balance by a material amount.
- 

## **OFFICE OF TRUSTEE**

- ◆ The trustee's depository used an unauthorized method of paying county warrants.
  - ◆ The trustee paid warrants that exceeded available funds.
  - ◆ The trustee did not require a depository to adequately collateralize funds.
  - ◆ Bank statements were not reconciled with the general ledger in a timely manner.
  - ◆ Usernames and passwords were shared by employees.
  - ◆ The office had deficiencies in computer system backup procedures.
- 

## **OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND REGISTER OF DEEDS**

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

## **OFFICE OF CLERK AND MASTER**

- ◆ The clerk and master did not require a depository to adequately collateralize funds.
- 

## **OFFICE OF SHERIFF**

- ◆ Deficiencies were noted related to confidential drug funds.
  - ◆ Deficiencies were noted in the maintenance of arrestee files.
  - ◆ The office did not deposit some funds within three days of collection.
- 

## **OFFICE OF ASSESSOR OF PROPERTY**

- ◆ The assessor did not prorate improvements and new construction properly.
- 

## **PARKS AND RECREATION DEPARTMENT AND THE OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF**

- ◆ Duties were not segregated adequately.
-

## **OTHER FINDING**

- ◆ Several county commissioners failed to disclose conflicts of interest during county commission meetings.

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# INTRODUCTORY SECTION

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Lewis County Officials  
June 30, 2014

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**Officials**

Van Ward, County Mayor  
Joyce Holt, Interim Road Superintendent  
Benny Pace, Director of Schools  
Mike Webb, Interim 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 of Deeds  
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  
Connie Sharp  
Landis Turner  
Bruce Bowen  
Leon Hunter  
John Booker  
Chris Dyer  
Rick Brewer  
Marti Lomax

**Highway Commission**

Van Ward, County Mayor, Chairman  
Landis Turner  
Alice Tubbs

(Continued)

## Lewis County Officials (Cont.)

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### **Board of Education**

Phyllis Townsend, Chairman

Marti Lomax

Kenneth Carroll

Steve Skelton

Jeff Gandy

Mike Hinson

Angela Leigh

Glenda Atkinson

Nancy McDonald

### **Audit Committee**

Bert Moore

Bobby Page

Ronnie Graves

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## FINANCIAL SECTION

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note V.B., Lewis County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 70-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lewis County's basic financial statements. 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 basic 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 miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Lewis County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2014, on our consideration of Lewis County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lewis County's internal control over financial reporting and compliance.

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  
Nashville, Tennessee

October 3, 2014

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Lewis County, Tennessee  
Statement of Net Position  
June 30, 2014

	Primary Governmental Activities	Component Unit Lewis County School Department
<u>ASSETS</u>		
Cash	\$ 5,349	\$ 122,850
Equity in Pooled Cash and Investments	2,979,291	7,840,587
Inventories	0	23,536
Accounts Receivable	221,179	28,954
Allowance for Uncollectibles	(64,674)	0
Due from Other Governments	430,580	561,137
Property Taxes Receivable	2,247,825	1,217,783
Allowance for Uncollectible Property Taxes	(82,662)	(44,784)
Capital Assets:		
Assets Not Depreciated:		
Land	906,625	461,601
Construction in Progress	117,829	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	949,207	3,766,202
Other Capital Assets	276,576	1,059,023
Infrastructure	4,152,665	0
Total Assets	<u>\$ 12,139,790</u>	<u>\$ 15,036,889</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 206,971	\$ 0
Accrued Payroll	1,814	932
Contracts Payable	184,204	0
Cash Overdraft	71,799	0
Accrued Interest Payable	3,182	0
Payroll Deductions Payable	0	109,897
Noncurrent Liabilities:		
Due Within One Year	312,734	6,042
Due in More Than One Year	454,090	394,854
Total Liabilities	<u>\$ 1,234,794</u>	<u>\$ 511,725</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	<u>\$ 2,105,332</u>	<u>\$ 1,140,585</u>
Total Deferred Inflows of Resources	<u>\$ 2,105,332</u>	<u>\$ 1,140,585</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	<u>Component Unit</u> Lewis County School Department
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,293,235	\$ 5,286,826
Restricted for:		
General Government	32,202	0
Administration of Justice	20,824	0
Public Safety	179,919	0
Public Health and Welfare	29,879	0
Highway/Public Works	2,419,307	0
Capital Outlay	97,915	0
Education	0	16,152
Central Cafeteria	0	352,125
Unrestricted	<u>(273,617)</u>	<u>7,729,476</u>
Total Net Position	<u>\$ 8,799,664</u>	<u>\$ 13,384,579</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, 2014

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities		Lewis County School Department		
Primary Government:									
Governmental Activities:									
General Government	\$ 1,182,558	\$ 201,693	\$ 301,405	\$ 0	\$ (679,460)	\$ 0	\$ 0	0	
Finance	439,224	256,799	1,000	0	(181,425)	0	0	0	
Administration of Justice	455,854	256,498	9,000	0	(190,356)	0	0	0	
Public Safety	2,104,768	255,346	65,768	0	(1,783,654)	0	0	0	
Public Health and Welfare	891,132	512,013	213,776	0	(165,343)	0	0	0	
Social, Cultural, and Recreational Services	334,505	12,373	45,000	0	(277,132)	0	0	0	
Agriculture and Natural Resources	97,217	0	36,200	0	(61,017)	0	0	0	
Highways/Public Works	1,977,904	0	1,387,344	165,598	(424,962)	0	0	0	
Total Governmental Activities	\$ 7,483,162	\$ 1,494,722	\$ 2,059,493	\$ 165,598	\$ (3,763,349)	\$ 0	\$ 0	0	
Total Primary Government	\$ 7,483,162	\$ 1,494,722	\$ 2,059,493	\$ 165,598	\$ (3,763,349)	\$ 0	\$ 0	0	
Component Unit:									
Lewis County School Department	\$ 15,342,415	\$ 333,132	\$ 2,495,952	\$ 41,250	\$ 0	\$ (12,472,081)	\$ (12,472,081)	0	
Total Component Unit	\$ 15,342,415	\$ 333,132	\$ 2,495,952	\$ 41,250	\$ 0	\$ (12,472,081)	\$ (12,472,081)	0	

(Continued)

Exhibit B

Lewis County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Lewis County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 1,951,054	\$	1,056,635
Local Option Sales Taxes				219,081		1,221,869
Hotel/Motel Tax				15,067		0
Wheel Tax				212,627		0
Litigation Tax - General				44,271		0
Litigation Tax - Jail, Workhouse, or Courthouse				34,946		0
Business Tax				59,852		0
Wholesale Beer Tax				27,993		0
Other Local Taxes				6,333		33,808
Grants and Contributions Not Restricted to Specific Programs				633,986		10,194,774
Interest Income				27,162		12,187
Miscellaneous				121,097		55,701
Insurance Recovery				375		69,743
Total General Revenues				\$ 3,353,844	\$	12,644,717
Change in Net Position				\$ (409,505)	\$	172,636
Net Position, July 1, 2013				9,209,169		13,211,943
Net Position, June 30, 2014				\$ 8,799,664	\$	13,384,579

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, 2014

	Major Funds		Nonmajor Funds	Total
	General	Highway / Public Works	Other Govern- mental Funds	Governmental Funds
<u>ASSETS</u>				
Cash	\$ 4,939	\$ 10	\$ 400	\$ 5,349
Equity in Pooled Cash and Investments	0	2,232,659	746,632	2,979,291
Accounts Receivable	114,423	0	106,756	221,179
Allowance for Uncollectibles	0	0	(64,674)	(64,674)
Due from Other Governments	187,550	243,030	0	430,580
Property Taxes Receivable	2,075,458	76,688	95,679	2,247,825
Allowance for Uncollectible Property Taxes	(76,324)	(2,820)	(3,518)	(82,662)
Total Assets	\$ 2,306,046	\$ 2,549,567	\$ 881,275	\$ 5,736,888
<u>LIABILITIES</u>				
Accounts Payable	\$ 206,971	\$ 0	\$ 0	\$ 206,971
Accrued Payroll	1,814	0	0	1,814
Cash Overdraft	71,799	0	0	71,799
Contracts Payable	71,400	0	112,804	184,204
Total Liabilities	\$ 351,984	\$ 0	\$ 112,804	\$ 464,788
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,943,891	\$ 71,827	\$ 89,614	\$ 2,105,332
Deferred Delinquent Property Taxes	47,401	1,735	2,162	51,298
Other Deferred/Unavailable Revenue	21,605	121,515	27,346	170,466
Total Deferred Inflows of Resources	\$ 2,012,897	\$ 195,077	\$ 119,122	\$ 2,327,096
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 32,202	\$ 0	\$ 0	\$ 32,202
Restricted for Administration of Justice	20,824	0	0	20,824
Restricted for Public Safety	165,377	0	14,542	179,919
Restricted for Public Health and Welfare	29,879	0	0	29,879
Restricted for Highways/Public Works	0	2,354,490	10,657	2,365,147
Restricted for Capital Outlay	97,915	0	0	97,915
Committed:				
Committed for Public Health and Welfare	0	0	274,446	274,446
Committed for Social, Cultural, and Recreational Services	1,324	0	16,463	17,787
Committed for Debt Service	0	0	337,204	337,204
Committed for Capital Projects	0	0	4,199	4,199
Assigned:				
Assigned for General Government	2,369	0	0	2,369
Assigned for Social, Cultural, and Recreational Services	11,134	0	0	11,134
Unassigned	(419,859)	0	(8,162)	(428,021)
Total Fund Balances	\$ (58,835)	\$ 2,354,490	\$ 649,349	\$ 2,945,004
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,306,046	\$ 2,549,567	\$ 881,275	\$ 5,736,888

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

Lewis County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 2,945,004
(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: construction in progress	117,829	
Add: buildings and improvements net of accumulated depreciation	949,207	
Add: other capital assets net of accumulated depreciation	276,576	
Add: infrastructure net of accumulated depreciation	<u>4,152,665</u>	6,402,902
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (109,667)	
Less: bonds payable	(570,000)	
Less: compensated absences payable	(18,067)	
Less: other postemployment benefits liability	(69,090)	
Less: accrued interest on notes and bonds	<u>(3,182)</u>	(770,006)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>221,764</u>
Net position of governmental activities (Exhibit A)		<u>\$ 8,799,664</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, 2014

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 2,636,294	\$ 76,120	\$ 95,371	\$ 2,807,785
Licenses and Permits	2,877	0	0	2,877
Fines, Forfeitures, and Penalties	65,214	0	8,008	73,222
Charges for Current Services	41,211	2	530,902	572,115
Other Local Revenues	202,446	11,245	107,887	321,578
Fees Received from County Officials	490,709	0	0	490,709
State of Tennessee	784,597	1,552,942	6,174	2,343,713
Federal Government	61,423	0	133,671	195,094
Other Governments and Citizens Groups	61,273	8,814	253,674	323,761
<b>Total Revenues</b>	<b>\$ 4,346,044</b>	<b>\$ 1,649,123</b>	<b>\$ 1,135,687</b>	<b>\$ 7,130,854</b>
<u>Expenditures</u>				
Current:				
General Government	\$ 623,852	\$ 0	\$ 0	\$ 623,852
Finance	364,702	0	0	364,702
Administration of Justice	381,332	0	0	381,332
Public Safety	1,855,427	0	5,954	1,861,381
Public Health and Welfare	255,985	0	524,682	780,667
Social, Cultural, and Recreational Services	91,839	0	162,869	254,708
Agriculture and Natural Resources	97,217	0	0	97,217
Other Operations	827,604	0	91,354	918,958
Highways	0	1,443,839	22,416	1,466,255
Debt Service:				
Principal on Debt	0	0	175,000	175,000
Interest on Debt	0	0	24,958	24,958
Other Debt Service	0	0	550	550
Capital Projects	0	0	260,325	260,325
<b>Total Expenditures</b>	<b>\$ 4,497,958</b>	<b>\$ 1,443,839</b>	<b>\$ 1,268,108</b>	<b>\$ 7,209,905</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (151,914)	\$ 205,284	\$ (132,421)	\$ (79,051)

(Continued)

Exhibit C-3

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Highway / Public Works</u>	<u>Other Govern- mental Funds</u>	
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 109,667	\$ 109,667
Insurance Recovery	0	375	0	375
Transfers In	0	0	22,416	22,416
Transfers Out	0	(22,416)	0	(22,416)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (22,041)</u>	<u>\$ 132,083</u>	<u>\$ 110,042</u>
Net Change in Fund Balances	\$ (151,914)	\$ 183,243	\$ (338)	\$ 30,991
Fund Balance, July 1, 2013	<u>93,079</u>	<u>2,171,247</u>	<u>649,687</u>	<u>2,914,013</u>
Fund Balance, June 30, 2014	<u>\$ (58,835)</u>	<u>\$ 2,354,490</u>	<u>\$ 649,349</u>	<u>\$ 2,945,004</u>

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

Exhibit C-4

Lewis County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2014

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)		\$ 30,991
(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	\$ 390,102	
Less: current-year depreciation expense	<u>(834,591)</u>	(444,489)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 221,764	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(279,336)</u>	(57,572)
(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 position.		
Add: principal payments on bonds	\$ 175,000	
Less: note proceeds	<u>(109,667)</u>	65,333
(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	\$ 978	
Change in compensated absences payable	2,860	
Change in other postemployment benefits liability	<u>(7,606)</u>	(3,768)
Change in net position of governmental activities (Exhibit B)		<u>\$ (409,505)</u>

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

Exhibit C-5

Lewis County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,636,294	\$ 2,740,127	\$ 2,740,127	\$ (103,833)
Licenses and Permits	2,877	2,961	2,961	(84)
Fines, Forfeitures, and Penalties	65,214	58,145	61,000	4,214
Charges for Current Services	41,211	32,305	33,305	7,906
Other Local Revenues	202,446	164,585	207,088	(4,642)
Fees Received from County Officials	490,709	494,700	498,900	(8,191)
State of Tennessee	784,597	617,864	738,056	46,541
Federal Government	61,423	35,000	63,528	(2,105)
Other Governments and Citizens Groups	61,273	33,704	56,704	4,569
<b>Total Revenues</b>	<b>\$ 4,346,044</b>	<b>\$ 4,179,391</b>	<b>\$ 4,401,669</b>	<b>\$ (55,625)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 62,890	\$ 58,764	\$ 63,416	\$ 526
Board of Equalization	600	1,200	1,200	600
County Mayor/Executive	108,784	112,352	112,352	3,568
County Attorney	6,000	11,000	11,000	5,000
Election Commission	104,062	95,178	104,218	156
Register of Deeds	94,698	95,068	95,068	370
Geographical Information Systems	31,050	31,664	31,664	614
County Buildings	203,283	214,601	213,101	9,818
Other Facilities	12,485	11,100	12,600	115
<u>Finance</u>				
Property Assessor's Office	94,753	98,267	98,267	3,514
Reappraisal Program	25,835	26,048	26,048	213
County Trustee's Office	118,445	122,088	122,088	3,643
County Clerk's Office	125,669	118,078	126,892	1,223
<u>Administration of Justice</u>				
Circuit Court	82,865	84,209	88,409	5,544
General Sessions Judge	98,572	96,277	96,777	(1,795)
General Sessions Court Clerk	71,307	72,273	72,273	966
Chancery Court	99,388	99,554	99,554	166
Judicial Commissioners	29,200	29,348	29,348	148
<u>Public Safety</u>				
Sheriff's Department	660,662	655,701	663,435	2,773
Drug Enforcement	35,027	35,636	35,636	609
Administration of the Sexual Offender Registry	1,055	0	1,129	74
Jail	1,003,185	760,200	798,081	(205,104)
Juvenile Services	11,462	11,840	11,840	378
Fire Prevention and Control	19,000	19,000	19,000	0
Civil Defense	121,072	141,784	141,784	20,712
County Coroner/Medical Examiner	3,964	11,213	11,213	7,249

(Continued)

Exhibit C-5

Lewis County, Tennessee  
Statement 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	\$ 42,858	\$ 33,442	\$ 63,355	\$ 20,497
Rabies and Animal Control	1,862	2,800	2,800	938
Ambulance/Emergency Medical Services	142,800	142,800	103,300	(39,500)
Other Local Health Services	34,788	5,000	63,100	28,312
Sanitation Education/Information	33,677	33,700	33,700	23
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	6,000	6,000	6,000	0
Libraries	85,839	81,523	86,282	443
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	48,017	48,499	48,499	482
Soil Conservation	49,200	49,200	49,200	0
<u>Other Operations</u>				
Other Economic and Community Development	19,178	25,715	25,715	6,537
Airport	138,169	62,270	144,529	6,360
Veterans' Services	7,312	7,550	7,550	238
Employee Benefits	562,734	525,550	560,551	(2,183)
Miscellaneous	100,211	100,711	100,211	0
Total Expenditures	\$ 4,497,958	\$ 4,137,203	\$ 4,381,185	\$ (116,773)
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (151,914)	\$ 42,188	\$ 20,484	\$ (172,398)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 200,000	\$ 0	\$ 0
Transfers Out	0	(200,000)	0	0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (151,914)	\$ 42,188	\$ 20,484	\$ (172,398)
Fund Balance, July 1, 2013	93,079	158,858	158,858	(65,779)
Fund Balance, June 30, 2014	\$ (58,835)	\$ 201,046	\$ 179,342	\$ (238,177)

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

Exhibit C-6

Lewis County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 76,120	\$ 81,006	\$ 81,006	\$ (4,886)
Charges for Current Services	2	0	0	2
Other Local Revenues	11,245	10,000	10,000	1,245
State of Tennessee	1,552,942	1,555,347	1,555,347	(2,405)
Other Governments and Citizens Groups	8,814	8,000	8,000	814
<b>Total Revenues</b>	<b>\$ 1,649,123</b>	<b>\$ 1,654,353</b>	<b>\$ 1,654,353</b>	<b>\$ (5,230)</b>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 185,872	\$ 189,398	\$ 189,398	\$ 3,526
Highway and Bridge Maintenance	721,647	629,096	736,354	14,707
Operation and Maintenance of Equipment	214,847	286,859	286,859	72,012
Other Charges	83,007	76,000	83,007	0
Employee Benefits	204,889	229,500	222,493	17,604
Capital Outlay	33,577	243,500	113,826	80,249
<b>Total Expenditures</b>	<b>\$ 1,443,839</b>	<b>\$ 1,654,353</b>	<b>\$ 1,631,937</b>	<b>\$ 188,098</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 205,284	\$ 0	\$ 22,416	\$ 182,868
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 375	\$ 0	\$ 0	\$ 375
Transfers Out	(22,416)	0	(22,416)	0
<b>Total Other Financing Sources</b>	<b>\$ (22,041)</b>	<b>\$ 0</b>	<b>\$ (22,416)</b>	<b>\$ 375</b>
Net Change in Fund Balance	\$ 183,243	\$ 0	\$ 0	\$ 183,243
Fund Balance, July 1, 2013	2,171,247	0	0	2,171,247
<b>Fund Balance, June 30, 2014</b>	<b>\$ 2,354,490</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,354,490</b>

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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 555,157
Due from Other Governments	174,104
Cash Shortage	<u>44,239</u>
Total Assets	<u>\$ 773,500</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 174,104
Due to Litigants, Heirs, and Others	<u>599,396</u>
Total Liabilities	<u>\$ 773,500</u>

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

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**LEWIS COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**LEWIS COUNTY, TENNESSEE**  
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**LEWIS COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 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; however, in our opinion this omission is not material to the component units' opinion unit.

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 Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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 Funds** – These funds account for capital expenditures of the county.

**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 fund:

**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.

Additionally, the Lewis County School Department reports the following fund type:

**Special Revenue Funds** – These funds account for and report the proceeds of specific revenue sources that are restricted or committed

to expend for specified purposes other than debt service or capital projects.

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All 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.

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

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

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

Most payables are disaggregated on the face of the financial statements.

## **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. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future

period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. 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.

**7. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **8. Net Position and Fund Balance**

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Lewis County had \$570,000 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 position with no corresponding increase in the county's capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

### **Primary Government**

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

### **Discretely Presented 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 Position.

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

### **Primary Government**

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

### **Discretely Presented 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 position 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 capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

The General and General Capital Projects funds had deficits in unassigned fund balance of \$419,859 and \$8,162, respectively, at June 30, 2014. These deficits in unassigned fund balances resulted from expenditures exceeding restricted, committed, and assigned balances. The County Commission raised the property tax rate after June 30, 2014, to liquidate the deficit in the General Fund and issued a capital outlay note to liquidate the deficit in the General Capital Projects Fund.

**C. Cash Shortage – Prior Year**

During the 2012-13 audit, auditors determined that a cash shortage of \$44,239.20 existed in the Office of Trustee as of June 30, 2013. On November 21, 2013, former Trustee Clark Carroll resigned from office. On July 23, 2014, Mr. Carroll pled guilty to one count of theft over \$10,000 and one count of official misconduct. Officials have been unsuccessful in obtaining restitution or insurance recovery as of the date of this report. This cash shortage is reflected in the financial statements of the agency funds.

**D. Cash Overdraft**

The General Fund had a cash overdraft of \$71,799 at June 30, 2014. 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, 2014.

**E. Expenditures Exceeded Appropriations**

Total expenditures of the General Fund exceeded total appropriations approved by the County Commission by \$116,773. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded from available fund balances.

**F. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount**

The General Purpose School Fund's actual balance at July 1, 2013, was \$7,132,377; however, the estimated fund balance reflected in the county's budget was \$3,591,872. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$3,540,505.

**G. 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, 2013, deposits at Bank of Lewis County exceeded FDIC coverage and collateral securities pledged by \$99,968.

The clerk and master did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2014, deposits at Bank of Lewis County exceeded FDIC coverage and collateral securities pledged by \$37,538.

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.

**H. 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 former Road Superintendent, Ronnie Darnell, and a Highway Department employee, Pete Burns, were indicted on ten separate counts. On February 5, 2014, Ronnie Darnell pled guilty to two counts of theft under \$500, one count of unlawful disposal of solid waste, and one count of official misconduct. Charges against Pete Burns were dismissed.

**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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets

or statements of net position represents nonpooled amounts held separately by individual funds.

### **Deposits**

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

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

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, Lewis County's deposits may not be returned to it. Lewis County does not have a formal policy that limits custodial risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Lewis County and the discretely presented Lewis County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2014, uninsured and uncollateralized bank balances of \$37,538 (Office of Clerk and Master) were exposed to custodial credit risk. Uninsured and uncollateralized deposits are a violation of state statutes.

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make

investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2014.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 906,625	\$ 0	\$ 906,625
Construction in Progress	0	117,829	117,829
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 906,625</b>	<b>\$ 117,829</b>	<b>\$ 1,024,454</b>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,959,393	\$ 0	\$ 2,959,393
Other Capital Assets	1,933,064	94,054	2,027,118
Infrastructure	18,545,329	178,219	18,723,548
<b>Total Capital Assets Depreciated</b>	<b>\$ 23,437,786</b>	<b>\$ 272,273</b>	<b>\$ 23,710,059</b>
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 1,911,871	\$ 98,315	\$ 2,010,186
Other Capital Assets	1,656,580	93,962	1,750,542
Infrastructure	13,928,569	642,314	14,570,883
<b>Total Accumulated Depreciation</b>	<b>\$ 17,497,020</b>	<b>\$ 834,591</b>	<b>\$ 18,331,611</b>

**Governmental Activities (Cont.):**

	Balance 7-1-13	Increases	Balance 6-30-14
Total Capital Assets Depreciated, Net	\$ 5,940,766	\$ (562,318)	\$ 5,378,448
Governmental Activities Capital Assets, Net	\$ 6,847,391	\$ (444,489)	\$ 6,402,902

There were no decreases in capital assets to report during the year ended June 30, 2014.

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

**Governmental Activities:**

General Government	\$ 8,997
Public Safety	45,027
Public Health and Welfare	20,443
Social, Cultural, and Recreation	54,008
Highway/Public Works	706,116
Total Depreciation Expense - Governmental Activities	<u>\$ 834,591</u>

**Discretely Presented Lewis County School Department**

**Governmental Activities:**

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 461,601	\$ 0	\$ 461,601
Total Capital Assets Not Depreciated	\$ 461,601	\$ 0	\$ 461,601
Capital Assets Depreciated:			
Buildings and Improvements	\$ 10,856,089	\$ 41,250	\$ 10,897,339
Other Capital Assets	2,840,756	93,993	2,934,749
Total Capital Assets Depreciated	\$ 13,696,845	\$ 135,243	\$ 13,832,088

**Governmental Activities (Cont.):**

	Balance 7-1-13	Increases	Balance 6-30-14
Less Accumulated Depreciation for: Buildings and Improvements	\$ 6,771,002	\$ 360,135	\$ 7,131,137
Other Capital Assets	1,641,727	233,999	1,875,726
<b>Total Accumulated Depreciation</b>	<b>\$ 8,412,729</b>	<b>\$ 594,134</b>	<b>\$ 9,006,863</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 5,284,116</b>	<b>\$ (458,891)</b>	<b>\$ 4,825,225</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 5,745,717</b>	<b>\$ (458,891)</b>	<b>\$ 5,286,826</b>

There were no decreases in capital assets to report during the year ended June 30, 2014.

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

Support Services	\$ 564,819
Operation of Non-instructional Services	29,315
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 594,134</b>

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Discretely Presented School Department: General Purpose School	Nonmajor governmental	\$ 5,565

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

**Primary Government**

Transfer Out	Transfer In Nonmajor Governmental Fund
Highway/Public Works Fund	\$ 22,416

**Discretely Presented Lewis County School Department**

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 11,916

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**D. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

Lewis County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for an original term of 14 years for bonds and one year for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes

included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds - Refunding	3.35 %	5-1-17	\$ 1,970,000	\$ 570,000
Capital Outlay Notes	2.9	6-30-15	109,667	109,667

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 185,000	\$ 19,095	\$ 204,095
2016	190,000	12,897	202,897
2017	195,000	6,533	201,533
Total	\$ 570,000	\$ 38,525	\$ 608,525

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 109,667	\$ 3,180	\$ 112,847
Total	\$ 109,667	\$ 3,180	\$ 112,847

There is \$337,204 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$56, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2013	\$ 745,000	\$ 0
Additions	0	109,667
Reductions	(175,000)	0
Balance, June 30, 2014	<u>\$ 570,000</u>	<u>\$ 109,667</u>
Balance Due Within One Year	<u>\$ 185,000</u>	<u>\$ 109,667</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 20,927	\$ 61,484
Additions	33,180	8,063
Reductions	(36,040)	(457)
Balance, June 30, 2014	<u>\$ 18,067</u>	<u>\$ 69,090</u>
Balance Due Within One Year	<u>\$ 18,067</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 766,824
Less: Balance Due Within One Year	<u>(312,734)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 454,090</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 Obligations

Long-term obligations activity for the discretely presented Lewis County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 6,361	\$ 378,367
Additions	3,596	71,390
Reductions	(3,915)	(54,903)
Balance, June 30, 2014	<u>\$ 6,042</u>	<u>\$ 394,854</u>
Balance Due Within One Year	<u>\$ 6,042</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 400,896
Less: Balance Due Within One Year	<u>(6,042)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 394,854</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, 2014, were \$36,174 and \$12,383, 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 Highway/Public Works (\$400,000) and General Debt Service (\$200,000) funds 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, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes	\$ 0	\$ 600,000	\$ (600,000)	\$ 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. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

#### **C. Subsequent Events**

On July 17, 2014, Lewis County issued capital outlay notes totaling \$10,000 to provide funding for jail construction expenses.

On July 22, 2014, the county's Highway/Public Works Fund issued a \$600,000 tax anticipation note to the General Fund for temporary operating funds.

On August 7, 2014, interim Trustee Mike Webb was elected to the Office of Trustee, and interim Road Superintendent Joyce Holt was elected to the Office of Road Superintendent.

On August 31, 2014, Van Ward left the Office of County Mayor and was succeeded by Billy Webb.

On September 29, 2014, Lewis County issued a \$300,000 tax anticipation note for temporary operating funds and deposited the proceeds into the General Fund.

**D. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**E. Changes in Administration**

Trustee Clark Carroll agreed to an order of suspension on October 14, 2013, and resigned from office on November 21, 2013. The County Commission appointed Mike Webb as interim trustee effective November 19, 2013.

Road Superintendent Randall Stewart resigned April 16, 2014, and was succeeded by Joyce Holt on an interim basis.

**F. 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 2013-14 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, 2014.

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 addresses:

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

**G. 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.

**H. Retirement Commitments**

**1. Tennessee Consolidated Retirement System (TCRS)**

Information for this footnote for the year ended June 30, 2014, 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, 2013.

**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, 2013, was 4.75 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, 2013, was 8.71 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, 2013, was 7.85 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, 2013, was 10.91 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, 2013, Lewis County's annual pension cost of \$67,188 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual inflation rate, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (d) 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, 2011, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$67,188	100%	\$0
6-30-12	72,039	100	0
6-30-11	62,386	100	0

County Officials

For the year ended June 30, 2013, Lewis County official’s annual pension cost of \$54,887 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual inflation rate, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was 20 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$54,887	100%	\$0
6-30-12	43,229	100	0
6-30-11	44,076	100	0

Highway Department Employees

For the year ended June 30, 2013, the Highway Department’s annual pension cost of \$39,714 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined

as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual inflation rate, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was four years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$39,714	100%	\$0
6-30-12	40,547	100	0
6-30-11	41,517	100	0

School Department Employees

For the year ended June 30, 2013, the Lewis County School Department's annual pension cost of \$182,006 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual inflation rate, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was four years. An

actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$182,006	100%	\$0
6-30-12	184,429	100	0
6-30-11	185,750	100	0

**Funded Status and Funding Progress**

County Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 80.98 percent funded. The actuarial accrued liability for benefits was \$.71 million and the actuarial value of assets was \$.57 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.13 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.14 million, and the ratio of the UAAL to the covered payroll was 11.83 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.

County Officials

As of July 1, 2011, the most recent actuarial valuation date, the plan was 84.66 percent funded. The actuarial accrued liability for benefits was \$2.13 million and the actuarial value of assets was \$1.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.33 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.66 million, and the ratio of the UAAL to the covered payroll was 49.49 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.

### Highway Department Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 94.81 percent funded. The actuarial accrued liability for benefits was \$1.88 million and the actuarial value of assets was \$1.78 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 \$.53 million, and the ratio of the UAAL to the covered payroll was 18.33 percent.

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

### School Department Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.64 percent funded. The actuarial accrued liability for benefits was \$4.69 million and the actuarial value of assets was \$4.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.39 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.67 million, and the ratio of the UAAL to the covered payroll was 23.45 percent.

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

### School Teachers

#### **Plan Description**

The Lewis County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful

employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$631,476, \$623,516, and \$621,012, 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.

## I. Other Postemployment Benefits (OPEB)

### Plan Description

The Lewis County Highway Department and the School Department participate in the state-administered Local Government Group Insurance Plan and the Teacher 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 plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The 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. The Highway Department and the School Department recognized expenditures of \$457 and \$54,903, respectively, for postemployment health care during the year ended June 30, 2014.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan *
ARC	\$ 71,000	\$ 8,000
Interest on the NOPEBO	15,135	2,459
Adjustment to the ARC	<u>(14,745)</u>	<u>(2,396)</u>
Annual OPEB cost	\$ 71,390	\$ 8,063
Amount of contribution	<u>(54,903)</u>	<u>(457)</u>
Increase/decrease in NOPEBO	\$ 16,487	\$ 7,606
Net OPEB obligation, 7-1-13	<u>378,367</u>	<u>61,484</u>
 Net OPEB obligation, 6-30-14	 <u>\$ 394,854</u>	 <u>\$ 69,090</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
6-30-12	Local Education Group	\$ 145,547	33 %	\$ 282,391
6-30-13	"	146,306	34	378,367
6-30-14	"	71,390	77	394,854
6-30-12	Local Government Group	7,881	16	54,826
6-30-13	"	7,865	15	61,484
6-30-14	"	8,063	6	69,090

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

(dollars in thousands)

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 719	\$ 76
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 719	\$ 76
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,811	\$ 549
UAAL as a % of covered payroll	9%	14%

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, 2013, actuarial valuation for the Local Education Plan and the Local Government Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate was 7.5 percent for fiscal year 2014. The trend will decrease to seven percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both 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 July 1, 2007.

### **J. 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 5-14-207, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

#### Office of Road Superintendent

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

Office of Director of Schools

Purchasing procedures for the discretely presented Lewis County School Department are governed by purchasing laws applicable to schools, as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Lewis County, Tennessee  
Schedule of Funding Progress – Pension Plans  
Primary Government and Discretely Presented Lewis County School Department  
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
County Employees	7-1-11	\$ 574	708	\$ 135	80.98 %	\$ 1,139	11.83 %
"	7-1-09	226	369	143	61	1,124	12.73
"	7-1-07	0	0	0	0	0	0
County Officials	7-1-11	1,799	2,125	326	84.66	659	49.49
"	7-1-09	1,722	1,976	254	87.14	603	42.17
"	7-1-07	1,648	1,682	44	97.40	525	8.38
Highway Department Employees	7-1-11	1,783	1,880	98	94.81	532	18.33
"	7-1-09	1,515	1,783	267	85.00	492	54.29
"	7-1-07	1,425	1,724	299	82.66	545	54.86
School Department Employees	7-1-11	4,298	4,690	392	91.64	1,673	23.45
"	7-1-09	3,439	3,619	180	95.02	1,482	12.17
"	7-1-07	3,190	3,415	225	93.41	1,329	16.93

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit E-2

Lewis County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Lewis County School Department  
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	\$ 265	\$ 265	0 %	\$ 493	54 %
"	7-1-11	0	72	72	0	564	13
"	7-1-13	0	76	76	0	549	14
<u>DISCRETELY PRESENTED LEWIS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	1,115	1,115	0	7,155	16
"	7-1-11	0	1,266	1,266	0	7,974	16
"	7-1-13	0	719	719	0	7,811	9

**LEWIS COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

**NONE**

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for 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.

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

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 of deeds, and sheriff.

## Debt Service Fund

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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.

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# Capital Projects Funds

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Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

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, 2014

	Special Revenue Funds				Total	Debt Service		Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	General Debt Service		General Capital Projects		
\$ 400 \$	0 \$	0 \$	0 \$	400 \$	0 \$	0 \$	0	
263,509	14,542	16,078		294,129	337,204		104,642	
106,756	0	0		106,756	0		0	
(64,674)	0	0		(64,674)	0		0	
0	0	95,679		95,679	0		0	
0	0	(3,518)		(3,518)	0		0	
\$ 305,991 \$	14,542 \$	108,239 \$		428,772 \$	337,204 \$		104,642	

ASSETS

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

Total Assets

LIABILITIES

Contracts Payable  
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
Deferred Delinquent Property Taxes  
Other Deferred/Unavailable Revenue  
Total Deferred Inflows of Resources

FUND BALANCES

Restricted:  
Restricted for Public Safety

\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	112,804
0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	112,804
\$ 0 \$	0 \$	89,614 \$	89,614 \$	89,614 \$	0 \$	0 \$	0
0	0	2,162	2,162	2,162	0	0	0
27,346	0	0	0	27,346	0	0	0
\$ 27,346 \$	0 \$	91,776 \$	119,122 \$	119,122 \$	0 \$	0 \$	0

\$ 0 \$ 14,542 \$ 0 \$ 14,542 \$ 0 \$ 0 \$

(Continued)

Exhibit F-1

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

	Special Revenue Funds			Debt Service		Capital	
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	General	Debt Service	General	Capital Projects
Restricted (Cont.):							
Restricted for Highways/Public Works	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Committed:							
Committed for Public Health and Welfare	274,446	0	0	274,446	0	0	0
Committed for Social, Cultural, and Recreational Services	0	0	16,463	16,463	0	0	0
Committed for Debt Service	0	0	0	0	337,204	0	0
Committed for Capital Projects	4,199	0	0	4,199	0	0	0
Unassigned	0	0	0	0	0	(8,162)	0
Total Fund Balances	\$ 278,645	\$ 14,542	\$ 16,463	\$ 309,650	\$ 337,204	\$ (8,162)	\$ 0
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 305,991	\$ 14,542	\$ 108,239	\$ 428,772	\$ 337,204	\$ 104,642	\$ 0

(Continued)

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

Capital Projects Funds (Cont.)		Total Nonmajor Governmental Funds
Highway Capital Projects	Total	

\$	0 \$	0 \$	400
	10,657	115,299	746,632
	0	0	106,756
	0	0	(64,674)
	0	0	95,679
	0	0	(3,518)

\$	10,657 \$	115,299 \$	881,275
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\$	0 \$	112,804 \$	112,804
\$	0 \$	112,804 \$	112,804

\$	0 \$	0 \$	89,614
	0	0	2,162
	0	0	27,346
\$	0 \$	0 \$	119,122

\$	0 \$	0 \$	14,542
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ASSETS

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

Total Assets

LIABILITIES

Contracts Payable			
Total Liabilities			

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes			
Deferred Delinquent Property Taxes			
Other Deferred/Unavailable Revenue			
Total Deferred Inflows of Resources			

FUND BALANCES

Restricted:			
Restricted for Public Safety			

(Continued)

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

	Capital Projects Funds		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
\$ 10,657 \$	10,657 \$	10,657 \$	10,657
0	0	0	274,446
0	0	0	16,463
0	0	0	337,204
0	0	0	4,199
0	0	(8,162)	(8,162)
\$ 10,657 \$	\$ 2,495 \$	\$ 649,349	
\$ 10,657 \$	\$ 115,299 \$	\$ 881,275	

FUND BALANCES (CONT.)

Restricted (Cont.):	
Restricted for Highways/Public Works	
Committed:	
Committed for Public Health and Welfare	
Committed for Social, Cultural, and Recreational Services	
Committed for Debt Service	
Committed for Capital Projects	
Unassigned	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

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, 2014

	Special Revenue Funds					Total	Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	General Debt Service		
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 95,371	\$ 0	\$ 0	\$ 95,371	\$ 0
Fines, Forfeitures, and Penalties	0	8,008	0	0	0	8,008	0
Charges for Current Services	522,881	0	7,971	50	0	530,902	0
Other Local Revenues	53,743	0	58	0	0	53,801	54,086
State of Tennessee	6,174	0	0	0	0	6,174	0
Federal Government	0	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	45,000	0	0	45,000	200,508
Total Revenues	\$ 582,798	\$ 8,008	\$ 148,400	\$ 50	\$ 50	\$ 739,256	\$ 254,594
<u>Expenditures</u>							
Current:							
Public Safety	\$ 0	\$ 5,904	\$ 0	\$ 50	\$ 0	\$ 5,954	\$ 0
Public Health and Welfare	524,682	0	0	0	0	524,682	0
Social, Cultural, and Recreational Services	0	0	162,869	0	0	162,869	0
Other Operations	69,988	0	20,828	0	0	90,816	538
Highways	0	0	0	0	0	0	0
Debt Service:							
Principal on Debt	0	0	0	0	0	0	175,000
Interest on Debt	0	0	0	0	0	0	24,958
Other Debt Service	0	0	0	0	0	0	550
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 594,670	\$ 5,904	\$ 183,697	\$ 50	\$ 50	\$ 784,321	\$ 201,046

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,872)	\$ 2,104	\$ (35,297)	\$ 0	\$ (45,065)	\$ 53,548
Other Financing Sources (Uses)						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (11,872)	\$ 2,104	\$ (35,297)	\$ 0	\$ (45,065)	\$ 53,548
Fund Balance, July 1, 2013	290,517	12,438	51,760	0	354,715	283,656
Fund Balance, June 30, 2014	\$ 278,645	\$ 14,542	\$ 16,463	\$ 0	\$ 309,650	\$ 337,204

(Continued)

Exhibit F-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0 \$	0 \$	0 \$	0 \$	95,371
Fines, Forfeitures, and Penalties	0	0	0	0	8,008
Charges for Current Services	0	0	0	0	530,902
Other Local Revenues	0	0	0	0	107,887
State of Tennessee	0	0	0	0	6,174
Federal Government	0	133,671	0	133,671	133,671
Other Governments and Citizens Groups	0	8,166	0	8,166	253,674
Total Revenues	\$ 0 \$	141,837 \$	0 \$	141,837 \$	1,135,687
<u>Expenditures</u>					
Current:					
Public Safety	\$ 0 \$	0 \$	0 \$	0 \$	5,954
Public Health and Welfare	0	0	0	0	524,682
Social, Cultural, and Recreational Services	0	0	0	0	162,869
Other Operations	0	0	0	0	91,354
Highways	0	0	22,416	22,416	22,416
Debt Service:					
Principal on Debt	0	0	0	0	175,000
Interest on Debt	0	0	0	0	24,958
Other Debt Service	0	0	0	0	550
Capital Projects	112,829	147,496	0	260,325	260,325
Total Expenditures	\$ 112,829 \$	147,496 \$	22,416 \$	282,741 \$	1,268,108

(Continued)

Exhibit F-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ (112,829) \$	(5,659) \$	(22,416) \$	(140,904) \$	(132,421)
Other Financing Sources (Uses)					
Notes Issued	\$ 109,667 \$	0 \$	0 \$	109,667 \$	109,667
Transfers In	0	0	22,416	22,416	22,416
Total Other Financing Sources (Uses)	\$ 109,667 \$	0 \$	22,416 \$	132,083 \$	132,083
Net Change in Fund Balances	\$ (3,162) \$	(5,659) \$	0 \$	(8,821) \$	(338)
Fund Balance, July 1, 2013	(5,000)	5,659	10,657	11,316	649,687
Fund Balance, June 30, 2014	\$ (8,162) \$	0 \$	10,657 \$	2,495 \$	649,349

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 522,881	\$ 505,000	\$ 505,000	\$ 17,881
Other Local Revenues	53,743	25,800	59,316	(5,573)
State of Tennessee	6,174	8,795	58,721	(52,547)
Total Revenues	<u>\$ 582,798</u>	<u>\$ 539,595</u>	<u>\$ 623,037</u>	<u>\$ (40,239)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 485,077	\$ 423,192	\$ 543,395	\$ 58,318
Landfill Operation and Maintenance	39,605	50,732	40,298	693
<u>Other Operations</u>				
Employee Benefits	57,369	52,275	57,369	0
Miscellaneous	12,619	13,000	13,000	381
Total Expenditures	<u>\$ 594,670</u>	<u>\$ 539,199</u>	<u>\$ 654,062</u>	<u>\$ 59,392</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (11,872)</u>	<u>\$ 396</u>	<u>\$ (31,025)</u>	<u>\$ 19,153</u>
Net Change in Fund Balance	\$ (11,872)	\$ 396	\$ (31,025)	\$ 19,153
Fund Balance, July 1, 2013	<u>290,517</u>	<u>278,357</u>	<u>278,357</u>	<u>12,160</u>
Fund Balance, June 30, 2014	<u>\$ 278,645</u>	<u>\$ 278,753</u>	<u>\$ 247,332</u>	<u>\$ 31,313</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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 8,008	\$ 1,200	\$ 6,200	\$ 1,808
Total Revenues	\$ 8,008	\$ 1,200	\$ 6,200	\$ 1,808
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 5,904	\$ 1,200	\$ 6,200	\$ 296
Total Expenditures	\$ 5,904	\$ 1,200	\$ 6,200	\$ 296
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,104	\$ 0	\$ 0	\$ 2,104
Net Change in Fund Balance	\$ 2,104	\$ 0	\$ 0	\$ 2,104
Fund Balance, July 1, 2013	12,438	12,438	12,438	0
Fund Balance, June 30, 2014	\$ 14,542	\$ 12,438	\$ 12,438	\$ 2,104

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 95,371	\$ 102,568	\$ 102,568	\$ (7,197)
Charges for Current Services	7,971	10,500	10,500	(2,529)
Other Local Revenues	58	0	0	58
Other Governments and Citizens Groups	45,000	45,000	45,000	0
Total Revenues	<u>\$ 148,400</u>	<u>\$ 158,068</u>	<u>\$ 158,068</u>	<u>\$ (9,668)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 162,869	\$ 165,398	\$ 165,398	\$ 2,529
<u>Other Operations</u>				
Employee Benefits	15,885	17,175	17,175	1,290
Miscellaneous	4,943	6,000	6,000	1,057
Total Expenditures	<u>\$ 183,697</u>	<u>\$ 188,573</u>	<u>\$ 188,573</u>	<u>\$ 4,876</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,297)</u>	<u>\$ (30,505)</u>	<u>\$ (30,505)</u>	<u>\$ (4,792)</u>
Net Change in Fund Balance	\$ (35,297)	\$ (30,505)	\$ (30,505)	\$ (4,792)
Fund Balance, July 1, 2013	<u>51,760</u>	<u>51,388</u>	<u>51,388</u>	<u>372</u>
Fund Balance, June 30, 2014	<u>\$ 16,463</u>	<u>\$ 20,883</u>	<u>\$ 20,883</u>	<u>\$ (4,420)</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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 5,300	\$ 5,300	\$ (5,300)
Other Local Revenues	54,086	81,000	81,000	(26,914)
Other Governments and Citizens Groups	200,508	0	200,008	500
Total Revenues	<u>\$ 254,594</u>	<u>\$ 86,300</u>	<u>\$ 286,308</u>	<u>\$ (31,714)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 538	\$ 2,000	\$ 2,000	\$ 1,462
<u>Principal on Debt</u>				
Education	175,000	175,000	175,000	0
<u>Interest on Debt</u>				
Education	24,958	24,958	24,958	0
<u>Other Debt Service</u>				
Education	550	500	550	0
Total Expenditures	<u>\$ 201,046</u>	<u>\$ 202,458</u>	<u>\$ 202,508</u>	<u>\$ 1,462</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 53,548</u>	<u>\$ (116,158)</u>	<u>\$ 83,800</u>	<u>\$ (30,252)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 199,958	\$ 0	\$ 0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 199,958</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 53,548	\$ 83,800	\$ 83,800	\$ (30,252)
Fund Balance, July 1, 2013	283,656	283,655	283,655	1
Fund Balance, June 30, 2014	<u>\$ 337,204</u>	<u>\$ 367,455</u>	<u>\$ 367,455</u>	<u>\$ (30,251)</u>

# Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, 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, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 555,157	\$ 555,157
Due from Other Governments	174,104	0	174,104
Cash Shortage	0	44,239	44,239
Total Assets	<u>\$ 174,104</u>	<u>\$ 599,396</u>	<u>\$ 773,500</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 174,104	\$ 0	\$ 174,104
Due to Litigants, Heirs, and Others	0	599,396	599,396
Total Liabilities	<u>\$ 174,104</u>	<u>\$ 599,396</u>	<u>\$ 773,500</u>

Exhibit G-2

Lewis County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,000,087	\$ 1,000,087	\$ 0
Due from Other Governments	167,546	174,104	167,546	174,104
Total Assets	\$ 0	\$ 1,174,191	\$ 1,167,633	\$ 174,104
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 167,546	\$ 1,174,191	\$ 1,167,633	\$ 174,104
Total Liabilities	\$ 167,546	\$ 1,174,191	\$ 1,167,633	\$ 174,104
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 327,700	\$ 2,388,571	\$ 2,161,114	\$ 555,157
Cash Shortage	44,239	0	0	44,239
Total Assets	\$ 371,939	\$ 2,388,571	\$ 2,161,114	\$ 599,396
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 371,939	\$ 2,388,571	\$ 2,161,114	\$ 599,396
Total Liabilities	\$ 371,939	\$ 2,388,571	\$ 2,161,114	\$ 599,396
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 327,700	\$ 2,388,571	\$ 2,161,114	\$ 555,157
Equity in Pooled Cash and Investments	0	1,000,087	1,000,087	0
Due from Other Governments	167,546	174,104	167,546	174,104
Cash Shortage	44,239	0	0	44,239
Total Assets	\$ 539,485	\$ 3,562,762	\$ 3,328,747	\$ 773,500
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 167,546	\$ 1,174,191	\$ 1,167,633	\$ 174,104
Due to Litigants, Heirs, and Others	371,939	2,388,571	2,161,114	599,396
Total Liabilities	\$ 539,485	\$ 3,562,762	\$ 3,328,747	\$ 773,500

# Lewis County School Department

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

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

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

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

Exhibit H-1

Lewis County, Tennessee  
Statement of Activities  
Discretely Presented Lewis County School Department  
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 8,369,516	\$ 0	\$ 990,123	\$ (7,379,393)
Support Services	5,065,033	33,784	276,759	(4,713,240)
Operation of Non-instructional Services	1,907,866	299,348	1,229,070	(379,448)
Total Governmental Activities	\$ 15,342,415	\$ 333,132	\$ 2,495,952	\$ (12,472,081)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,056,635
Local Option Sales Taxes				1,221,869
Other Local Taxes				33,808
Grants and Contributions Not Restricted to Specific Programs				10,194,774
Interest Income				12,187
Miscellaneous				55,701
Insurance Recovery				69,743
Total General Revenues				\$ 12,644,717
Change in Net Position				\$ 172,636
Net Position, July 1, 2013				13,211,943
Net Position, June 30, 2014				\$ 13,384,579

Exhibit H-2

Lewis County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Lewis County School Department  
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Govern-</u>	<u>Total</u>
	<u>School</u>	<u>mental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 112,966	\$ 9,884	\$ 122,850
Equity in Pooled Cash and Investments	7,476,680	363,907	7,840,587
Inventories	0	23,536	23,536
Accounts Receivable	28,954	0	28,954
Due from Other Governments	535,375	25,762	561,137
Due from Other Funds	5,565	0	5,565
Property Taxes Receivable	1,217,783	0	1,217,783
Allowance for Uncollectible Property Taxes	(44,784)	0	(44,784)
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 9,332,539	\$ 423,089	\$ 9,755,628
<u>LIABILITIES</u>			
Accrued Payroll	\$ 932	\$ 0	\$ 932
Payroll Deductions Payable	109,897	0	109,897
Due to Other Funds	0	5,565	5,565
	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 110,829	\$ 5,565	\$ 116,394
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,140,585	\$ 0	\$ 1,140,585
Deferred Delinquent Property Taxes	27,563	0	27,563
Other Deferred/Unavailable Revenue	85,000	0	85,000
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	\$ 1,253,148	\$ 0	\$ 1,253,148
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 23,536	\$ 23,536
Restricted:			
Restricted for Education	753	343,988	344,741
Committed:			
Committed for Education	0	50,000	50,000
Assigned:			
Assigned for Education	79,562	0	79,562
Assigned for Capital Outlay	4,258,082	0	4,258,082
Unassigned	3,630,165	0	3,630,165
	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 7,968,562	\$ 417,524	\$ 8,386,086
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,332,539	\$ 423,089	\$ 9,755,628

Exhibit H-3

Lewis County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Lewis County School Department  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit H-2)		\$	8,386,086
(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		3,766,202	
Add: other capital assets net of accumulated depreciation		<u>1,059,023</u>	5,286,826
(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	\$	(394,854)	
Less: compensated absences payable		<u>(6,042)</u>	(400,896)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>112,563</u>
Net position of governmental activities (Exhibit A)			<u><u>\$ 13,384,579</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,433,940	\$ 0	\$ 2,433,940
Licenses and Permits	504	0	504
Charges for Current Services	33,615	299,552	333,167
Other Local Revenues	70,599	1,558	72,157
State of Tennessee	10,505,935	10,604	10,516,539
Federal Government	0	2,057,099	2,057,099
Total Revenues	<u>\$ 13,044,593</u>	<u>\$ 2,368,813</u>	<u>\$ 15,413,406</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 7,401,623	\$ 918,223	\$ 8,319,846
Support Services	4,083,643	325,869	4,409,512
Operation of Non-instructional Services	684,586	1,188,434	1,873,020
Capital Outlay	23,220	0	23,220
Debt Service:			
Other Debt Service	200,508	0	200,508
Total Expenditures	<u>\$ 12,393,580</u>	<u>\$ 2,432,526</u>	<u>\$ 14,826,106</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 651,013</u>	<u>\$ (63,713)</u>	<u>\$ 587,300</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 69,743	\$ 0	\$ 69,743
Transfers In	11,916	0	11,916
Transfers Out	0	(11,916)	(11,916)
Total Other Financing Sources (Uses)	<u>\$ 81,659</u>	<u>\$ (11,916)</u>	<u>\$ 69,743</u>
Net Change in Fund Balances	\$ 732,672	\$ (75,629)	\$ 657,043
Fund Balance, July 1, 2013	7,235,890	493,153	7,729,043
Fund Balance, June 30, 2014	<u>\$ 7,968,562</u>	<u>\$ 417,524</u>	<u>\$ 8,386,086</u>

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, 2014

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)		\$ 657,043
(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	\$ 93,993	
Less: current-year depreciation expense	<u>(594,134)</u>	(500,141)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		41,250
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 112,563	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(121,911)</u>	(9,348)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 319	
Change in other postemployment benefits liability	<u>(16,487)</u>	<u>(16,168)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 172,636</u>

Exhibit H-6

Lewis County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Lewis County School Department  
June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 9,884	\$ 9,884
Equity in Pooled Cash and Investments	70,168	293,739	363,907
Inventories	0	23,536	23,536
Due from Other Governments	796	24,966	25,762
Total Assets	\$ 70,964	\$ 352,125	\$ 423,089
<u>LIABILITIES</u>			
Due to Other Funds	\$ 5,565	\$ 0	\$ 5,565
Total Liabilities	\$ 5,565	\$ 0	\$ 5,565
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 23,536	\$ 23,536
Restricted:			
Restricted for Education	15,399	328,589	343,988
Committed:			
Committed for Education	50,000	0	50,000
Total Fund Balances	\$ 65,399	\$ 352,125	\$ 417,524
Total Liabilities and Fund Balances	\$ 70,964	\$ 352,125	\$ 423,089

Exhibit H-7

Lewis County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Lewis County School Department  
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 299,552	\$ 299,552
Other Local Revenues	0	1,558	1,558
State of Tennessee	0	10,604	10,604
Federal Government	1,249,368	807,731	2,057,099
Total Revenues	<u>\$ 1,249,368</u>	<u>\$ 1,119,445</u>	<u>\$ 2,368,813</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 918,223	\$ 0	\$ 918,223
Support Services	325,869	0	325,869
Operation of Non-instructional Services	0	1,188,434	1,188,434
Total Expenditures	<u>\$ 1,244,092</u>	<u>\$ 1,188,434</u>	<u>\$ 2,432,526</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,276</u>	<u>\$ (68,989)</u>	<u>\$ (63,713)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (11,916)	\$ 0	\$ (11,916)
Total Other Financing Sources (Uses)	<u>\$ (11,916)</u>	<u>\$ 0</u>	<u>\$ (11,916)</u>
Net Change in Fund Balances	\$ (6,640)	\$ (68,989)	\$ (75,629)
Fund Balance, July 1, 2013	<u>72,039</u>	<u>421,114</u>	<u>493,153</u>
Fund Balance, June 30, 2014	<u>\$ 65,399</u>	<u>\$ 352,125</u>	<u>\$ 417,524</u>

Exhibit H-8

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,433,940	\$ 0	\$ 0	\$ 2,433,940	\$ 2,245,948	\$ 2,245,948	\$ 187,992
Licenses and Permits	504	0	0	504	500	500	4
Charges for Current Services	33,615	0	0	33,615	21,600	21,600	12,015
Other Local Revenues	70,599	0	0	70,599	20,000	59,137	11,462
State of Tennessee	10,505,935	0	0	10,505,935	9,568,200	10,472,141	33,794
Total Revenues	\$ 13,044,593	\$ 0	\$ 0	\$ 13,044,593	\$ 11,856,248	\$ 12,799,326	\$ 245,267
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,196,032	\$ 0	\$ 25,293	\$ 6,221,325	\$ 6,169,502	\$ 6,371,477	\$ 150,152
Alternative Instruction Program	79,493	0	0	79,493	81,150	81,150	1,657
Special Education Program	864,681	0	0	864,681	915,960	915,960	51,279
Vocational Education Program	252,013	0	0	252,013	260,710	260,710	8,697
Student Body Education Program	9,404	0	0	9,404	8,605	10,665	1,261
<u>Support Services</u>							
Attendance	14,061	0	0	14,061	13,955	16,065	2,004
Health Services	67,557	0	0	67,557	68,900	68,900	1,343
Other Student Support	335,874	(765)	0	335,109	343,280	382,777	47,668
Regular Instruction Program	540,748	0	3,014	543,762	544,095	549,980	6,218
Special Education Program	174,233	0	0	174,233	180,047	180,047	5,814
Other Programs	48,557	0	0	48,557	0	48,557	0
Board of Education	176,405	0	0	176,405	218,853	218,803	42,398
Director of Schools	214,243	0	0	214,243	216,085	216,085	1,842
Office of the Principal	669,642	0	0	669,642	667,650	670,310	668
Fiscal Services	91,225	0	0	91,225	97,535	97,535	6,310
Operation of Plant	877,619	0	0	877,619	1,005,510	973,554	95,935
Maintenance of Plant	171,610	0	3,095	174,705	145,415	184,350	9,645
Transportation	676,927	(93,993)	0	582,934	589,758	617,684	34,750
Central and Other	24,942	0	0	24,942	25,860	25,860	918

(Continued)

Exhibit H-8

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 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2013	6/30/2013			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Operation of Non-instructional Services</u>								
Food Service	\$ 322	\$ 0	\$ 0	\$ 322	\$ 500	\$ 500	\$ 178	
Community Services	276,843	(3,072)	9,911	283,682	12,418	283,691	9	
Early Childhood Education	407,421	(3,572)	7,557	411,406	0	411,406	0	
Capital Outlay								
Regular Capital Outlay	23,220	(2,111)	30,692	51,801	100,000	100,000	48,199	
Principal on Debt								
Education	0	0	0	0	175,000	0	0	
Interest on Debt								
Education	0	0	0	0	25,460	0	0	
Other Debt Service								
Education	200,508	0	0	200,508	0	200,510	2	
Total Expenditures	\$ 12,393,580	\$ (103,513)	\$ 79,562	\$ 12,369,629	\$ 11,866,248	\$ 12,886,576	\$ 516,947	
Excess (Deficiency) of Revenues Over Expenditures	\$ 651,013	\$ 103,513	\$ (79,562)	\$ 674,964	\$ (10,000)	\$ (87,250)	\$ 762,214	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 69,743	\$ 0	\$ 0	\$ 69,743	\$ 0	\$ 69,743	\$ 0	
Transfers In	11,916	0	0	11,916	10,000	10,000	1,916	
Total Other Financing Sources	\$ 81,659	\$ 0	\$ 0	\$ 81,659	\$ 10,000	\$ 79,743	\$ 1,916	
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 732,672	\$ 103,513	\$ (79,562)	\$ 756,623	\$ 0	\$ (7,507)	\$ 764,130	
Fund Balance, July 1, 2013	7,235,890	(103,513)	0	7,132,377	3,591,872	3,591,872	3,540,505	
Fund Balance, June 30, 2014	\$ 7,968,562	\$ 0	\$ (79,562)	\$ 7,889,000	\$ 3,591,872	\$ 3,584,365	\$ 4,304,635	

Exhibit H-9

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, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Federal Government	\$ 1,249,368	\$ 0	\$ 1,249,368	\$ 1,462,336	\$ 1,491,813	\$ (242,445)
Total Revenues	\$ 1,249,368	\$ 0	\$ 1,249,368	\$ 1,462,336	\$ 1,491,813	\$ (242,445)
<b>Expenditures</b>						
<b>Instruction</b>						
Regular Instruction Program	\$ 666,559	\$ 0	\$ 666,559	\$ 782,788	\$ 796,099	\$ 129,540
Special Education Program	230,386	0	230,386	242,471	246,652	16,266
Vocational Education Program	21,278	37	21,315	19,879	21,315	0
<b>Support Services</b>						
Other Student Support	10,791	0	10,791	17,362	15,963	5,172
Regular Instruction Program	130,744	0	130,744	193,578	207,645	76,901
Special Education Program	161,578	0	161,578	168,985	166,075	4,497
Vocational Education Program	1,390	0	1,390	1,390	1,390	0
Transportation	21,366	0	21,366	22,510	23,340	1,974
Total Expenditures	\$ 1,244,092	\$ 37	\$ 1,244,129	\$ 1,448,963	\$ 1,478,479	\$ 234,350
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,276	\$ (37)	\$ 5,239	\$ 13,373	\$ 13,334	\$ (8,095)
<b>Other Financing Sources (Uses)</b>						
Transfers Out	\$ (11,916)	\$ 0	\$ (11,916)	\$ (13,373)	\$ (13,334)	\$ 1,418
Total Other Financing Sources	\$ (11,916)	\$ 0	\$ (11,916)	\$ (13,373)	\$ (13,334)	\$ 1,418
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (6,640)	\$ (37)	\$ (6,677)	\$ 0	\$ 0	\$ (6,677)
Fund Balance, July 1, 2013	72,039	0	72,039	0	0	72,039
Fund Balance, June 30, 2014	\$ 65,399	\$ (37)	\$ 65,362	\$ 0	\$ 0	\$ 65,362

Exhibit H-10

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 299,552	\$ 335,400	\$ 335,400	\$ (35,848)
Other Local Revenues	1,558	1,100	1,100	458
State of Tennessee	10,604	11,000	11,000	(396)
Federal Government	807,731	762,500	819,535	(11,804)
Total Revenues	<u>\$ 1,119,445</u>	<u>\$ 1,110,000</u>	<u>\$ 1,167,035</u>	<u>\$ (47,590)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,188,434	\$ 1,198,000	\$ 1,255,035	\$ 66,601
Total Expenditures	<u>\$ 1,188,434</u>	<u>\$ 1,198,000</u>	<u>\$ 1,255,035</u>	<u>\$ 66,601</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (68,989)</u>	<u>\$ (88,000)</u>	<u>\$ (88,000)</u>	<u>\$ 19,011</u>
Net Change in Fund Balance	\$ (68,989)	\$ (88,000)	\$ (88,000)	\$ 19,011
Fund Balance, July 1, 2013	<u>421,114</u>	<u>390,163</u>	<u>390,163</u>	<u>30,951</u>
Fund Balance, June 30, 2014	<u>\$ 352,125</u>	<u>\$ 302,163</u>	<u>\$ 302,163</u>	<u>\$ 49,962</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit I-1

Lewis County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Jail Building Project - Architect	\$ 109,667	2.9 %	6-30-14	6-30-15	\$ 0	\$ 109,667	\$ 0	\$ 109,667
Total Notes Payable					\$ 0	\$ 109,667	\$ 0	\$ 109,667
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
School Refunding	1,970,000	3.35	5-1-03	5-1-17	\$ 745,000	\$ 0	\$ 175,000	\$ 570,000
Total Bonds Payable					\$ 745,000	\$ 0	\$ 175,000	\$ 570,000

Exhibit I-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2015	\$ 109,667	\$ 3,180	\$ 112,847
Total	\$ 109,667	\$ 3,180	\$ 112,847

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 185,000	\$ 19,095	\$ 204,095
2016	190,000	12,897	202,897
2017	195,000	6,533	201,533
Total	\$ 570,000	\$ 38,525	\$ 608,525

Exhibit I-3

Lewis County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Lewis County School Department  
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	Highway Capital Projects	Operations	\$ <u>22,416</u>
Total Transfers Primary Government			\$ <u>22,416</u>
<u>DISCRETELY PRESENTED LEWIS COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>11,916</u>
Total Transfers Discretely Presented Lewis County School Department			\$ <u>11,916</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,184 (1)	\$ 25,000	RLI Insurance Company
Road Superintendent:				
Randall Stewart (7-1-13 through 4-16-14)	Section 8-24-102, TCA	53,859	100,000	"
Joyce Holt (4-17-14 through 6-30-14)	Section 8-24-102, TCA	13,936	100,000	"
Director of Schools	State Board of Education and County Board of Education	102,300 (2)	50,000	"
Trustee:				
Clark Carroll (7-1-13 through 11-21-13)	Section 8-24-102, TCA	17,641 (3)	500,000	Star Insurance Company
Mike Webb (11-19-13 through 6-30-14)	Section 8-24-102, TCA	38,153 (3)	522,300	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	61,632	50,000	"
County Clerk	Section 8-24-102, TCA	61,632	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	25,000	"
Clerk and Master	Section 8-24-102, TCA	61,632	35,000	"
Register of Deeds	Section 8-24-102, TCA	61,632	15,000	"
Sheriff	Section 8-24-102, TCA	67,795 (4)	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 \$6,000 for serving as chairman of County Commission.
- (2) Includes a chief executive officer training supplement of \$800. Does not include 100 percent of the premiums for family health (\$16,497) and dental (\$1,551) insurance.
- (3) Clark Carroll was suspended from office on October 14, 2013, and resigned effective November 21, 2013. The County Commission appointed Mike Webb as interim trustee effective November 19, 2013.
- (4) Does not include \$1,000 for service as workhouse superintendent and a law enforcement training supplement of \$600.

Exhibit I-5

Lewis County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2014

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,696,258	\$ 0	\$ 0	\$ 78,231	\$ 0	\$ 62,656
Trustee's Collections - Prior Year	57,094	0	0	2,782	0	1,967
Circuit/Clerk and Master Collections - Prior Years	50,632	0	0	2,341	0	1,877
Interest and Penalty	12,932	0	0	621	0	497
Payments in-Lieu-of Taxes - T.V.A.	6,101	0	0	286	0	276
Payments in-Lieu-of Taxes - Local Utilities	169,182	0	0	7,799	0	6,251
Payments in-Lieu-of Taxes - Other	12,362	0	0	74	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	221,280	0	0	0	0	0
Hotel/Motel Tax	15,067	0	0	0	0	0
Wheel Tax	212,627	0	0	0	0	0
Litigation Tax - General	44,271	0	0	0	0	0
Litigation Tax - Special Purpose	4,009	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	34,946	0	0	0	0	0
Litigation Tax - Victim-Offender Mediation Center	1,549	0	0	0	0	0
Business Tax	55,241	0	0	2,559	0	2,052
<u>Statutory Local Taxes</u>						
Bank Excise Tax	13,975	0	0	678	0	544
Wholesale Beer Tax	27,993	0	0	0	0	0
Interstate Telecommunications Tax	775	0	0	0	0	0
Total Local Taxes	\$ 2,636,294	\$ 0	\$ 0	\$ 95,371	\$ 0	\$ 76,120
<u>Licenses and Permits</u>						
Licenses						
Cable TV Franchise	\$ 2,165	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	712 \$	0 \$	0 \$	0 \$	0 \$	0 \$
Total Licenses and Permits	2,877 \$	0 \$	0 \$	0 \$	0 \$	0 \$
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	4,446 \$	0 \$	0 \$	0 \$	0 \$	0 \$
Officers Costs	7,821	0	0	0	0	0
Data Entry Fee - Circuit Court	612	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	1,074	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	11,309	0	0	0	0	0
Officers Costs	12,748	0	0	0	0	0
Game and Fish Fines	572	0	0	0	0	0
Drug Control Fines	0	0	3,008	0	0	0
Drug Court Fees	1,810	0	0	0	0	0
Jail Fees	14,609	0	0	0	0	0
DUI Treatment Fines	546	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,282	0	0	0	0	0
Courtroom Security Fee	146	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	214	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,688	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court (Cont.)</u>						
Data Entry Fee - Chancery Court	\$ 2,299	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	36	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	5,000	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 65,214	\$ 0	\$ 8,008	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 2,535	\$ 0	\$ 0	\$ 0	\$ 0
Tipping Fees	100	12,227	0	0	0	0
Surcharge - General	0	1,357	0	0	0	0
Solid Waste Disposal Fee	0	506,762	0	0	0	0
Work Release Charges for Board Fees	2,600	0	0	0	0	0
Airport Fees	5,419	0	0	0	0	0
Recreation Fees	0	0	0	7,968	0	0
Copy Fees	846	0	0	0	0	0
Library Fees	4,405	0	0	0	0	0
Greenbelt Late Application Fee	60	0	0	3	0	2
Telephone Commissions	12,169	0	0	0	0	0
Tourism Fees	1,300	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	50	0
Data Processing Fee - Register	3,878	0	0	0	0	0
Data Processing Fee - Sheriff	2,129	0	0	0	0	0
Data Processing Fee - County Clerk	886	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Other Charges for Services</u>						
Other Charges for Services	\$ 7,419	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 41,211	\$ 522,881	\$ 0	\$ 7,971	\$ 50	\$ 2
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 22,162	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	95,022	3,026	0	0	0	0
Commissary Sales	8,080	0	0	0	0	0
Sale of Gasoline	48,796	0	0	0	0	0
Sale of Recycled Materials	0	17,201	0	0	0	0
Retirees' Insurance Payments	0	0	0	0	0	915
Miscellaneous Refunds	16,503	0	0	58	0	830
<u>Nonrecurring Items</u>						
Sale of Equipment	7,733	33,516	0	0	0	9,500
Damages Recovered from Individuals	3,200	0	0	0	0	0
Performance Bond Forfeitures	950	0	0	0	0	0
Total Other Local Revenues	\$ 202,446	\$ 53,743	\$ 0	\$ 58	\$ 0	\$ 11,245
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 105,649	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	49,675	0	0	0	0	0
General Sessions Court Clerk	67,645	0	0	0	0	0
Clerk and Master	70,006	0	0	0	0	0
Register	41,131	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Sheriff	\$ 14,669	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	141,934	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 490,709</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	3,192	0	0	0	0	0
Other General Government Grants	61,919	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	7,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	18,207	0	0	0	0	0
Other Health and Welfare Grants	17,104	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	165,598
Litter Program	33,113	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	15,814	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Alcoholic Beverage Tax	28,694	0	0	0	0	0
State Revenue Sharing - T.V.A.	350,158	0	0	0	0	0
Contracted Prisoner Boarding	201,835	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,378,569
Petroleum Special Tax	0	0	0	0	0	8,775

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 18,955	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	0	6,174	0	0	0	0
Other State Revenues	1,000	0	0	0	0	0
Total State of Tennessee	\$ 784,597	\$ 6,174	\$ 0	\$ 0	\$ 0	\$ 1,552,942
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	31,195	0	0	0	0	0
Other Federal through State	30,228	0	0	0	0	0
Total Federal Government	\$ 61,423	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,814
Contributions	25,073	0	0	45,000	0	0
<u>Citizens Groups</u>						
Donations	36,200	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 61,273	\$ 0	\$ 0	\$ 45,000	\$ 0	\$ 8,814
Total	\$ 4,346,044	\$ 582,798	\$ 8,008	\$ 148,400	\$ 50	\$ 1,649,123

(Continued)

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

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	Community Development/ Industrial Park	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	0 \$	0 \$	1,837,145
Trustee's Collections - Prior Year	0	0	61,843
Circuit/Clerk and Master Collections - Prior Years	0	0	54,850
Interest and Penalty	0	0	14,050
Payments in-Lieu-of Taxes - T.V.A.	0	0	6,663
Payments in-Lieu-of Taxes - Local Utilities	0	0	183,232
Payments in-Lieu-of Taxes - Other	0	0	12,436
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	221,280
Hotel/Motel Tax	0	0	15,067
Wheel Tax	0	0	212,627
Litigation Tax - General	0	0	44,271
Litigation Tax - Special Purpose	0	0	4,009
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	34,946
Litigation Tax - Victim-Offender Mediation Center	0	0	1,549
Business Tax	0	0	59,852
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	15,197
Wholesale Beer Tax	0	0	27,993
Interstate Telecommunications Tax	0	0	775
Total Local Taxes	0 \$	0 \$	2,807,785
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	0 \$	0 \$	2,165

(Continued)

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

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	Community Development/ Industrial Park	
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	0 \$	0 \$	712
Total Licenses and Permits	0 \$	0 \$	2,877
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0 \$	0 \$	4,446
Officers Costs	0	0	7,821
Data Entry Fee - Circuit Court	0	0	612
Courtroom Security Fee	0	0	2
<u>Criminal Court</u>			
Drug Court Fees	0	0	1,074
<u>General Sessions Court</u>			
Fines	0	0	11,309
Officers Costs	0	0	12,748
Game and Fish Fines	0	0	572
Drug Control Fines	0	0	3,008
Drug Court Fees	0	0	1,810
Jail Fees	0	0	14,609
DUI Treatment Fines	0	0	546
Data Entry Fee - General Sessions Court	0	0	3,282
Courtroom Security Fee	0	0	146
<u>Juvenile Court</u>			
Fines	0	0	214
<u>Chancery Court</u>			
Officers Costs	0	0	3,688

(Continued)

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

	Debt Service Fund	Capital Projects Fund	Community Development/ Industrial Park	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Chancery Court (Cont.)</u>				
Data Entry Fee - Chancery Court	0 \$	0 \$		2,299
Courtroom Security Fee	0	0		36
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0		5,000
<b>Total Fines, Forfeitures, and Penalties</b>	<b>0 \$</b>	<b>0 \$</b>		<b>73,222</b>
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Transfer Waste Stations Collection Charge	0 \$	0 \$		2,535
Tipping Fees	0	0		12,327
Surcharge - General	0	0		1,357
Solid Waste Disposal Fee	0	0		506,762
Work Release Charges for Board	0	0		2,600
<u>Fees</u>				
Airport Fees	0	0		5,419
Recreation Fees	0	0		7,968
Copy Fees	0	0		846
Library Fees	0	0		4,405
Greenbelt Late Application Fee	0	0		65
Telephone Commissions	0	0		12,169
Tourism Fees	0	0		1,300
Constitutional Officers' Fees and Commissions	0	0		50
Data Processing Fee - Register	0	0		3,878
Data Processing Fee - Sheriff	0	0		2,129
Data Processing Fee - County Clerk	0	0		886

(Continued)

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

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>			
<u>Other Charges for Services</u>			
Other Charges for Services	0 \$	0 \$	7,419
Total Charges for Current Services	0 \$	0 \$	572,115
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	5,000 \$	0 \$	27,162
Lease/Rentals	48,125	0	146,173
Commissary Sales	0	0	8,080
Sale of Gasoline	0	0	48,796
Sale of Recycled Materials	0	0	17,201
Retirees' Insurance Payments	0	0	915
Miscellaneous Refunds	961	0	18,352
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	50,749
Damages Recovered from Individuals	0	0	3,200
Performance Bond Forfeitures	0	0	950
Total Other Local Revenues	54,086 \$	0 \$	321,578
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	0 \$	0 \$	105,649
Circuit Court Clerk	0	0	49,675
General Sessions Court Clerk	0	0	67,645
Clerk and Master	0	0	70,006
Register	0	0	41,131

(Continued)

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

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	Community Development/ Industrial Park	
<u>Fees Received from County Officials (Cont.)</u>			
<u>Fees in-Lieu-of Salary (Cont.)</u>			
Sheriff	0 \$	0 \$	14,669
Trustee	0	0	141,934
<b>Total Fees Received from County Officials</b>	<b>0 \$</b>	<b>0 \$</b>	<b>490,709</b>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0 \$	0 \$	9,000
Airport Maintenance Program	0	0	3,192
Other General Government Grants	0	0	61,919
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	7,800
<u>Health and Welfare Grants</u>			
Health Department Programs	0	0	18,207
Other Health and Welfare Grants	0	0	17,104
<u>Public Works Grants</u>			
State Aid Program	0	0	165,598
Litter Program	0	0	33,113
<u>Other State Revenues</u>			
Income Tax	0	0	15,814
Beer Tax	0	0	17,806
Alcoholic Beverage Tax	0	0	28,694
State Revenue Sharing - T.V.A.	0	0	350,158
Contracted Prisoner Boarding	0	0	201,835
Gasoline and Motor Fuel Tax	0	0	1,378,569
Petroleum Special Tax	0	0	8,775

(Continued)

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

	Debt Service Fund	Capital Projects Fund	Total
	General Debt Service	Community Development/ Industrial Park	
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Registrar's Salary Supplement	0 \$	0 \$	18,955
Other State Grants	0	0	6,174
Other State Revenues	0	0	1,000
Total State of Tennessee	<u>0 \$</u>	<u>0 \$</u>	<u>2,343,713</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	0 \$	133,671 \$	133,671
Homeland Security Grants	0	0	31,195
Other Federal through State	0	0	30,228
Total Federal Government	<u>0 \$</u>	<u>133,671 \$</u>	<u>195,094</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Paving and Maintenance	0 \$	0 \$	8,814
Contributions	200,508	8,166	278,747
<u>Citizens Groups</u>			
Donations	0	0	36,200
Total Other Governments and Citizens Groups	<u>200,508 \$</u>	<u>8,166 \$</u>	<u>323,761</u>
Total	<u>254,594 \$</u>	<u>141,837 \$</u>	<u>7,130,854</u>

Lewis County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Lewis County School Department  
 For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 992,914	\$ 0	\$ 0	\$ 0	992,914
Trustee's Collections - Prior Year	35,388	0	0	0	35,388
Circuit/Clerk and Master Collections - Prior Years	29,798	0	0	0	29,798
Interest and Penalty	7,883	0	0	0	7,883
Payments in-Lieu-of Taxes - T.V.A.	3,641	0	0	0	3,641
Payments in-Lieu-of Taxes - Local Utilities	99,268	0	0	0	99,268
Payments in-Lieu-of Taxes - Other	740	0	0	0	740
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,221,869	0	0	0	1,221,869
Business Tax	32,580	0	0	0	32,580
<u>Statutory Local Taxes</u>					
Bank Excise Tax	8,631	0	0	0	8,631
Interstate Telecommunications Tax	1,228	0	0	0	1,228
Total Local Taxes	\$ 2,433,940	\$ 0	\$ 0	\$ 0	\$ 2,433,940
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	504	0	0	0	504
Total Licenses and Permits	\$ 504	\$ 0	\$ 0	\$ 0	\$ 504
<u>Charges for Current Services</u>					
<u>Fees</u>					
Greenbelt Late Application Fee	35	0	0	0	35

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 119,941	\$ 119,941	
Lunch Payments - Adults	0	0	31,664	31,664	
Income from Breakfast	0	0	24,571	24,571	
A la carte Sales	0	0	120,927	120,927	
Receipts from Individual Schools	31,951	0	0	31,951	
Community Service Fees - Children	48	0	0	48	
TBI Criminal Background Fee	1,581	0	252	1,833	
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	2,197	2,197	
Total Charges for Current Services	\$ 33,615	\$ 0	\$ 299,552	\$ 333,167	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 11,224	\$ 0	\$ 963	\$ 12,187	
Lease/Rentals	8,023	0	0	8,023	
Sale of Materials and Supplies	784	0	0	784	
E-Rate Funding	28,953	0	0	28,953	
Miscellaneous Refunds	17,036	0	0	17,036	
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	275	0	0	275	
Contributions and Gifts	4,304	0	0	4,304	
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	595	595	
Total Other Local Revenues	\$ 70,599	\$ 0	\$ 1,558	\$ 72,157	

(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	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 48,557	\$ 0	\$ 0	\$ 0	48,557
<u>State Education Funds</u>					
Basic Education Program	9,526,000	0	0	0	9,526,000
Early Childhood Education	410,735	0	0	0	410,735
School Food Service	0	0	10,604	0	10,604
Driver Education	9,740	0	0	0	9,740
Other State Education Funds	428,019	0	0	0	428,019
Career Ladder Program	62,954	0	0	0	62,954
Career Ladder - Extended Contract	19,270	0	0	0	19,270
<u>Other State Revenues</u>	660	0	0	0	660
Other State Grants					
Total State of Tennessee	\$ 10,505,935	\$ 0	\$ 10,604	\$ 10,516,539	
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 544,126	\$ 544,126	
USDA - Commodities	0	0	57,035	57,035	
Breakfast	0	0	194,604	194,604	
USDA - Other	0	0	11,966	11,966	
Vocational Education - Basic Grants to States	0	32,695	0	32,695	
Title I Grants to Local Education Agencies	0	503,129	0	503,129	
Special Education - Grants to States	0	398,696	0	398,696	
Special Education Preschool Grants	0	16,753	0	16,753	
Rural Education	0	20,188	0	20,188	

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
Federal Government (Cont.)					
Federal Through State (Cont.)					
Eisenhower Professional Development State Grants	\$ 0	\$ 112,469	\$ 0	\$ 0	\$ 112,469
Race-to-the-Top - ARRA	0	165,438	0	0	165,438
Total Federal Government	\$ 0	\$ 1,249,368	\$ 807,731	\$ 0	\$ 2,057,099
Total	\$ 13,044,593	\$ 1,249,368	\$ 1,119,445	\$ 0	\$ 15,413,406

Exhibit I-7

Lewis County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	6,000	
Secretary to Board		4,163	
Board and Committee Members Fees		32,600	
Audit Services		10,398	
Dues and Memberships		2,091	
Legal Notices, Recording, and Court Costs		848	
Travel		6,065	
Food Supplies		140	
Office Supplies		585	
Total County Commission			\$ 62,890

Board of Equalization

Board and Committee Members Fees	\$	600	
Total Board of Equalization			600

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Accountants/Bookkeepers		25,668	
Data Processing Services		3,781	
Dues and Memberships		1,449	
Legal Notices, Recording, and Court Costs		140	
Printing, Stationery, and Forms		1,180	
Travel		2,713	
Tuition		445	
Office Supplies		2,149	
Premiums on Corporate Surety Bonds		75	
Total County Mayor/Executive			108,784

County Attorney

Contracts with Private Agencies	\$	6,000	
Total County Attorney			6,000

Election Commission

County Official/Administrative Officer	\$	55,468	
Part-time Personnel		12,000	
Election Commission		5,015	
Data Processing Services		7,058	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		310	
Printing, Stationery, and Forms		1,007	
Travel		2,961	
Other Contracted Services		2,125	
Data Processing Supplies		6,000	
Office Supplies		2,405	
Other Supplies and Materials		498	
Office Equipment		1,540	
Voting Machines		7,500	
Total Election Commission			104,062

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		24,811	
Data Processing Services		4,361	
Dues and Memberships		522	
Maintenance and Repair Services - Office Equipment		740	
Printing, Stationery, and Forms		835	
Office Supplies		1,722	
Premiums on Corporate Surety Bonds		75	
Total Register of Deeds			\$ 94,698

Geographical Information Systems

Data Processing Personnel	\$	29,264	
Salary Supplements		1,000	
Dues and Memberships		335	
Duplicating Supplies		182	
Office Supplies		269	
Total Geographical Information Systems			31,050

County Buildings

Supervisor/Director	\$	36,799	
Custodial Personnel		21,406	
Maintenance Personnel		25,378	
Communication		31,323	
Contracts with Private Agencies		911	
Operating Lease Payments		1,788	
Legal Notices, Recording, and Court Costs		32	
Maintenance Agreements		1,233	
Maintenance and Repair Services - Buildings		14,492	
Maintenance and Repair Services - Equipment		524	
Pest Control		336	
Postal Charges		6,899	
Printing, Stationery, and Forms		152	
Travel		116	
Other Contracted Services		11,075	
Custodial Supplies		3,123	
Food Supplies		2,827	
Gasoline		2,301	
Ice		1,428	
Office Supplies		468	
Propane Gas		9	
Uniforms		198	
Utilities		40,095	
Maintenance Equipment		370	
Total County Buildings			203,283

Other Facilities

Communication	\$	1,000	
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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.)

Other Facilities (Cont.)

Maintenance and Repair Services - Buildings	\$	3,775	
Pest Control		660	
Custodial Supplies		633	
Utilities		6,417	
Total Other Facilities			\$ 12,485

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Assistant(s)		22,989	
Audit Services		2,000	
Data Processing Services		3,500	
Dues and Memberships		1,050	
Maintenance Agreements		600	
Maintenance and Repair Services - Equipment		130	
Gasoline		1,118	
Office Supplies		1,285	
Premiums on Corporate Surety Bonds		75	
Office Equipment		374	
Total Property Assessor's Office			94,753

Reappraisal Program

Assistant(s)	\$	23,948	
Data Processing Services		1,588	
Office Supplies		299	
Total Reappraisal Program			25,835

County Trustee's Office

County Official/Administrative Officer	\$	55,794	
Data Processing Personnel		24,932	
Secretary(ies)		23,080	
Data Processing Services		6,214	
Dues and Memberships		417	
Legal Notices, Recording, and Court Costs		144	
Printing, Stationery, and Forms		905	
Travel		358	
Other Contracted Services		4,241	
Office Supplies		750	
Premiums on Corporate Surety Bonds		1,610	
Total County Trustee's Office			118,445

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Data Processing Personnel		26,523	
Secretary(ies)		24,811	
Part-time Personnel		390	
Board and Committee Members Fees		120	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Data Processing Services	\$	8,778	
Dues and Memberships		517	
Legal Notices, Recording, and Court Costs		48	
Printing, Stationery, and Forms		1,902	
Travel		291	
Office Supplies		532	
Periodicals		50	
Premiums on Corporate Surety Bonds		75	
Total County Clerk's Office			\$ 125,669

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Other Salaries and Wages		3,645	
Jury and Witness Expense		8,523	
Data Processing Services		6,433	
Dues and Memberships		467	
Legal Notices, Recording, and Court Costs		240	
Printing, Stationery, and Forms		1,182	
Office Supplies		668	
Premiums on Corporate Surety Bonds		75	
Total Circuit Court			82,865

General Sessions Judge

Judge(s)	\$	88,216	
Secretary(ies)		7,725	
Travel		2,008	
Office Supplies		54	
Periodicals		569	
Total General Sessions Judge			98,572

General Sessions Court Clerk

Data Processing Personnel	\$	24,127	
Secretary(ies)		25,454	
Part-time Personnel		15,294	
Data Processing Services		2,641	
Operating Lease Payments		1,949	
Printing, Stationery, and Forms		1,283	
Travel		72	
Office Supplies		487	
Total General Sessions Court Clerk			71,307

Chancery Court

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		25,666	
In-service Training		195	
Data Processing Services		4,056	

(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.)

Dues and Memberships	\$	653	
Operating Lease Payments		1,834	
Legal Notices, Recording, and Court Costs		250	
Maintenance and Repair Services - Office Equipment		1,122	
Printing, Stationery, and Forms		891	
Travel		559	
Data Processing Supplies		1,587	
Office Supplies		293	
Periodicals		450	
Premiums on Corporate Surety Bonds		200	
Total Chancery Court			\$ 99,388

Judicial Commissioners

Supervisor/Director	\$	20,706	
Part-time Personnel		6,292	
Communication		442	
Dues and Memberships		110	
Printing, Stationery, and Forms		77	
Travel		1,352	
Office Supplies		221	
Total Judicial Commissioners			29,200

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Supervisor/Director		38,177	
Deputy(ies)		193,371	
Investigator(s)		63,440	
Lieutenant(s)		8,503	
Sergeant(s)		69,950	
Guidance Personnel		31,346	
Salary Supplements		8,400	
Guards		17,879	
Secretary(ies)		21,184	
Part-time Personnel		350	
School Resource Officer		29,598	
Other Salaries and Wages		4,881	
In-service Training		980	
Advertising		232	
Communication		3,272	
Contracts with Government Agencies		734	
Contracts with Other School Systems		225	
Dues and Memberships		1,500	
Evaluation and Testing		615	
Operating Lease Payments		908	
Maintenance and Repair Services - Equipment		1,396	
Maintenance and Repair Services - Vehicles		4,990	

(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.)

Matching Share	\$	315	
Printing, Stationery, and Forms		1,532	
Travel		687	
Other Contracted Services		1,410	
Fuel Oil		572	
Gasoline		53,980	
Ice		292	
Office Supplies		1,046	
Tires and Tubes		3,983	
Uniforms		3,578	
Vehicle Parts		500	
Premiums on Corporate Surety Bonds		969	
In Service/Staff Development		2,500	
Law Enforcement Equipment		1,970	
Motor Vehicles		17,602	
Total Sheriff's Department			\$ 660,662

Drug Enforcement

Detective(s)	\$	33,592	
Other Charges		790	
Law Enforcement Equipment		645	
Total Drug Enforcement			35,027

Administration of the Sexual Offender Registry

Maintenance and Repair Services - Office Equipment	\$	1,055	
Total Administration of the Sexual Offender Registry			1,055

Jail

County Official/Administrative Officer	\$	1,000	
Supervisor/Director		34,250	
Data Processing Personnel		17,713	
Guards		257,366	
Secretary(ies)		24,586	
Cafeteria Personnel		21,674	
Maintenance Personnel		25,397	
Part-time Personnel		14,189	
Other Salaries and Wages		7,759	
In-service Training		375	
Contracts with Government Agencies		55,300	
Contracts with Private Agencies		8,379	
Contracts with Public Carriers		1,703	
Dues and Memberships		22	
Evaluation and Testing		620	
Maintenance and Repair Services - Buildings		8,008	
Maintenance and Repair Services - Equipment		3,355	
Maintenance and Repair Services - Vehicles		1,880	
Medical and Dental Services		382,690	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Pest Control	\$	972	
Printing, Stationery, and Forms		1,610	
Travel		2,142	
Custodial Supplies		5,496	
Drugs and Medical Supplies		1,378	
Food Supplies		57,039	
Gasoline		9,576	
Ice		479	
Office Supplies		1,048	
Prisoners Clothing		1,848	
Tires and Tubes		917	
Uniforms		3,041	
Utilities		43,205	
Other Charges		1,295	
Heating and Air Conditioning Equipment		312	
Law Enforcement Equipment		150	
Maintenance Equipment		6,411	
Total Jail			\$ 1,003,185

Juvenile Services

Youth Service Officer(s)	\$	10,840	
Contracts with Government Agencies		622	
Total Juvenile Services			11,462

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	18,500	
Dispatchers/Radio Operators		75,251	
Maintenance Agreements		1,884	
Maintenance and Repair Services - Equipment		239	
Matching Share		22,376	
Gasoline		1,371	
Office Supplies		971	
Tires and Tubes		480	
Total Civil Defense			121,072

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	2,113	
Medical and Dental Services		1,751	
Premiums on Corporate Surety Bonds		100	
Total County Coroner/Medical Examiner			3,964

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	3,060	
Communication		3,968	
Contributions		11,532	
Maintenance and Repair Services - Buildings		77	
Other Contracted Services		661	
Custodial Supplies		70	
Office Supplies		529	
Periodicals		200	
Utilities		12,021	
Other Charges		10,740	
Total Local Health Center			\$ 42,858

Rabies and Animal Control

Animal Food and Supplies	\$	675	
Utilities		1,187	
Total Rabies and Animal Control			1,862

Ambulance/Emergency Medical Services

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

Other Local Health Services

Teachers	\$	26,140	
Social Security		1,926	
State Retirement		1,242	
Employee and Dependent Insurance		3,155	
Life Insurance		50	
Unemployment Compensation		308	
Maintenance and Repair Services - Buildings		550	
Travel		1,149	
Workers' Compensation Insurance		193	
Other Charges		75	
Total Other Local Health Services			34,788

Sanitation Education/Information

Other Salaries and Wages	\$	25,191	
Instructional Supplies and Materials		3,901	
Other Charges		4,585	
Total Sanitation Education/Information			33,677

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	6,000	
Total Senior Citizens Assistance			6,000

Libraries

Assistant(s)	\$	20,391	
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(Continued)

Exhibit I-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Supervisor/Director	\$	27,647	
Part-time Personnel		11,080	
Communication		660	
Dues and Memberships		229	
Maintenance Agreements		540	
Maintenance and Repair Services - Buildings		393	
Maintenance and Repair Services - Equipment		20	
Pest Control		336	
Travel		472	
Other Contracted Services		1,520	
Ice		245	
Library Books/Media		11,054	
Office Supplies		1,934	
Periodicals		1,483	
Utilities		7,064	
Office Equipment		771	
Total Libraries			\$ 85,839

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	42,069	
Board and Committee Members Fees		840	
Communication		913	
Dues and Memberships		215	
Travel		3,000	
Office Supplies		980	
Total Agricultural Extension Service			48,017

Soil Conservation

Other Salaries and Wages	\$	31,200	
Contributions		18,000	
Total Soil Conservation			49,200

Other Operations

Other Economic and Community Development

Contracts with Private Agencies	\$	12,000	
Dues and Memberships		3,715	
Other Charges		3,463	
Total Other Economic and Community Development			19,178

Airport

Advertising	\$	32	
Communication		2,634	
Evaluation and Testing		85	
Maintenance and Repair Services - Buildings		108	
Maintenance and Repair Services - Equipment		2,484	
Matching Share		7,500	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Travel	\$	3,054	
Permits		85	
Custodial Supplies		350	
Gasoline		50,863	
Office Supplies		42	
Utilities		7,140	
Excess Risk Insurance		2,125	
Airport Improvement		61,537	
Maintenance Equipment		130	
Total Airport			\$ 138,169

Veterans' Services

County Official/Administrative Officer	\$	5,000	
Advertising		146	
Dues and Memberships		80	
Travel		812	
Office Supplies		146	
Office Equipment		1,128	
Total Veterans' Services			7,312

Employee Benefits

Other Salaries and Wages	\$	359	
Social Security		162,309	
State Retirement		119,304	
Employee and Dependent Insurance		185,936	
Life Insurance		3,542	
Unemployment Compensation		11,069	
Local Retirement		1,840	
Other Fringe Benefits		875	
Bank Charges		12	
Medical Claims		48,223	
Workers' Compensation Insurance		29,265	
Total Employee Benefits			562,734

Miscellaneous

Contributions	\$	10,762	
Liability Insurance		32,092	
Trustee's Commission		51,375	
Other Charges		5,982	
Total Miscellaneous			100,211

Total General Fund \$ 4,497,958

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Supervisor/Director	\$	29,500	
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(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

Purchasing Personnel	\$	26,523	
Clerical Personnel		31,313	
Attendants		44,127	
Part-time Personnel		14,056	
Audit Services		401	
Communication		300	
Contracts with Private Agencies		231,384	
Data Processing Services		3,120	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		207	
Maintenance and Repair Services - Buildings		4,557	
Maintenance and Repair Services - Equipment		7,313	
Postal Charges		7,000	
Printing, Stationery, and Forms		828	
Travel		1,640	
Permits		1,500	
Other Contracted Services		400	
Crushed Stone		287	
Custodial Supplies		186	
Food Supplies		81	
Gasoline		4,647	
Ice		408	
Office Supplies		1,133	
Propane Gas		1,703	
Tires and Tubes		2,419	
Uniforms		2,125	
Utilities		3,141	
Refunds		3,025	
Maintenance Equipment		622	
Office Equipment		1,093	
Solid Waste Equipment		59,938	
Total Transfer Stations			\$ 485,077

Landfill Operation and Maintenance

Equipment Operators	\$	22,058	
Part-time Personnel		889	
Maintenance and Repair Services - Equipment		6,202	
Permits		3,000	
Diesel Fuel		6,934	
Tires and Tubes		522	
Total Landfill Operation and Maintenance			39,605

Other Operations

Employee Benefits

Social Security	\$	14,670	
State Retirement		8,379	
Employee and Dependent Insurance		18,698	

(Continued)

Exhibit I-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Life Insurance	\$	365	
Unemployment Compensation		1,400	
Medical Claims		10,000	
Workers' Compensation Insurance		3,857	
Total Employee Benefits			\$ 57,369

Miscellaneous

Liability Insurance	\$	7,125	
Medical Claims		290	
Trustee's Commission		5,204	
Total Miscellaneous			12,619

Total Solid Waste/Sanitation Fund \$ 594,670

Drug Control Fund

Public Safety

Drug Enforcement

Other Charges	\$	5,904	
Total Drug Enforcement			\$ 5,904

Total Drug Control Fund 5,904

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	25,757	
Custodial Personnel		14,869	
Temporary Personnel		15,849	
Audit Services		146	
Communication		1,806	
Data Processing Services		3,120	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		80	
Maintenance and Repair Services - Buildings		38,099	
Maintenance and Repair Services - Equipment		306	
Printing, Stationery, and Forms		100	
Permits		340	
Other Contracted Services		9,039	
Crushed Stone		9,461	
Custodial Supplies		1,579	
Diesel Fuel		944	
Fertilizer, Lime, and Seed		66	
Food Supplies		411	
Gasoline		582	
Instructional Supplies and Materials		220	
Office Supplies		278	
Sand		168	

(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.)

Utilities	\$	34,443	
Fencing		1,421	
Chemicals		1,026	
Refunds		85	
Maintenance Equipment		1,794	
Office Equipment		780	
Total Parks and Fair Boards			\$ 162,869

Other Operations

Employee Benefits

Social Security	\$	5,410	
Employee and Dependent Insurance		3,130	
Life Insurance		13	
Unemployment Compensation		1,164	
Medical Claims		5,000	
Workers' Compensation Insurance		1,168	
Total Employee Benefits			15,885

Miscellaneous

Liability Insurance	\$	3,000	
Trustee's Commission		1,943	
Total Miscellaneous			4,943

Total Sports and Recreation Fund \$ 183,697

Constitutional Officers - Fees Fund

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	50	
Total Sheriff's Department			\$ 50

Total Constitutional Officers - Fees Fund 50

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,795	
Assistant(s)		42,594	
Accountants/Bookkeepers		35,477	
Secretary(ies)		2,102	
Board and Committee Members Fees		460	
Advertising		488	
Communication		4,087	
Contributions		5,000	
Dues and Memberships		2,143	
Legal Services		17	
Legal Notices, Recording, and Court Costs		332	

(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.)

Licenses	\$	24	
Maintenance and Repair Services - Buildings		898	
Postal Charges		259	
Rentals		110	
Travel		626	
Other Contracted Services		12,157	
Custodial Supplies		1,539	
Electricity		5,937	
Food Supplies		565	
Natural Gas		325	
Office Supplies		552	
Water and Sewer		2,252	
Other Supplies and Materials		133	
Total Administration			\$ 185,872

Highway and Bridge Maintenance

Foremen	\$	26,947	
Equipment Operators		49,294	
Equipment Operators - Light		99,707	
Truck Drivers		93,019	
Laborers		43,606	
Rentals		11,450	
Other Contracted Services		37,199	
Asphalt - Cold Mix		19,843	
Asphalt - Liquid		212,588	
Concrete		8,484	
Crushed Stone		110,872	
Other Road Materials		167	
Pipe - Concrete		850	
Pipe - Metal		3,564	
Road Signs		2,291	
Gravel and Chert		702	
Other Supplies and Materials		1,064	
Total Highway and Bridge Maintenance			721,647

Operation and Maintenance of Equipment

Foremen	\$	28,409	
Mechanic(s)		53,375	
Freight Expenses		196	
Rentals		184	
Other Contracted Services		6,223	
Diesel Fuel		51,107	
Equipment and Machinery Parts		25,893	
Garage Supplies		1,746	
Gasoline		29,497	
Lubricants		2,189	
Small Tools		1,046	

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$	11,357	
Uniforms		1,978	
Other Supplies and Materials		1,647	
Total Operation and Maintenance of Equipment			\$ 214,847

Other Charges

Liability Insurance	\$	37,611	
Trustee's Commission		15,366	
Workers' Compensation Insurance		30,030	
Total Other Charges			83,007

Employee Benefits

Social Security	\$	32,667	
State Retirement		40,997	
Employee and Dependent Insurance		1,144	
Life Insurance		2,805	
Medical Insurance		114,326	
Unemployment Compensation		5,018	
Employer Medicare		7,640	
Other Fringe Benefits		292	
Total Employee Benefits			204,889

Capital Outlay

Engineering Services	\$	2,618	
Other Contracted Services		7,105	
Transportation Equipment		23,854	
Total Capital Outlay			33,577

Total Highway/Public Works Fund \$ 1,443,839

General Debt Service Fund

Other Operations

Miscellaneous

Trustee's Commission	\$	538	
Total Miscellaneous			\$ 538

Principal on Debt

Education

Principal on Bonds	\$	175,000	
Total Education			175,000

Interest on Debt

Education

Interest on Bonds	\$	24,958	
Total Education			24,958

(Continued)

Exhibit I-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Other Debt Service	\$ 550		
Total Education		\$ 550	
Total General Debt Service Fund			\$ 201,046
 <u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Architects	\$ 112,804		
Other Debt Issuance Charges	25		
Total Public Safety Projects		\$ 112,829	
Total General Capital Projects Fund			112,829
 <u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>Public Utility Projects</u>			
Other Construction	\$ 147,496		
Total Public Utility Projects		\$ 147,496	
Total Community Development/Industrial Park Fund			147,496
 <u>Highway Capital Projects Fund</u>			
<u>Highways</u>			
<u>Capital Outlay</u>			
Engineering Services	\$ 22,416		
Total Capital Outlay		\$ 22,416	
Total Highway Capital Projects Fund			22,416
Total Governmental Funds - Primary Government			<u>\$ 7,209,905</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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,429,652	
Career Ladder Program	37,999	
Career Ladder Extended Contracts	26,383	
Homebound Teachers	1,463	
Educational Assistants	57,639	
Certified Substitute Teachers	3,325	
Non-certified Substitute Teachers	56,915	
Social Security	258,794	
State Retirement	402,852	
Medical Insurance	354,188	
Dental Insurance	3,431	
Unemployment Compensation	12,439	
Employer Medicare	60,991	
Other Contracted Services	7,164	
Instructional Supplies and Materials	89,517	
Textbooks	135,312	
Fee Waivers	1,164	
Regular Instruction Equipment	256,804	
Total Regular Instruction Program		\$ 6,196,032

Alternative Instruction Program

Teachers	\$ 46,365	
Other Salaries and Wages	13,399	
Non-certified Substitute Teachers	500	
Social Security	3,163	
State Retirement	5,579	
Medical Insurance	8,461	
Employer Medicare	740	
Other Contracted Services	1,286	
Total Alternative Instruction Program		79,493

Special Education Program

Teachers	\$ 619,423	
Career Ladder Program	3,000	
Homebound Teachers	4,441	
Educational Assistants	11,633	
Speech Pathologist	46,835	
Other Salaries and Wages	19	
Non-certified Substitute Teachers	12,655	
Social Security	39,602	
State Retirement	61,095	
Medical Insurance	51,921	
Dental Insurance	571	
Employer Medicare	9,262	
Instructional Supplies and Materials	4,224	
Total Special Education Program		864,681

(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.)

Vocational Education Program

Teachers	\$	190,596	
Career Ladder Program		1,000	
Certified Substitute Teachers		350	
Non-certified Substitute Teachers		4,465	
Social Security		10,993	
State Retirement		17,014	
Medical Insurance		17,136	
Employer Medicare		2,571	
Contracts with Other School Systems		5,000	
Travel		332	
Instructional Supplies and Materials		697	
In Service/Staff Development		149	
Other Charges		1,710	
Total Vocational Education Program			\$ 252,013

Student Body Education Program

Other Salaries and Wages	\$	6,886	
Social Security		244	
State Retirement		217	
Employer Medicare		57	
Other Contracted Services		2,000	
Total Student Body Education Program			9,404

Support Services

Attendance

Supervisor/Director	\$	6,070	
Social Security		313	
State Retirement		539	
Medical Insurance		935	
Employer Medicare		73	
Travel		1,647	
In Service/Staff Development		882	
Attendance Equipment		3,602	
Total Attendance			14,061

Health Services

Medical Personnel	\$	34,510	
Other Salaries and Wages		13,348	
Non-certified Substitute Teachers		938	
Social Security		3,009	
State Retirement		5,209	
Employer Medicare		704	
Other Contracted Services		6,500	
Drugs and Medical Supplies		1,171	
Other Charges		2,018	
Health Equipment		150	
Total Health Services			67,557

(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.)

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		229,550	
Career Ladder Extended Contracts		2,500	
Clerical Personnel		13,397	
Social Security		14,777	
State Retirement		22,156	
Medical Insurance		7,176	
Dental Insurance		491	
Employer Medicare		3,456	
Contracts with Government Agencies		12,217	
Evaluation and Testing		5,443	
Other Contracted Services		23,587	
In Service/Staff Development		124	
Total Other Student Support	\$		335,874

Regular Instruction Program

Supervisor/Director	\$	142,556	
Career Ladder Program		4,000	
Librarians		180,930	
Instructional Computer Personnel		53,032	
Secretary(ies)		16,379	
Other Salaries and Wages		1,200	
Certified Substitute Teachers		525	
Non-certified Substitute Teachers		1,350	
Social Security		22,085	
State Retirement		36,566	
Medical Insurance		38,316	
Dental Insurance		814	
Employer Medicare		5,197	
Communication		1,020	
Travel		844	
Other Contracted Services		7,185	
Library Books/Media		24,886	
In Service/Staff Development		1,133	
Other Charges		198	
Other Equipment		2,532	
Total Regular Instruction Program			540,748

Special Education Program

Supervisor/Director	\$	56,928	
Career Ladder Program		1,000	
Psychological Personnel		81,991	
Social Security		7,854	
State Retirement		12,425	
Medical Insurance		11,380	
Dental Insurance		402	

(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.)

Special Education Program (Cont.)

Employer Medicare	\$	1,837	
Other Contracted Services		416	
Total Special Education Program			\$ 174,233

Other Programs

On-behalf Payments to OPEB	\$	48,557	
Total Other Programs			48,557

Board of Education

Secretary to Board	\$	1,400	
Board and Committee Members Fees		11,850	
Social Security		821	
State Retirement		153	
Medical Insurance		15	
Employer Medicare		192	
Audit Services		6,800	
Dues and Memberships		8,448	
Postal Charges		150	
Travel		3,176	
Liability Insurance		18,885	
Premiums on Corporate Surety Bonds		1,070	
Trustee's Commission		56,818	
Workers' Compensation Insurance		55,306	
In Service/Staff Development		2,852	
Criminal Investigation of Applicants - TBI		2,332	
Refund to Applicant for Criminal Investigation		960	
Other Charges		5,177	
Total Board of Education			176,405

Director of Schools

County Official/Administrative Officer	\$	102,300	
Secretary(ies)		36,576	
Social Security		8,610	
State Retirement		13,075	
Medical Insurance		15,479	
Dental Insurance		1,551	
Employer Medicare		2,014	
Communication		12,476	
Dues and Memberships		1,926	
Postal Charges		1,642	
Travel		1,379	
Other Contracted Services		3,374	
Office Supplies		7,233	
In Service/Staff Development		60	
Other Charges		1,138	
Administration Equipment		5,410	
Total Director of Schools			214,243

(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

Principals	\$	262,349	
Career Ladder Program		3,000	
Accountants/Bookkeepers		95,448	
Career Ladder Extended Contracts		2,500	
Assistant Principals		102,130	
Secretary(ies)		62,231	
Other Salaries and Wages		5,583	
Social Security		30,440	
State Retirement		50,377	
Medical Insurance		38,214	
Employer Medicare		7,119	
Communication		6,600	
Travel		201	
Other Contracted Services		1,104	
In Service/Staff Development		1,686	
Other Charges		660	
Total Office of the Principal			\$ 669,642

Fiscal Services

Accountants/Bookkeepers	\$	59,159	
Social Security		3,275	
State Retirement		6,454	
Medical Insurance		4,570	
Dental Insurance		302	
Employer Medicare		766	
Dues and Memberships		50	
Travel		405	
Other Contracted Services		10,860	
Data Processing Supplies		2,157	
Office Supplies		1,136	
In Service/Staff Development		1,566	
Other Charges		59	
Administration Equipment		466	
Total Fiscal Services			91,225

Operation of Plant

Supervisor/Director	\$	58,653	
Custodial Personnel		189,371	
Other Salaries and Wages		27,416	
Social Security		15,905	
State Retirement		11,723	
Medical Insurance		5,439	
Employer Medicare		3,737	
Other Contracted Services		9,543	
Custodial Supplies		31,705	
Electricity		337,998	

(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.)

Natural Gas	\$	70,520	
Water and Sewer		39,919	
Boiler Insurance		2,628	
Building and Contents Insurance		47,932	
In Service/Staff Development		910	
Plant Operation Equipment		24,220	
Total Operation of Plant			\$ 877,619

Maintenance of Plant

Maintenance Personnel	\$	67,420	
Other Salaries and Wages		45,534	
Social Security		6,044	
State Retirement		8,416	
Medical Insurance		3,431	
Employer Medicare		1,414	
Communication		4,409	
Laundry Service		1,897	
Other Contracted Services		1,920	
Other Supplies and Materials		21,272	
Maintenance Equipment		9,853	
Total Maintenance of Plant			171,610

Transportation

Supervisor/Director	\$	32,482	
Mechanic(s)		54,590	
Bus Drivers		237,747	
Other Salaries and Wages		6,709	
Social Security		18,689	
State Retirement		29,899	
Medical Insurance		13,913	
Employer Medicare		4,550	
Communication		5,282	
Contracts with Parents		2,147	
Laundry Service		1,300	
Medical and Dental Services		1,845	
Travel		841	
Other Contracted Services		3,868	
Diesel Fuel		84,127	
Garage Supplies		849	
Gasoline		5,587	
Lubricants		3,068	
Tires and Tubes		11,398	
Vehicle Parts		19,560	
Vehicle and Equipment Insurance		11,918	
In Service/Staff Development		174	
Other Charges		2,638	
Transportation Equipment		123,746	
Total Transportation			676,927

(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.)

Central and Other

Data Processing Personnel	\$	19,720	
Social Security		1,092	
State Retirement		2,151	
Medical Insurance		1,523	
Dental Insurance		100	
Employer Medicare		255	
Travel		101	
Total Central and Other			\$ 24,942

Operation of Non-instructional Services

Food Service

Other Charges	\$	322	
Total Food Service			322

Community Services

Supervisor/Director	\$	108,493	
Clerical Personnel		15,574	
Other Salaries and Wages		70,431	
Social Security		11,520	
State Retirement		15,872	
Medical Insurance		6,395	
Dental Insurance		402	
Employer Medicare		2,694	
Other Fringe Benefits		570	
Communication		3,107	
Postal Charges		156	
Travel		675	
Other Supplies and Materials		25,077	
In Service/Staff Development		11,533	
Other Charges		4,344	
Total Community Services			276,843

Early Childhood Education

Supervisor/Director	\$	58,188	
Teachers		162,025	
Career Ladder Program		2,000	
Educational Assistants		67,168	
Non-certified Substitute Teachers		4,340	
Social Security		16,663	
State Retirement		27,060	
Medical Insurance		19,809	
Dental Insurance		251	
Employer Medicare		3,897	
Communication		2,307	
Postal Charges		294	
Instructional Supplies and Materials		27,913	

(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.)

Early Childhood Education (Cont.)

In Service/Staff Development	\$ 8,117	
Other Charges	630	
Other Equipment	<u>6,759</u>	
Total Early Childhood Education		\$ 407,421

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ <u>23,220</u>	
Total Regular Capital Outlay		23,220

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ <u>200,508</u>	
Total Education		<u>200,508</u>

Total General Purpose School Fund \$ 12,393,580

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 357,545	
Educational Assistants	70,140	
Non-certified Substitute Teachers	2,952	
Social Security	26,227	
State Retirement	40,141	
Medical Insurance	15,545	
Employer Medicare	6,137	
Other Fringe Benefits	1,410	
Instructional Supplies and Materials	29,909	
Regular Instruction Equipment	<u>116,553</u>	
Total Regular Instruction Program		\$ 666,559

Special Education Program

Teachers	\$ 3,785	
Educational Assistants	170,018	
Speech Pathologist	18,690	
Social Security	11,924	
State Retirement	18,764	
Employee and Dependent Insurance	2	
Employer Medicare	2,787	
Other Fringe Benefits	662	
Instructional Supplies and Materials	1,803	
Other Supplies and Materials	1,045	
Special Education Equipment	<u>906</u>	
Total Special Education Program		230,386

(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.)

Instruction (Cont.)

Vocational Education Program

Maintenance and Repair Services - Equipment	\$	350	
Instructional Supplies and Materials		7,493	
Vocational Instruction Equipment		13,435	
Total Vocational Education Program	\$		21,278

Support Services

Other Student Support

Other Salaries and Wages	\$	1,200	
Social Security		74	
State Retirement		107	
Employer Medicare		17	
Travel		8,384	
Other Charges		1,009	
Total Other Student Support			10,791

Regular Instruction Program

Clerical Personnel	\$	4,500	
Other Salaries and Wages		14,065	
Social Security		570	
State Retirement		1,002	
Employer Medicare		133	
Travel		10,741	
In Service/Staff Development		99,733	
Total Regular Instruction Program			130,744

Special Education Program

Supervisor/Director	\$	6,365	
Psychological Personnel		42,961	
Assessment Personnel		23,494	
Secretary(ies)		36,954	
Social Security		6,172	
State Retirement		10,975	
Medical Insurance		9,989	
Employer Medicare		1,443	
Other Fringe Benefits		408	
Communication		3,933	
Postal Charges		1,752	
Travel		3,830	
Other Contracted Services		8,454	
Other Supplies and Materials		2,423	
In Service/Staff Development		2,425	
Total Special Education Program			161,578

Vocational Education Program

Travel	\$	1,390	
Total Vocational Education Program			1,390

(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.)

Transportation

Bus Drivers	\$ 12,153	
Other Salaries and Wages	5,888	
Social Security	1,100	
State Retirement	1,968	
Employer Medicare	257	
Total Transportation	<u>21,366</u>	\$ 21,366

Total School Federal Projects Fund \$ 1,244,092

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$ 47,343	
Clerical Personnel	23,400	
Cafeteria Personnel	351,228	
Other Salaries and Wages	715	
In-service Training	3,270	
Social Security	25,946	
State Retirement	36,139	
Medical Insurance	3,321	
Unemployment Compensation	20	
Employer Medicare	6,104	
Other Fringe Benefits	10,261	
Communication	6,300	
Maintenance and Repair Services - Equipment	8,933	
Transportation - Other than Students	4,700	
Travel	321	
Other Contracted Services	18,430	
Food Preparation Supplies	33,418	
Food Supplies	488,899	
Office Supplies	6,764	
Utilities	31,546	
USDA - Commodities	57,035	
Other Supplies and Materials	1,373	
In Service/Staff Development	380	
Criminal Investigation of Applicants - TBI	252	
Refund to Applicant for Criminal Investigation	210	
Food Service Equipment	22,126	
Total Food Service	<u>1,188,434</u>	\$ 1,188,434

Total Central Cafeteria Fund 1,188,434

Total Governmental Funds - Lewis County School Department \$ 14,826,106

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, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,000,087
Total Cash Receipts	<u>\$ 1,000,087</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 990,086
Trustee's Commission	10,001
Total Cash Disbursements	<u>\$ 1,000,087</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise Lewis County's basic financial statements, and have issued our report thereon dated October 3, 2014.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2014-001, 2014-002, 2014-011, and 2014-015.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-004(A,B,C), 2014-005, 2014-010, 2014-016, 2014-018, and 2014-024.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lewis County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004(D,E), 2014-006, 2014-007, 2014-008, 2014-009, 2014-012, 2014-013, 2014-014, 2014-017, 2014-019, 2014-020, 2014-021, 2014-022, 2014-023, and 2014-025.

## **Lewis County's Responses to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lewis County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 3, 2014

JPW/sb



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Lewis County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lewis County's major federal programs for the year ended June 30, 2014. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Lewis County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lewis County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Lewis County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Lewis County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lewis County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

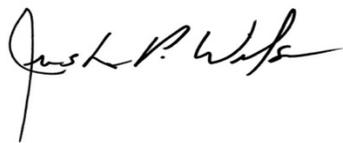
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise Lewis County's basic financial statements. We issued our report thereon dated October 3, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 3, 2014

JPW/sb

Lewis County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 194,604
National School Lunch Program	10.555	N/A	544,126 (3)
Summer Food Service Program for Children	10.559	N/A	11,966
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	<u>57,035 (3)</u>
Total U.S. Department of Agriculture			<u>\$ 807,731</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-12-38495	<u>\$ 133,671</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 133,671</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-13-GHS180	<u>\$ 1,700</u>
Total U.S. Department of Transportation			<u>\$ 1,700</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 505,056
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	400,656
Special Education - Preschool Grants	84.173	N/A	16,968
Career and Technical Education - Basic Grants to States	84.048	N/A	32,658
Rural Education	84.358	N/A	20,188
Improving Teacher Quality State Grants	84.367	N/A	115,646
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grant, Recovery Act	84.395	N/A	<u>164,836</u>
Total U.S. Department of Education			<u>\$ 1,256,008</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	<u>\$ 8,665</u>
Total U.S. Election Assistance Commission			<u>\$ 8,665</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 Health and Human Services:			
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	GG-14-37760	\$ 19,863
Total U.S. Department of Health and Human Services			<u>\$ 19,863</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 31,195
Total U.S. Department of Homeland Security			<u>\$ 31,195</u>
Total Expenditures of Federal Awards			<u>\$ 2,258,833</u>

<u>State Grants</u>		<u>Contract Number</u>	
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	\$ 140,550
Airport Maintenance Grant - State Department of Transportation	N/A	(2)	3,192
Airport Apron Resurfacing Grant - State Department of Transportation	N/A	(2)	61,195
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	DG-13-37817	6,174
Litter Program - State Department of Transportation	N/A	(2)	33,113
Health Educator Grant - State Department of Health	N/A	GG-14-37760	17,104
Election Commission Grant - Tennessee Secretary of State	N/A	(2)	374
Technology That Works Grant - Tennessee Secretary of State	N/A	(2)	350
Statewide Student Management System - State Department of Education	N/A	(2)	4,997
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Arts Student Ticket Subsidy - Tennessee Arts Commission	N/A	(2)	660
Family Resource Grant - State Department of Education	N/A	(2)	29,612
Safe Schools Act Grant - State Department of Education	N/A	(2)	11,600
Early Childhood Education - State Department of Education	N/A	(2)	<u>410,735</u>
Total State Grants			<u>\$ 818,656</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$601,161.

Lewis County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*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, 2013, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

Finding Number	Page Number	Subject
2013-002	144	The General and General Capital Projects funds had deficits in unassigned fund balance
2013-003	144	The General Fund had a cash overdraft as of June 30, 2013
2013-004	144	Expenditures exceeded appropriations
2013-005	145	The office had purchasing deficiencies
2013-007	147	Official prenumbered receipts were not issued for collections received at the Parks and Recreation Department for community building and swimming pool rentals
2013-008	147	Unclaimed funds were not reported and paid to the state

**OFFICE OF TRUSTEE**

Finding Number	Page Number	Subject
2013-012	151	The trustee's depository used an unauthorized method of paying county warrants
2013-014	152	The trustee paid warrants issued from the various funds that exceeded available funds
2013-015	153	The trustee did not require a depository to adequately collateralize funds
2013-016	153	Usernames and passwords were shared by employees

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

Finding Number	Page Number	Subject
2013-017	154	Multiple employees operated from the same cash drawer

**OFFICE OF SHERIFF**

Finding Number	Page Number	Subject
2013-018	154	Deficiencies were noted in the confidential funds bank account

**OFFICE OF ASSESSOR OF PROPERTY**

Finding Number	Page Number	Subject
2013-019	155	The assessor did not prorate new construction properly

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

Finding Number	Page Number	Subject
2013-021	157	Duties were not segregated adequately

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**LEWIS COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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

1. Our report on the financial statements of Lewis County is unmodified.
2. The audit of the financial statements of Lewis County disclosed significant deficiencies in internal control. Four 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 unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010 ), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
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 and the annual monitoring of assessors of property by the state Division of Property Assessments, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The road superintendent, trustee, and clerk and master 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 2014-001                    **THE GENERAL AND GENERAL CAPITAL PROJECTS FUNDS HAD DEFICITS IN UNASSIGNED FUND BALANCE**

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

The General and General Capital Projects funds had deficits in unassigned fund balance of \$419,859 and \$8,162, respectively, at June 30, 2014. Generally accepted accounting principles dictate that expenditures be held within available funding. These fund deficits can be attributed to a lack of management oversight and management's failure to correct the finding noted in prior-year audit report.

### RECOMMENDATION

Officials should liquidate the deficits in unassigned fund balance. Steps should be taken to ensure that expenditures are held within available funding.

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FINDING 2014-002                    **THE GENERAL FUND HAD A CASH OVERDRAFT AT JUNE 30, 2014**

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

The General Fund had a cash overdraft of \$71,799 at June 30, 2014. Sound business practices dictate that expenditures be held within available funds. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee and management's failure to correct the finding noted in the prior-year audit report. The cash overdraft was liquidated subsequent to June 30, 2014.

### RECOMMENDATION

Officials should not issue warrants exceeding cash on deposit with the county trustee.

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FINDING 2014-003

**EXPENDITURES EXCEEDED APPROPRIATIONS**

(Material Noncompliance Under *Government Auditing Standards*)

Total expenditures of the General Fund exceeded appropriations approved by the County Commission by \$116,773. 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.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures; and because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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FINDING 2014-004

**THE OFFICE HAD PURCHASING DEFICIENCIES**

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

As a part of our auditing procedures for determining whether internal controls over purchasing were operating as designed, we selected a sample of 40 disbursements. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight and the failure of management to correct Part A. noted in the prior-year audit report.

- A. Our sample revealed that purchase orders were not issued for one of seven applicable disbursements, a 14 percent deviation rate. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. Purchase orders were issued after the purchases were made for three of the seven applicable purchases, a 43 percent deviation rate. The practice of issuing purchase orders after the purchase is made defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- B. Five of the 40 disbursements were coded to accounts that did not reflect the true nature of the transactions, a 13 percent deviation rate. 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, they were not considered material to the financial statements of this report.
- C. Auditors noted that invoices for engineering services were paid late, resulting in interest charges of \$7,416. Sound business practices dictate that invoices should be paid when payments are due to avoid unnecessary interest charges.

- D. Lewis County purchased a new John Deere backhoe for \$57,600. Officials solicited and received only one bid for the purchase of the backhoe. However, the bid specifications listed a particular brand, make, and model. Using bid specifications that apply only to a particular brand violates the intent of the county's purchasing law, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*.
- E. Lewis County did not solicit competitive bids for the replacement of field lights at Memorial Park that cost \$35,000. Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *TCA*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

### 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. Expenditures should be properly classified to reflect the true nature of the transactions. Invoices should be paid on a current basis. The office should develop bid specifications that are not brand specific. Bids should be evaluated on the basis of several criteria, including price, quality, availability, warranty, maintenance costs, experience, etc. Competitive bids should be solicited for purchases exceeding \$10,000 as required by statute.

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### FINDING 2014-005

#### **THE SOLID WASTE/SANITATION FUND HAD DEFICIENCIES IN THE MAINTENANCE OF ACCOUNTING RECORDS**

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

Lewis County established written policies and procedures enacting a solid waste disposal fee in September 1994. The policy established a residential fee of \$84 per year and stated “the fee charged businesses and industries shall be determined by the Solid Waste Committee.” Provisions were established to charge both penalties and interest on delinquent accounts, in addition to collection by the courts; however, no provisions were made to write-off uncollectible accounts. Residential customers are billed annually in October, while commercial customers are billed quarterly, and accounting records are computerized. Our audit noted numerous deficiencies in the maintenance of the accounting records. We were unable to ascertain if charges for solid waste fees were accurately billed, and whether funds collected were accounted for properly. The following deficiencies were noted:

- A. The computerized billing system provides a report of accounts receivable; however, this report can only be generated for the date it is printed. Auditors were provided with a listing of accounts receivable at June 30, 2014, but no other reports had been printed during the year. County employees did not perform monthly reconciliations of accounts receivable. Without monthly receivable reports, auditors were unable to determine the accuracy or completeness of the billing operations. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting. The accounts receivable amount reflected in the financial statements of this report was determined through alternative auditing procedures, and management agrees with this amount. This deficiency is the result of management's failure to ensure accounts receivable reports were printed and reconciled monthly and is a significant deficiency in internal controls that increases the risk of material misstatement in the financial statements.
- B. Lewis County did not follow the established written policies and procedures governing the collection of delinquent solid waste fees. Commercial customers were charged various rates and auditors found no evidence of a fee schedule adopted by the Solid Waste Committee. Additionally, auditors noted that no interest was being charged on delinquent accounts, penalties were being inconsistently enforced, and accounts were haphazardly turned over to the courts for collection. Furthermore, auditors noted that approximately \$80,000 in uncollectible accounts were written off the books in the current year without the benefit of a written write-off policy or approval of the Solid Waste Committee and the County Commission.
- C. One employee calculates the solid waste bills, generates the bills, receipts the payments, posts the payments to the accounts, deposits the revenues received with the county trustee, and maintains all solid waste billing records. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decision based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

### RECOMMENDATION

Officials should take steps to ensure that all necessary reports are generated on a monthly basis, and operations are reconciled to provide accurate sales, billing, and collection information. Written policies and procedures should be reviewed and updated and made available to employees to ensure their consistent application. Officials should segregate duties to the extent possible using available resources.

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FINDING 2014-006

**CAPITAL OUTLAY NOTES WERE NOT ISSUED IN COMPLIANCE WITH STATE STATUTES**

(Noncompliance Under *Government Auditing Standards*)

Lewis County issued capital outlay notes on June 30, 2014, and July 17, 2014, for \$109,667 and \$10,000, respectively, for a building project without the approval of the state Comptroller's Office as required by Section 9-21-601, *Tennessee Code Annotated*. These deficiencies are the result of management's oversight. The county received retroactive note approval from the state Comptroller's Office.

RECOMMENDATION

Capital outlay notes should be issued in compliance with state statutes.

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FINDING 2014-007

**OFFICIAL PRENUMBERED RECEIPTS WERE NOT ISSUED FOR SOME COLLECTIONS RECEIVED BY THE PARKS AND RECREATION DEPARTMENT**

(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.

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FINDING 2014-008

**UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE**

(Noncompliance Under *Government Auditing Standards*)

Officials did not report and pay to the state unclaimed funds (old outstanding checks) totaling \$2,550. At June 30, 2014, the General Fund had 85 outstanding checks issued before July 1, 2013, totaling \$2,550. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the county for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

Management should report and pay to the state unclaimed funds held for more than one year as required by state statute.

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## OFFICE OF ROAD SUPERINTENDENT

### FINDING 2014-009

### **A COUNTY ROAD LIST WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL**

(Noncompliance Under *Government Auditing Standards*)

A schedule of county roads was not submitted to the County Commission for approval. Section 54-10-103, *Tennessee Code Annotated*, requires the road superintendent to submit a list of county roads to the County Commission for approval at the January session each year. This list must include the classification, width and distance of each county-maintained road, as well as a summary of changes from the prior-year that provides the road name, date the change was approved by the County Commission, and the reason for the change. Highway Department officials need a current approved list of county roads to determine which roads the department is authorized to work. This deficiency exists due to a lack of management oversight.

## RECOMMENDATION

The road superintendent should submit to the County Commission a list of county roads that includes the classification, width and distance of each road, and a summary of changes as required by state statute.

## MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT JOYCE HOLT

In the future, when the road list is submitted to the County Commission for approval, management will request that it be placed on the agenda of the meeting. The road list was included in the information packet provided to the county commissioners; however, the list failed to be discussed or approved during the meeting.

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### FINDING 2014-010

### **THE OFFICE HAD PURCHASING DEFICIENCIES**

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

As a part of our auditing procedures for determining whether internal controls over purchasing were operating as designed, we selected a sample of 35 disbursements. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight.

- A. Four of the 35 applicable expenditures were paid without obtaining an invoice, which calculates to a deviation rate of 11 percent. Sound business

practices dictate that invoices should be on file to support all purchases. The absence of invoices increases the risks of fraud and unauthorized purchases. In 33 instances, invoices were paid without documentation that goods had been received or services rendered, which calculates to a 94 percent deviation rate. The practice of paying invoices without documentation that goods had been received or services rendered increases the risks of paying for goods or services that were not received.

- B. In two instances, travel expenses were paid based solely on a credit card billing statement, without detailed documentation to determine if these charges were properly approved travel expenses.

### RECOMMENDATION

Disbursements should not be made without invoices to document the expenditure. Invoices should not be paid without documentation that goods had been received or services rendered. Travel expenses should be paid only after receipt of a properly approved travel expense form with sufficient documentation.

### MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT JOYCE HOLT

- A. In the future, management will ensure that all invoices are reviewed by designated personnel before payment is made.
- B. Future travel expenses along with any registration fees and documentation will be listed on a travel form and will be paid or reimbursed accordingly.

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### OFFICE OF DIRECTOR OF SCHOOLS

#### FINDING 2014-011

#### **THE ACTUAL FUND BALANCE OF THE GENERAL PURPOSE SCHOOL FUND EXCEEDED THE ESTIMATED FUND BALANCE BY A MATERIAL AMOUNT**

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

The General Purpose School Fund's actual fund balance at July 1, 2013, was \$7,132,377; however, the estimated fund balance reflected in the county's budget was \$3,591,872. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission by \$3,540,505. Budget documents prepared by the School Department omitted the fund balance entirely, and it is unclear who included the fund balance numbers in the budget document submitted to the County Commission.

## RECOMMENDATION

The estimated beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The School Department should submit budget documents to the County Commission that includes estimated fund balance amounts.

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## OFFICE OF TRUSTEE

### FINDING 2014-012

### **THE TRUSTEE'S DEPOSITORY USED AN UNAUTHORIZED METHOD OF PAYING COUNTY WARRANTS**

(Noncompliance Under *Government Auditing Standards*)

The office's depository deducted warrants from the office's bank account before the depository presented the warrants to the trustee for payment. Section 8-11-104(7), *Tennessee Code Annotated (TCA)*, states that the trustee should "pay all just claims against the trustee's county as they are presented, if the trustee has a sufficient sum of money ... not otherwise appropriated." The depository's practice did not provide a method for the trustee to verify the availability of funds for paying warrants.

Section 5-8-210, *TCA*, provides an alternate method for the trustee to determine whether adequate funds are available and for the bank to charge the trustee's account directly. This section authorizes county trustees to implement a checking system instead of a warrant system for disbursing funds. However, as of the date of this report, the trustee had not elected to implement a checking system. This method of paying warrants has existed in this office for several years, and management has failed to correct the finding noted in prior-year audit reports.

## RECOMMENDATION

The office's depository should not deduct warrants from the office's bank account until the warrants have been presented to the trustee for payment. As an alternative to this practice, the trustee should consider implementing a checking system for disbursing county funds as authorized by state statute.

## MANAGEMENT'S RESPONSE – TRUSTEE MIKE WEBB

I have spoken with other officials about implementing a checking system after tax season as an alternative to this problem.

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FINDING 2014-013

**THE TRUSTEE PAID WARRANTS THAT EXCEEDED AVAILABLE FUNDS**

(Material Noncompliance Under *Government Auditing Standards*)

The trustee paid warrants issued from the General, Sports and Recreation, General Capital Projects, Community Development/Industrial Park, and Highway Capital Projects funds that exceeded the available cash balance on deposit at month-end in each fund at various times during the year by as much as \$326,426, \$20,308, \$5,000, \$8,166, and \$11,759, respectively. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a warrant if sufficient funds are not available. This deficiency exists because the county officials issued warrants that exceeded cash on deposit with the trustee, and the trustee honored the warrants. Also, this deficiency exists because the trustee failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The trustee should not pay warrants that exceed available cash as required by state statute.

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FINDING 2014-014

**THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS**

(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, 2013, deposits at one depository exceeded FDIC coverage and collateral securities by \$99,968. These unsecured funds were subsequently transferred on March 13, 2014, to a properly secured account. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank. These deficiencies are the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

The trustee should require all depositories to pledge sufficient securities to protect county funds exceeding FDIC coverage as required by state statute. The trustee should review the collateral security pledge statements provided by the depositories to ensure that adequate collateral security exists.

MANAGEMENT'S RESPONSE – TRUSTEE MIKE WEBB

After my appointment on November 19, 2013, I corrected this by moving the stated funds to another financial institution into a CDARS account. These funds are now completely insured by the FDIC.

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FINDING 2014-015

**BANK STATEMENTS WERE NOT RECONCILED WITH THE GENERAL LEDGER IN A TIMELY MANNER**

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

Bank statements were not reconciled with the general ledger in a timely manner. The trustee prepared the June bank reconciliation after closing the books at year-end instead of preparing the reconciliation prior to closing the books. As a result, direct deposits made on June 30, 2014, totaling \$303,606, and disbursements totaling \$695,465, were undiscovered and unrecorded at June 30, 2014. The trustee subsequently recorded these direct deposits and disbursements in July 2014. Sound business practices require the reconciliation of bank statements with the general ledger on a current basis to ensure that all cash collections and disbursements are recorded in the accounting records accurately. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

Bank statements should be reconciled with the general ledger timely, and any errors discovered should be corrected promptly.

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FINDING 2014-016

**USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**

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

Although each employee had been assigned a unique username and password for accessing the office's accounting software, this information was shared with other employees. Employees also processed transactions using other users' logins. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other's username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report. This deficiency was corrected after it was brought to management's attention in February 2014.

RECOMMENDATION

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

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FINDING 2014-017

**THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Noncompliance Under *Government Auditing Standards*)

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

RECOMMENDATION

Management should ensure that computer system backups are performed on a daily basis.

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

FINDING 2014-018

**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 of Deeds. 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.

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**OFFICE OF CLERK AND MASTER**

**FINDING 2014-019**

**THE CLERK AND MASTER DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS**

(Noncompliance Under *Government Auditing Standards*)

The clerk and master did not require a depository holding litigant funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. The clerk and master provided auditors with collateral security pledge statements; however, the collateral was clearly pledged to the trustee, and would not have provided collateral security to the clerk and master's litigant accounts in the event of a bank default. As a result, a litigant account deposit at one depository exceeded FDIC coverage and collateral securities by \$37,538. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank. This deficiency is the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss of funds.

**RECOMMENDATION**

The clerk and master should require all depositories to pledge sufficient securities to protect county funds exceeding FDIC coverage as required by state statute. The clerk and master should review the collateral security pledge statements provided by the depositories to ensure that adequate collateral security exists.

**MANAGEMENT'S RESPONSE – CLERK AND MASTER**

There was a collateral security pledge to adequately cover the deposit; however, it listed the security in the Lewis County Trustee's name instead of the Lewis County Clerk and Master. The pledge bank assured me the funds were secured as public funds, and the Lewis County Clerk and Master was the only government agency at that time that had public funds on deposit. The bank has now provided a collateral security pledge listing the Lewis County Clerk and Master on the pledge receipt.

In the future, the Clerk and Master's Office will review all collateral security pledge statements thoroughly.

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**OFFICE OF SHERIFF**

**FINDING 2014-020**

**DEFICIENCIES WERE NOTED RELATED TO CONFIDENTIAL DRUG FUNDS**

(Noncompliance Under *Government Auditing Standards*)

Our audit of the sheriff's confidential drug fund bank account revealed the following deficiencies. These deficiencies resulted from a lack of management oversight and the failure to correct the finding noted in the prior-year audit report.

- A. The sheriff maintains a bank account to be used for confidential undercover investigative expenses. Our audit of this bank account revealed that checks were written to the American Legion Youth Program and the Ladies Golf Association. The sheriff advised us that these expenditures were for drug awareness; however, we questioned if these transactions should have been disbursed from confidential funds. Nonconfidential expenditures should be accounted for through the county's budgetary process. 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."
- B. Receipts were issued to document the use of confidential funds. We noted that three of seven confidential fund's receipts did not obtain the required two signatures on the receipts. The signature of the first officer is necessary to document he made the payment, and the signature of the second officer is necessary to document that he witnessed the payment.

#### RECOMMENDATION

The confidential drug bank account should only be used to provide confidential funds for drug agents for the purpose of making drug buys, paying confidential informants, and other confidential related expenses. Expenditures for the promotion of drug awareness should be paid through the county's budgetary process from the Drug Control Fund. Payments to informants should be documented by the signatures of two officers.

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#### FINDING 2014-021

#### **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ARRESTEE FILES**

(Noncompliance Under *Government Auditing Standards*)

The Sheriff's Department uses an electronic imaging fingerprint machine to fingerprint arrestees at the time of their arrest. This machine is designed to electronically store the fingerprint images, generate records of the images taken, and transmit the images to the Tennessee Bureau of Investigation (TBI). Section 8-4-115, *Tennessee Code Annotated*, provides that if fingerprints are transmitted to the TBI electronically, the booking agency shall maintain one hard copy of the fingerprints along with an acknowledgement from the TBI that a copy of the fingerprints has been received and accepted. During our examination of arrestee files, we noted that in ten of 15 files examined, the files did not contain the acknowledgement from the TBI that the fingerprints had been received and accepted. This calculates to a 67 percent rate of noncompliance. This deficiency can be attributed to a lack of management oversight.

## RECOMMENDATION

The sheriff should ensure that the fingerprints of all persons arrested are properly submitted to and accepted by the TBI as required by state statute.

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### FINDING 2014-022

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

The Sheriff's Office did not deposit some funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to an official bank account within three days of collection. In several instances during the period under examination, collections were held in the office up to 19 days before being deposited into the official bank account. This deficiency was the result of a lack of management oversight. The delay in depositing funds increases the risks of fraud and misappropriation.

## RECOMMENDATION

The sheriff should ensure that all funds are deposited into the official bank account within three days of collection as required by state statute.

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## OFFICE OF ASSESSOR OF PROPERTY

### FINDING 2014-023

#### **THE ASSESSOR DID NOT PRORATE IMPROVEMENTS AND NEW CONSTRUCTION PROPERLY** (Noncompliance Under *Government Auditing Standards*)

The assessor did not prorate improvements and new construction properly. During our annual audit, we noted only three parcels with a year built of 2013; however, there were 21 in the 2014 file. Therefore, it appears the assessor is holding 2013 year built homes to put on the tax roll in the 2014 year. No evidence of proration was found. Assessors are required to pick up new construction or improvements and to prorate their values for the portion of the year following their date of completion. Section 67-5-603(b)(1), *Tennessee Code Annotated*, provides that for the year in which an improvement or building is completed, the assessment, or increase in assessment, shall be prorated for the portion of the year following the date of its completion. This deficiency can be attributed to management's failure to properly comply with the statute and management's failure to correct the finding noted in the prior-year audit report. This deficiency resulted in an incorrect assessed value to the affected properties.

## RECOMMENDATION

The assessor should prorate new construction and improvements as required by state statute.

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**PARKS AND RECREATION DEPARTMENT AND THE OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF**

**FINDING 2014-024**

**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, Road Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register of Deeds, and Sheriff. 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 prior-year audit report.

**RECOMMENDATION**

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

**MANAGEMENT'S RESPONSE – TRUSTEE MIKE WEBB**

Upon my appointment, the duties in our office have been segregated to ensure that no one person is responsible for completing the daily affairs i.e. making deposits, balancing bank statements, and receipting monies.

**MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT JOYCE HOLT**

Duties and responsibilities have been reassigned under the new administration at the office of Road Superintendent to ensure that adequate segregation of duties among employees is in place to provide internal control for maintaining accounting records as recommended.

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**OTHER FINDING**

**FINDING 2014-025**

**SEVERAL COUNTY COMMISSIONERS FAILED TO DISCLOSE CONFLICTS OF INTEREST DURING COUNTY COMMISSION MEETINGS**

(Noncompliance Under *Government Auditing Standards*)

Several Lewis County Commissioners who were also Lewis County employees prior to being elected to the County Commission failed to make public their employment with the county when voting on budget amendments for the departments where they were employed. Section 5-5-102(c)(3)(A), *Tennessee Code Annotated*, provides that any member of a local

governing body who was also an employee prior to being elected may vote on matters in which the member has a conflict of interest if the member informs the governing body immediately prior to the vote. The official minutes of the County Commission should reflect the disclosure.

One Lewis County Commissioner who was also hired as a Lewis County employee after being elected to the County Commission failed to abstain from voting on the budget, budget amendments, or any other matters in which he had a conflict of interest. Section 12-4-101(c)(2), *Tennessee Code Annotated*, provides that any member of a local governing body who is hired as an employee after being elected may not vote on matters in which the member "may have a direct or indirect pecuniary interest because of his or her employment." The official minutes of the County Commission reflected that this member voted on the tax rate and budget amendments in which he had a conflict of interest.

### RECOMMENDATION

On matters in which the county commissioner (elected after employment) has a potential conflict of interest, the member should inform the governing body immediately prior to the vote as follows: "Because I am an employee of Lewis County, I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents." The clerk should record this disclosure in the official minutes of the County Commission. On matters in which the county commissioner (elected before employment) has a potential conflict of interest, the member should abstain from voting.

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

There were no findings and questioned costs for federal awards.

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

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

### **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.

**LEWIS COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2014**

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