

ANNUAL FINANCIAL REPORT
LEWIS COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2015

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

MARK HARVILL, CFE
JACOB KENNEDY, CISA
State Auditors

This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Lewis County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Lewis County as of and for the year ended June 30, 2015.

Results

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

Our audit resulted in four 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 Solid Waste/Sanitation Fund had deficiencies in the maintenance of accounting records.

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

- ◆ Multiple employees operated from the same cash drawer.

OFFICE OF ASSESSOR OF PROPERTY

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

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

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Lewis County Officials
June 30, 2015

Officials

Bill Webb, County Mayor
Joyce Holt, Road Superintendent
Benny Pace, Director of Schools
Mike Webb, 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

Bill Webb, County Mayor, Chairman
Jerry Ashmore
Mike King
Robert Brewer
Brian Peery
Larry Hensley
Timmie Hinson
Wendell Kelley
Billy Meek, Jr.
Patrick Halfacre

Kenny Prentice
Connie Sharp
Landis Turner
Bruce Bowen
Leon Hunter
Jim Grinder
Chris Dyer
Billy Dyer
Ronnie Brewer

Highway Commission

Bill Webb, County Mayor, Chairman
Landis Turner
Alice Tubbs

(Continued)

Lewis County Officials (Cont.)

Board of Education

Jeff Gandy, Chairman
Marti Lomax
Cassie Couch
Phyllis Townsend
Nancy McDonald

Brenda Helentjaris
Angela Leigh
Glenda Atkinson
Clark Bates

Audit Committee

Ronnie Brewer, Chairman
Bobby Page
Annette Peery
Ronnie Graves
Bert Moore

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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, 2015, 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, 2015, 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.

Change in Accounting Principle

As described in Note V.B., Lewis County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position of Lewis County by \$649,278 and the discretely presented Lewis County School Department's net position by \$2,537,363 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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 schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plan on pages 81-95 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

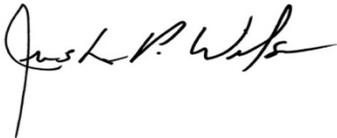
statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and 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 September 29, 2015, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 29, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Lewis County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government Governmental Activities	Component Unit Lewis County School Department
<u>ASSETS</u>		
Cash	\$ 2,907	\$ 403,341
Equity in Pooled Cash and Investments	3,565,655	9,545,501
Inventories	0	21,458
Net Pension Asset	0	371,552
Accounts Receivable	158,559	695
Allowance for Uncollectibles	(42,438)	0
Due from Other Governments	488,256	401,748
Property Taxes Receivable	3,147,144	1,204,513
Allowance for Uncollectible Property Taxes	(88,367)	(33,816)
Capital Assets:		
Assets Not Depreciated:		
Land	1,044,279	870,931
Construction in Progress	166,721	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	858,271	3,408,162
Other Capital Assets	347,118	910,100
Infrastructure	4,664,280	0
Total Assets	<u>\$ 14,312,385</u>	<u>\$ 17,104,185</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 0	\$ 73,954
Pension Contribution after Measurement Date	164,807	838,396
Pension Other Deferrals	0	58,969
Total Deferred Outflows of Resources	<u>\$ 164,807</u>	<u>\$ 971,319</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 36,349	\$ 15,672
Accrued Payroll	1,147	737,368
Contracts Payable	202,213	0
Accrued Interest Payable	2,150	0
Payroll Deductions Payable	12,684	390,013
Noncurrent Liabilities:		
Due Within One Year	200,134	6,679
Due in More Than One Year	465,085	418,696
Total Liabilities	<u>\$ 919,762</u>	<u>\$ 1,568,428</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Lewis County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,960,252	\$ 1,133,000
Pension Changes in Experience	138,290	148,802
Pension Changes in Investment Earnings	<u>334,220</u>	<u>2,850,145</u>
Total Deferred Inflows of Resources	<u>\$ 3,432,762</u>	<u>\$ 4,131,947</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 7,080,669	\$ 5,189,193
Restricted for:		
General Government	36,554	0
Administration of Justice	26,390	0
Public Safety	210,508	0
Public Health and Welfare	33,375	0
Highway/Public Works	2,467,868	0
Capital Outlay	97,915	0
Education	0	17,706
Central Cafeteria	0	221,004
Unrestricted	<u>171,389</u>	<u>6,947,226</u>
Total Net Position	<u>\$ 10,124,668</u>	<u>\$ 12,375,129</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, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Unit	
			Grants and Contributions	Capital Grants and Contributions		Lewis County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,053,971	\$ 214,990	\$ 223,580	\$ 0	\$ (615,401)	\$ 0	0
Finance	429,826	271,907	1,000	0	(156,919)	0	0
Administration of Justice	443,465	243,203	0	0	(200,262)	0	0
Public Safety	1,836,337	262,485	62,636	0	(1,511,216)	0	0
Public Health and Welfare	783,741	522,437	138,500	0	(122,804)	0	0
Social, Cultural, and Recreational Services	286,861	15,552	193,790	300	(77,219)	0	0
Agriculture and Natural Resources	97,066	0	29,431	0	(67,635)	0	0
Highways/Public Works	1,910,207	0	1,858,362	582,445	530,600	0	0
Total Governmental Activities	\$ 6,841,474	\$ 1,530,574	\$ 2,507,299	\$ 582,745	\$ (2,220,856)	\$ 0	0
Total Primary Government	\$ 6,841,474	\$ 1,530,574	\$ 2,507,299	\$ 582,745	\$ (2,220,856)	\$ 0	0
Component Unit:							
Lewis County School Department	\$ 14,020,344	\$ 159,382	\$ 2,514,665	\$ 0	\$ 0	\$ (11,346,297)	
Total Component Unit	\$ 14,020,344	\$ 159,382	\$ 2,514,665	\$ 0	\$ 0	\$ (11,346,297)	

(Continued)

Exhibit B

Lewis County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit	
					Primary Governmental Activities	Lewis County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 2,734,965			\$	1,048,879
Property Taxes Levied for Debt Service		1,632				0
Local Option Sales Taxes		223,238				1,317,314
Hotel/Motel Tax		20,132				0
Wheel Tax		214,565				0
Litigation Tax - General		36,755				0
Litigation Tax - Jail, Workhouse, or Courthouse		28,970				0
Business Tax		64,881				0
Wholesale Beer Tax		52,328				0
Other Local Taxes		6,388				26,926
Grants and Contributions Not Restricted to Specific Programs		697,664				10,369,837
Interest Income		34,175				15,451
Miscellaneous		65,851				47,514
Pension Income		11,240				42,891
Gain on the Sale of Capital Assets		0				1,150
Insurance Recovery		2,354				4,248
Total General Revenues		\$ 4,195,138			\$	12,874,210
Change in Net Position		\$ 1,974,282			\$	1,527,913
Net Position, July 1, 2014		8,799,664				13,384,579
Restatement - See Note I.D.9.		(649,278)				(2,537,363)
Net Position, June 30, 2015		\$ 10,124,668			\$	12,375,129

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

Lewis County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Other Governmental Funds		
\$	2,497	10	400		2,907
	\$	\$	\$		\$
Cash	711,744	2,289,003	564,908		3,565,655
Equity in Pooled Cash and Investments	78,082	0	80,477		158,559
Accounts Receivable	0	0	(42,438)		(42,438)
Allowance for Uncollectibles	82,547	405,709	0		488,256
Due from Other Governments	0	0	48,892		48,892
Due from Other Funds	3,019,437	75,543	52,164		3,147,144
Property Taxes Receivable	(84,768)	(2,134)	(1,465)		(88,367)
Allowance for Uncollectible Property Taxes					
Total Assets	\$ 3,809,539	\$ 2,768,131	\$ 702,938		\$ 7,280,608

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Allowance for Uncollectibles
Due from Other Governments
Due from Other Funds
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable
Accrued Payroll
Payroll Deductions Payable
Contracts Payable
Due to Other Funds
Other Current Liabilities
Total Liabilities

\$	15,056	0	21,293		36,349
	\$	\$	\$		\$
	1,147	0	0		1,147
	1,275	10,992	44		12,311
	0	153,321	48,892		202,213
	0	0	48,892		48,892
	373	0	0		373
Total Liabilities	\$ 17,851	\$ 164,313	\$ 119,121		\$ 301,285

DEFERRED INFLOWS OF RESOURCES

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

\$	2,840,172	71,013	49,067		2,960,252
	\$	\$	\$		\$
	79,960	2,020	1,632		83,612
	23,392	279,515	32,617		335,524
Total Deferred Inflows of Resources	\$ 2,943,524	\$ 352,548	\$ 83,316		\$ 3,379,388

(Continued)

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Other	Governmental Funds	
\$	36,554	0	0	0	36,554
Restricted for General Government	26,390	0	0	0	26,390
Restricted for Administration of Justice	196,089	0	14,419	0	210,508
Restricted for Public Safety	33,375	0	0	0	33,375
Restricted for Public Health and Welfare	0	2,251,270	10,657	0	2,261,927
Restricted for Highways/Public Works	97,915	0	0	0	97,915
Restricted for Capital Outlay	0	0	1,838	0	1,838
Restricted for Capital Projects	0	0	269,518	0	269,518
Committed: Committed for Public Health and Welfare	0	0	32,638	0	32,638
Committed for Social, Cultural, and Recreational Services	7,108	0	155,862	0	162,970
Committed for Debt Service	0	0	15,569	0	15,569
Committed for Capital Projects	0	0	0	0	0
Assigned: Assigned for General Government	2,633	0	0	0	2,633
Assigned for Social, Cultural, and Recreational Services	11,134	0	0	0	11,134
Unassigned	436,966	0	0	0	436,966
Total Fund Balances	\$ 848,164	\$ 2,251,270	\$ 500,501	\$ 0	\$ 3,599,935
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,809,539	\$ 2,768,131	\$ 702,938	\$ 0	\$ 7,280,608

FUND BALANCES

Restricted:

- Restricted for General Government
- Restricted for Administration of Justice
- Restricted for Public Safety
- Restricted for Public Health and Welfare
- Restricted for Highways/Public Works
- Restricted for Capital Outlay
- Restricted for Capital Projects

Committed:

- Committed for Public Health and Welfare
- Committed for Social, Cultural, and Recreational Services
- Committed for Debt Service
- Committed for Capital Projects

Assigned:

- Assigned for General Government
- Assigned for Social, Cultural, and Recreational Services

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Lewis County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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)		\$ 3,599,935
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,044,279	
Add: construction in progress	166,721	
Add: buildings and improvements net of accumulated depreciation	858,271	
Add: other capital assets net of accumulated depreciation	347,118	
Add: infrastructure net of accumulated depreciation	<u>4,664,280</u>	7,080,669
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (385,000)	
Less: compensated absences payable	(19,031)	
Less: other postemployment benefits liability	(75,594)	
Less: accrued interest on notes and bonds	<u>(2,150)</u>	(481,775)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 164,807	
Less: deferred inflows of resources related to pensions	<u>(472,510)</u>	(307,703)
(4) Net pension liabilities of the agent plans are not current financial resources and therefore are not reported in the governmental funds.		(185,594)
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>419,136</u>
Net position of governmental activities (Exhibit A)		<u>\$ 10,124,668</u>

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

Lewis County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Other	Governmental	
<u>Revenues</u>					
Local Taxes	\$ 3,480,062	\$ 74,541	\$ 92,533	\$ 3,647,136	
Licenses and Permits	3,686	0	0	3,686	
Fines, Forfeitures, and Penalties	64,904	0	1,528	66,432	
Charges for Current Services	48,419	5	518,880	567,304	
Other Local Revenues	246,670	5,212	24,364	276,246	
Fees Received from County Officials	502,217	0	0	502,217	
State of Tennessee	859,341	2,008,952	64,657	2,932,950	
Federal Government	32,147	273,855	14,153	320,155	
Other Governments and Citizens Groups	33,397	5,171	250,096	288,664	
Total Revenues	\$ 5,270,843	\$ 2,367,736	\$ 966,211	\$ 8,604,790	
<u>Expenditures</u>					
Current:					
General Government	\$ 627,319	\$ 0	\$ 0	\$ 627,319	
Finance	375,405	0	0	375,405	
Administration of Justice	388,601	0	0	388,601	
Public Safety	1,641,108	0	1,701	1,642,809	
Public Health and Welfare	249,948	0	531,237	781,185	
Social, Cultural, and Recreational Services	87,942	0	116,043	203,985	
Agriculture and Natural Resources	97,066	0	0	97,066	
Other Operations	898,295	0	76,487	974,782	
Highways	0	2,471,470	0	2,471,470	
Debt Service:					
Principal on Debt	0	0	304,667	304,667	
Interest on Debt	0	0	20,679	20,679	
Capital Projects	0	0	74,245	74,245	
Total Expenditures	\$ 4,365,684	\$ 2,471,470	\$ 1,125,059	\$ 7,962,213	

(Continued)

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Other Governmental Funds	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 905,159	\$ (103,734)	\$ (158,848)	\$	642,577
Other Financing Sources (Uses)					
Notes Issued	\$ 0	\$ 0	\$ 10,000	\$	10,000
Insurance Recovery	1,840	514	0		2,354
Transfers In	0	0	60,092		60,092
Transfers Out	0	0	(60,092)		(60,092)
Total Other Financing Sources (Uses)	\$ 1,840	\$ 514	\$ 10,000	\$	12,354
Net Change in Fund Balances	\$ 906,999	\$ (103,220)	\$ (148,848)	\$	654,931
Fund Balance, July 1, 2014	(58,835)	2,354,490	649,349		2,945,004
Fund Balance, June 30, 2015	\$ 848,164	\$ 2,251,270	\$ 500,501	\$	3,599,935

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, 2015

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)		\$ 654,931
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,436,499	
Less: current-year depreciation expense	<u>(758,732)</u>	677,767
(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, 2015	\$ 419,136	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(221,764)</u>	197,372
(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	\$ 185,000	
Add: principal payments on notes	119,667	
Less: note proceeds	<u>(10,000)</u>	294,667
(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	\$ 1,032	
Change in deferred outflows of resources related to pensions	164,807	
Change in deferred inflows of resources related to pensions	(472,510)	
Change in net pension liability	463,684	
Change in compensated absences payable	(964)	
Change in other postemployment benefits liability	<u>(6,504)</u>	149,545
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,974,282</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,480,062	\$ 3,494,191	\$ 3,494,191	\$ (14,129)
Licenses and Permits	3,686	2,800	2,800	886
Fines, Forfeitures, and Penalties	64,904	62,320	62,320	2,584
Charges for Current Services	48,419	41,705	42,904	5,515
Other Local Revenues	246,670	270,200	256,200	(9,530)
Fees Received from County Officials	502,217	491,000	491,000	11,217
State of Tennessee	859,341	697,498	857,849	1,492
Federal Government	32,147	12,000	31,713	434
Other Governments and Citizens Groups	33,397	31,000	57,000	(23,603)
Total Revenues	\$ 5,270,843	\$ 5,102,714	\$ 5,295,977	\$ (25,134)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 54,793	\$ 58,863	\$ 54,793	\$ 0
Board of Equalization	1,250	1,200	1,450	200
County Mayor/Executive	118,006	112,931	118,006	0
County Attorney	6,000	8,500	8,500	2,500
Election Commission	113,594	115,334	115,333	1,739
Register of Deeds	94,708	96,804	96,804	2,096
Geographical Information Systems	31,209	31,694	31,694	485
County Buildings	193,835	215,896	215,896	22,061
Other Facilities	13,924	15,160	15,160	1,236
<u>Finance</u>				
Property Assessor's Office	93,416	99,778	98,552	5,136
Reappraisal Program	26,008	26,048	27,024	1,016
County Trustee's Office	125,716	126,319	128,404	2,688
County Clerk's Office	130,265	125,609	132,409	2,144
<u>Administration of Justice</u>				
Circuit Court	82,035	88,275	89,303	7,268
General Sessions Judge	97,324	98,589	98,589	1,265
General Sessions Court Clerk	72,175	72,665	72,665	490
Chancery Court	100,609	101,744	101,744	1,135
Judicial Commissioners	36,458	39,888	39,888	3,430
<u>Public Safety</u>				
Sheriff's Department	667,579	673,108	684,358	16,779
Drug Enforcement	34,532	35,142	35,310	778
Administration of the Sexual Offender Registry	200	0	200	0
Jail	806,989	795,697	832,013	25,024
Juvenile Services	3,543	0	3,543	0
Fire Prevention and Control	19,000	19,000	19,000	0
Civil Defense	101,680	118,984	118,984	17,304
County Coroner/Medical Examiner	7,585	7,713	7,713	128

(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	\$ 47,282	\$ 53,828	\$ 53,828	\$ 6,546
Rabies and Animal Control	1,984	2,400	2,400	416
Ambulance/Emergency Medical Services	142,800	214,200	210,315	67,515
Other Local Health Services	32,183	64,300	64,300	32,117
Sanitation Education/Information	25,699	33,700	33,700	8,001
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	6,000	6,000	6,000	0
Libraries	81,942	81,523	81,942	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	47,866	48,499	48,499	633
Soil Conservation	49,200	49,200	49,200	0
<u>Other Operations</u>				
Tourism	149	0	149	0
Other Economic and Community Development	16,765	16,615	17,665	900
Airport	200,809	71,870	204,814	4,005
Veterans' Services	7,683	7,200	9,000	1,317
Employee Benefits	551,211	564,800	564,800	13,589
Miscellaneous	121,678	111,800	121,678	0
Total Expenditures	<u>\$ 4,365,684</u>	<u>\$ 4,410,876</u>	<u>\$ 4,615,625</u>	<u>\$ 249,941</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 905,159</u>	<u>\$ 691,838</u>	<u>\$ 680,352</u>	<u>\$ 224,807</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,840	\$ 0	\$ 3,354	\$ (1,514)
Total Other Financing Sources	<u>\$ 1,840</u>	<u>\$ 0</u>	<u>\$ 3,354</u>	<u>\$ (1,514)</u>
Net Change in Fund Balance				
Fund Balance, July 1, 2014	<u>\$ 906,999</u>	<u>\$ 691,838</u>	<u>\$ 683,706</u>	<u>\$ 223,293</u>
	<u>(58,835)</u>	<u>602,171</u>	<u>602,171</u>	<u>(661,006)</u>
Fund Balance, June 30, 2015	<u>\$ 848,164</u>	<u>\$ 1,294,009</u>	<u>\$ 1,285,877</u>	<u>\$ (437,713)</u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 74,541	\$ 81,006	\$ 81,006	\$ (6,465)
Charges for Current Services	5	0	0	5
Other Local Revenues	5,212	4,500	4,500	712
State of Tennessee	2,008,952	2,022,483	2,022,483	(13,531)
Federal Government	273,855	10,000	283,315	(9,460)
Other Governments and Citizens Groups	5,171	8,000	8,000	(2,829)
Total Revenues	<u>\$ 2,367,736</u>	<u>\$ 2,125,989</u>	<u>\$ 2,399,304</u>	<u>\$ (31,568)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 177,072	\$ 204,062	\$ 204,062	\$ 26,990
Highway and Bridge Maintenance	690,872	635,571	722,154	31,282
Operation and Maintenance of Equipment	269,635	257,496	297,828	28,193
Other Charges	92,110	81,500	93,557	1,447
Employee Benefits	201,970	234,250	234,250	32,280
Capital Outlay	1,039,811	905,470	1,039,812	1
Total Expenditures	<u>\$ 2,471,470</u>	<u>\$ 2,318,349</u>	<u>\$ 2,591,663</u>	<u>\$ 120,193</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (103,734)</u>	<u>\$ (192,360)</u>	<u>\$ (192,359)</u>	<u>\$ 88,625</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 514	\$ 0	\$ 0	\$ 514
Total Other Financing Sources	<u>\$ 514</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 514</u>
Net Change in Fund Balance	\$ (103,220)	\$ (192,360)	\$ (192,359)	\$ 89,139
Fund Balance, July 1, 2014	2,354,490	1,905,057	1,905,057	449,433
Fund Balance, June 30, 2015	<u>\$ 2,251,270</u>	<u>\$ 1,712,697</u>	<u>\$ 1,712,698</u>	<u>\$ 538,572</u>

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

Exhibit D

Lewis County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 314,155
Due from Other Governments	<u>187,108</u>
Total Assets	<u>\$ 501,263</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 187,108
Due to Litigants, Heirs, and Others	<u>314,155</u>
Total Liabilities	<u>\$ 501,263</u>

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

LEWIS COUNTY, TENNESSEE
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LEWIS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015.

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 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. Deferred outflows of resources represent 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 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 items are for pension changes in experience, changes in proportionate share of net pension asset, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) 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 items are from the following sources: current and delinquent property taxes, pension changes in experience, changes in investment earnings, and various receivables for revenues, which do not meet the availability criteria for 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, 2015, Lewis County had \$385,000 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.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension asset/liability in their Statement of Net Position. Therefore, a restatement to decrease Lewis County's and the Lewis County School Department's beginning net position has been recognized on the Statement of Activities totaling (\$649,278) and (\$2,537,363), respectively.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Lewis County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Lewis County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Lewis County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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. Cash Shortage – Prior Year

During the 2012-13 audit, auditors determined a cash shortage of \$44,239.20 existed in the Office of Trustee as of June 30, 2013. Details of the disposition of this matter were reported in the audit report for the year ended June 30, 2013. This cash shortage was reflected in the financial statements of the agency funds through June 30, 2014. On October 8, 2014, officials obtained an insurance recovery of \$44,239.20, effectively liquidating the cash shortage.

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.

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, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 906,625	\$ 137,654	\$ 1,044,279
Construction in Progress	117,829	48,892	166,721
Total Capital Assets Not Depreciated	<u>\$ 1,024,454</u>	<u>\$ 186,546</u>	<u>\$ 1,211,000</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,959,393	\$ 0	\$ 2,959,393
Other Capital Assets	2,027,118	141,052	2,168,170
Infrastructure	18,723,548	1,108,901	19,832,449
Total Capital Assets Depreciated	<u>\$ 23,710,059</u>	<u>\$ 1,249,953</u>	<u>\$ 24,960,012</u>

Governmental Activities (Cont.)

	Balance 7-1-14	Increases	Balance 6-30-15
Less Accumulated Depreciation for: Buildings and Improvements	\$ 2,010,186	\$ 90,936	\$ 2,101,122
Other Capital Assets	1,750,542	70,510	1,821,052
Infrastructure	14,570,883	597,286	15,168,169
Total Accumulated Depreciation	<u>\$ 18,331,611</u>	<u>\$ 758,732</u>	<u>\$ 19,090,343</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,378,448</u>	<u>\$ 491,221</u>	<u>\$ 5,869,669</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,402,902</u>	<u>\$ 540,113</u>	<u>\$ 7,080,669</u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

General Government	\$ 5,110
Public Safety	32,392
Public Health and Welfare	20,537
Social, Cultural, and Recreation	50,515
Highway/Public Works	<u>650,178</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 758,732</u>

Discretely Presented Lewis County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 461,601	\$ 409,330	\$ 0	\$ 870,931
Total Capital Assets Not Depreciated	\$ 461,601	\$ 409,330	\$ 0	\$ 870,931
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,897,339	\$ 0	\$ 0	\$ 10,897,339
Other Capital Assets	2,934,749	12,643	(51,904)	2,895,488
Total Capital Assets Depreciated	\$ 13,832,088	\$ 12,643	\$ (51,904)	\$ 13,792,827
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 7,131,137	\$ 358,040	\$ 0	\$ 7,489,177
Other Capital Assets	1,875,726	161,566	(51,904)	1,985,388
Total Accumulated Depreciation	\$ 9,006,863	\$ 519,606	\$ (51,904)	\$ 9,474,565
Total Capital Assets Depreciated, Net	\$ 4,825,225	\$ (506,963)	\$ 0	\$ 4,318,262
Governmental Activities Capital Assets, Net	\$ 5,286,826	\$ (506,963)	\$ 0	\$ 5,189,193

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

Support Services	\$ 491,118
Operation of Non-instructional Services	<u>28,488</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 519,606</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government		
Department:		
Nonmajor governmental	Nonmajor governmental	\$ 48,892
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	\$ 11,270

These balances 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, 2015, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In Nonmajor Governmental Fund</u>
Nonmajor governmental fund	\$ 60,092

Discretely Presented Lewis County School Department

<u>Transfer Out</u>	<u>Transfer In General Purpose School Fund</u>
Nonmajor governmental fund	\$ 11,623

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 outstanding were issued for an original term of 14 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds - Refunding	3.35 %	5-1-17	\$ 1,970,000	\$ 385,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 190,000	\$ 12,897	\$ 202,897
2017	195,000	6,533	201,533
Total	\$ 385,000	\$ 19,430	\$ 404,430

There is \$155,862 available in the General Debt Service Fund to service long-term debt. Debt per capita for bonds totaled \$32, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	*Restated Net Pension Liability - Agent Plan
Balance, July 1, 2014	\$ 570,000	\$ 109,667	\$ 649,278
Additions	0	10,000	20,066
Reductions	(185,000)	(119,667)	(483,750)
Balance, June 30, 2015	\$ 385,000	\$ 0	\$ 185,594
Balance Due Within One Year	\$ 190,000	\$ 0	\$ 0

*See Note I.D.9 for restatement.

The restatement in Note I.D.9 is comprised of an amount for the beginning net pension liability of \$(819,200) and an amount for employer contributions made during the year ended June 30, 2014, of \$169,922.

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 18,067	\$ 69,090
Additions	32,638	8,072
Reductions	(31,674)	(1,568)
Balance, June 30, 2015	\$ 19,031	\$ 75,594
Balance Due Within One Year	\$ 10,134	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 665,219
Less: Balance Due Within One Year	<u>(200,134)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 465,085</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, 2015, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 6,042	\$ 394,854
Additions	7,670	73,407
Reductions	<u>(7,033)</u>	<u>(49,565)</u>
Balance, June 30, 2015	<u>\$ 6,679</u>	<u>\$ 418,696</u>
Balance Due Within One Year	<u>\$ 6,679</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 425,375
Less: Balance Due Within One Year	<u>(6,679)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 418,696</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, 2015, 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 (\$600,000) and General Debt Service (\$20,000) funds in advance of property tax collections and deposited the proceeds in the General and the Sports and Recreation funds, respectively. 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, 2015, was as follows:

	Balance			Balance
	7-1-14	Issued	Paid	6-30-15
Tax Anticipation Notes	\$ 0	\$ 620,000	\$ (620,000)	\$ 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Contingent Liabilities

The county attorney was not aware of any pending lawsuits.

D. Changes in Administration

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 Bill Webb.

E. 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 2014-15 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, 2015.

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

F. Jointly Governed Organization

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Lewis County are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS.

The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Lewis County:

Inactive Employees or Beneficiaries Currently Receiving Benefits	3
Inactive Employees Entitled to But Not Yet Receiving Benefits	23
Active Employees	<u>54</u>
Total	<u><u>80</u></u>

Lewis County Officials:

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to But Not Yet Receiving Benefits	7
Active Employees	<u>10</u>
Total	<u><u>27</u></u>

Lewis County Highway Department:

Inactive Employees or Beneficiaries Currently Receiving Benefits	22
Inactive Employees Entitled to But Not Yet Receiving Benefits	8
Active Employees	<u>15</u>
Total	<u><u>45</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Lewis County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Lewis County, Lewis County Officials, and the Lewis County Highway Department were, \$60,931 based on a rate of 4.14 percent of pensionable payroll, \$59,585 based on a rate of 8.69 percent of pensionable payroll, and \$44,291 based on a rate of 9.68 percent of pensionable payroll, respectively. By law, employer contributions are required to be paid. The TCRS may intercept Lewis County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by

members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Lewis County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation

percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Lewis County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

Lewis County:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 912,406	\$ 845,614	\$ 66,792
Changes for the year:			
Service Cost	\$ 108,675	\$ 0	\$ 108,675
Interest	75,473	0	75,473
Differences Between Expected and Actual Experience	(56,648)	0	(56,648)
Contributions-Employer	0	72,054	(72,054)
Contributions-Employees	0	75,846	(75,846)
Net Investment Income	0	151,684	(151,684)
Benefit Payments, Including Refunds of Employee Contributions	(29,556)	(29,556)	0
Administrative Expense	0	(1,993)	1,993
Other Changes	0	0	0
Net Changes	<u>\$ 97,944</u>	<u>\$ 268,035</u>	<u>\$ (170,091)</u>
Balance, June 30, 2014	<u>\$ 1,010,350</u>	<u>\$ 1,113,649</u>	<u>\$ (103,299)</u>
Lewis County Officials:			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 2,231,616	\$ 1,897,789	\$ 333,827
Changes for the year:			
Service Cost	\$ 49,142	\$ 0	\$ 49,142
Interest	167,342	0	167,342
Differences Between Expected and Actual Experience	(33,095)	0	(33,095)
Contributions-Employer	0	56,871	(56,871)
Contributions-Employees	0	32,647	(32,647)
Net Investment Income	0	313,259	(313,259)
Benefit Payments, Including Refunds of Employee Contributions	(99,073)	(99,073)	0
Administrative Expense	0	(486)	486
Other Changes	0	0	0
Net Changes	<u>\$ 84,316</u>	<u>\$ 303,218</u>	<u>\$ (218,902)</u>
Balance, June 30, 2014	<u>\$ 2,315,932</u>	<u>\$ 2,201,007</u>	<u>\$ 114,925</u>

Lewis County Highway Department:

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 2,240,293	\$ 1,821,712	\$ 418,581
Changes for the year:			
Service Cost	\$ 45,725	\$ 0	\$ 45,725
Interest	166,650	0	166,650
Differences Between Expected and Actual Experience	(93,729)	0	(93,729)
Contributions-Employer	0	40,997	(40,997)
Contributions-Employees	0	26,113	(26,113)
Net Investment Income	0	296,891	(296,891)
Benefit Payments, Including Refunds of Employee Contributions	(128,013)	(128,013)	0
Administrative Expense	0	(742)	742
Other Changes	0	0	0
Net Changes	\$ (9,367)	\$ 235,246	\$ (244,613)
Balance, June 30, 2014	\$ 2,230,926	\$ 2,056,958	\$ 173,968

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Lewis County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Lewis County:

	Current		
	1% Decrease	Discount Rate	1% Increase
Lewis County	6.5%	7.5%	8.5%
Net Pension Liability	\$ 58,377	\$ (103,299)	\$ (234,490)

Lewis County Officials:

	Current		
	1% Decrease	Discount Rate	1% Increase
Lewis County	6.5%	7.5%	8.5%
Net Pension Liability	\$ 359,696	\$ 114,925	\$ (95,601)

Lewis County Highway Department:

	1% Decrease	Current Discount Rate	1% Increase
<u>Lewis County</u>	6.5%	7.5%	8.5%

Net Pension Liability \$ 429,458 \$ 173,968 \$ (38,277)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2015, Lewis County recognized pension expense of \$20,066.

Pension Income. For the year ended June 30, 2015, Lewis County Officials recognized pension income of \$169.

Pension Income. For the year ended June 30, 2015, Lewis County Highway Department recognized pension income of \$11,071.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Lewis County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Lewis County:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 50,983
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	67,120
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>60,931</u>	<u>N/A</u>
Total	<u>\$ 60,931</u>	<u>\$ 118,103</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Lewis County Officials:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 24,821
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	137,041
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>59,585</u>	N/A
Total	<u>\$ 59,585</u>	<u>\$ 161,862</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Lewis County Highway Department:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 62,486
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	130,059
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>44,291</u>	N/A
Total	<u>\$ 44,291</u>	<u>\$ 192,545</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Lewis County:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ (22,445)
2017	(22,445)
2018	(22,445)
2019	(22,445)
2020	(5,665)
Thereafter	(22,660)

Lewis County Officials:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ (42,534)
2017	(42,534)
2018	(42,534)
2019	(34,260)
2020	0
Thereafter	0

Lewis County Highway Department:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ (63,758)
2017	(63,758)
2018	(32,515)
2019	(32,515)
2020	0
Thereafter	0

In the tables shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Lewis County School Department

Non-certified Employees Plan

General Information About the Pension Plan

Plan Description. Non-certified employees of the Lewis County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	56
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	55
Active Employees	<u>85</u>
Total	<u><u>196</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The School Department makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the plan were \$185,086 based on a rate of 11.07 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept the School Department's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The Lewis County School Department's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the

following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from the Lewis County School Department will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make

projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 5,011,835	\$ 4,652,658	\$ 359,177
Changes for the Year:			
Service Cost	\$ 150,031	\$ 0	\$ 150,031
Interest	379,629	0	379,629
Differences Between Expected and Actual Experience	(186,002)	0	(186,002)
Contributions-Employer	0	184,607	(184,607)
Contributions-Employees	0	85,768	(85,768)
Net Investment Income	0	776,785	(776,785)
Benefit Payments, Including Refunds of Employee Contributions	(200,296)	(200,296)	0
Administrative Expense	0	(3,236)	3,236
Other Changes	0	0	0
Net Changes	<u>\$ 143,362</u>	<u>\$ 843,628</u>	<u>\$ (700,266)</u>
Balance, June 30, 2014	<u>\$ 5,155,197</u>	<u>\$ 5,496,286</u>	<u>\$ (341,089)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Lewis County School Department calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	Current Discount Rate		
	1% Decrease 6.5%	1% Increase 8.5%	
Lewis County School Department	1% Decrease 6.5%	1% Increase 8.5%	
Net Pension Liability	\$ 321,264	\$ (341,089)	\$ (893,742)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Income. For the year ended June 30, 2015, the Lewis County School Department recognized pension income of \$26,594.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Lewis County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 148,802
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	340,263
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>185,086</u>	<u>N/A</u>
Total	<u>\$ 185,086</u>	<u>\$ 489,065</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Lewis County School Department:

Year Ending June 30	Amount
2016	\$ (122,266)
2017	(122,266)
2018	(122,266)
2019	(122,266)
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Lewis County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the

Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$4,048, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Lewis County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Lewis County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 4,048	N/A
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The Lewis County School Department’s employer contributions of \$4,048 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Lewis County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement

benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Lewis County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$649,262, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Lewis County School Department reported an asset of \$30,462 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Lewis County School Department's proportion of the net pension asset was based on the Lewis County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Lewis County School Department's proportion was .187464 percent. The proportion measured as of June 30, 2013, was .183284 percent.

Pension Income. For the year ended June 30, 2015, the Lewis County School Department recognized a pension income of \$16,297.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Lewis County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 73,954	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,509,882
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	0	0
	<u>649,262</u>	<u>N/A</u>
Total	<u>\$ 723,216</u>	<u>\$ 2,509,882</u>

The Lewis County School Department's employer contributions of \$649,262 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (605,317)
2017	(605,317)
2018	(605,317)
2019	(605,317)
2020	22,154
Thereafter	22,154

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Lewis County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Lewis County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
--	---------------------	-------------------------------	---------------------

Net Pension Liability \$ 5,137,774 \$ (30,462) \$ (4,309,201)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

The 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.

H. 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 \$1,568 and \$49,565, respectively, for postemployment health care during the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan *
	<u> </u>	<u> </u>
ARC	\$ 73,000	\$ 8,000
Interest on the NOPEBO	15,794	2,764
Adjustment to the ARC	(15,387)	(2,692)
Annual OPEB cost	<u>\$ 73,407</u>	<u>\$ 8,072</u>
Amount of contribution	(49,565)	(1,568)
Increase/decrease in NOPEBO	<u>\$ 23,842</u>	<u>\$ 6,504</u>
Net OPEB obligation, 7-1-14	<u>394,854</u>	<u>69,090</u>
Net OPEB obligation, 6-30-15	<u><u>\$ 418,696</u></u>	<u><u>\$ 75,594</u></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
6-30-13	Local Education Group	\$ 146,306	34 %	\$ 378,367
6-30-14	"	71,390	77	394,854
6-30-15	"	73,407	68	418,696
6-30-13	Local Government Group	7,865	15	61,484
6-30-14	"	8,063	6	69,090
6-30-15	"	8,072	19	75,594

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 seven percent for fiscal year 2015. The trend will decrease to 6.5 percent in fiscal year 2016 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.

I. 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Lewis County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - Lewis County
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 108,675
Interest	75,473
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(56,648)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(29,556)</u>
Net Change in Total Pension Liability (Asset)	\$ 97,944
Total Pension Liability (Asset), Beginning	<u>912,406</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 1,010,350</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 72,054
Contributions - Employee	75,846
Net Investment Income	151,684
Benefit Payments, Including Refunds of Employee Contributions	(29,556)
Administrative Expense	<u>(1,993)</u>
Net Change in Plan Fiduciary Net Position	\$ 268,035
Plan Fiduciary Net Position, Beginning	<u>845,614</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 1,113,649</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (103,299)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.22%
Covered Employee Payroll	\$ 1,516,923
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	6.81%

Note: ten years of data will be presented when available.

Exhibit E-2

Lewis County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - Lewis County Officials
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 49,142
Interest	167,342
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(33,095)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(99,073)</u>
Net Change in Total Pension Liability (Asset)	\$ 84,316
Total Pension Liability (Asset), Beginning	<u>2,231,616</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 2,315,932</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 56,871
Contributions - Employee	32,647
Net Investment Income	313,259
Benefit Payments, Including Refunds of Employee Contributions	(99,073)
Administrative Expense	<u>(486)</u>
Net Change in Plan Fiduciary Net Position	\$ 303,218
Plan Fiduciary Net Position, Beginning	<u>1,897,789</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 2,201,007</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ 114,925</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 95.04%
Covered Employee Payroll	\$ 652,939
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	17.60%

Note: ten years of data will be presented when available.

Exhibit E-3

Lewis County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - Lewis County Highway Department
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 45,725
Interest	166,650
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(93,729)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(128,013)
Net Change in Total Pension Liability (Asset)	<u>\$ (9,367)</u>
Total Pension Liability (Asset), Beginning	<u>2,240,293</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 2,230,926</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 40,997
Contributions - Employee	26,113
Net Investment Income	296,891
Benefit Payments, Including Refunds of Employee Contributions	(128,013)
Administrative Expense	(742)
Net Change in Plan Fiduciary Net Position	<u>\$ 235,246</u>
Plan Fiduciary Net Position, Beginning	<u>1,821,712</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 2,056,958</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u><u>\$ 173,968</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 92.20%
Covered Employee Payroll	\$ 522,259
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	33.31%

Note: ten years of data will be presented when available.

Exhibit E-4

Lewis County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Discretely Presented Lewis County School Department - Non-Certified Employees
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 150,031
Interest	379,629
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(186,002)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(200,296)</u>
Net Change in Total Pension Liability (Asset)	\$ 143,362
Total Pension Liability (Asset), Beginning	<u>5,011,835</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 5,155,197</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 184,607
Contributions - Employee	85,768
Net Investment Income	776,785
Benefit Payments, Including Refunds of Employee Contributions	(200,296)
Administrative Expense	<u>(3,236)</u>
Net Change in Plan Fiduciary Net Position	\$ 843,628
Plan Fiduciary Net Position, Beginning	<u>4,652,658</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 5,496,286</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (341,089)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.62%
Covered Employee Payroll	\$ 1,692,114
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	20.16%

Note: ten years of data will be presented when available.

Exhibit E-5

Lewis County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government - Lewis County
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 72,054	\$ 60,931
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(72,054)</u>	<u>(60,931)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 1,516,923	\$ 1,483,580
Contributions as a Percentage of Covered Employee Payroll	4.75%	4.11%

Note: ten years of data will be presented when available.

Exhibit E-6

Lewis County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government - Lewis County Officials
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 56,871	\$ 59,585
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(56,871)</u>	<u>(59,585)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 652,939	\$ 685,678
Contributions as a Percentage of Covered Employee Payroll	8.71%	8.69%

Note: ten years of data will be presented when available.

Exhibit E-7

Lewis County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government - Lewis County Highway Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 40,997	\$ 44,291
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(40,997)</u>	<u>(44,291)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 522,259	\$ 457,556
Contributions as a Percentage of Covered Employee Payroll	7.85%	9.68%

Note: ten years of data will be presented when available.

Exhibit E-8

Lewis County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Discretely Presented Lewis County School Department - Non-Certified Employees
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 184,607	\$ 185,086
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(184,607)</u>	<u>(185,086)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 1,692,114	\$ 1,654,633
Contributions as a Percentage of Covered Employee Payroll	10.91%	11.19%

Note: ten years of data will be presented when available.

Exhibit E-9

Lewis County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Lewis County School Department - Certified Personnel
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 2,530
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(4,048)</u>
Contribution Deficiency (Excess)	<u>\$ (1,518)</u>
Covered Employee Payroll	\$ 101,195
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit E-10

Lewis County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Lewis County School Department - Certified Personnel
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 653,387	\$ 649,262
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(653,387)</u>	<u>(649,262)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 7,357,958	\$ 7,206,193
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.01%

Note: ten years of data will be presented when available.

Exhibit E-11

Lewis County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Lewis County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.187464%
School Department's Proportionate Share of the Net Pension Asset	\$ 30,462
Covered Employee Payroll	\$ 7,357,958
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-12

Lewis County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Lewis County School Department
June 30, 2015

(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, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Lewis County:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Four Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

(Continued)

Lewis County Officials:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	15 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement

Lewis County Highway Department:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	20 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement

(Continued)

Discretely Presented Lewis County School Department - Non-Certified Employees:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Two Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Debt Service Fund

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

Capital Projects Funds

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues 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, 2015

	Special Revenue Funds				Debt Service		Capital	
					Fund		Projects Funds	
	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Total	General Debt Service	General Capital Projects		
\$	400 \$	0 \$	0 \$	400 \$	0 \$	0 \$	0	0
	299,484	14,419	33,756	347,659	204,754	1,838	1,838	0
	80,477	0	0	80,477	0	0	0	0
	(42,438)	0	0	(42,438)	0	0	0	0
	0	0	0	0	0	0	48,892	0
	0	0	0	0	52,164	0	52,164	0
	0	0	0	0	(1,465)	0	(1,465)	0
\$	337,923 \$	14,419 \$	33,756 \$	386,098 \$	255,453 \$	50,730	50,730	0
\$	20,219 \$	0 \$	1,074 \$	21,293 \$	0 \$	0	0	0
	0	0	44	44	0	0	0	0
	0	0	0	0	0	0	48,892	0
	0	0	0	0	48,892	0	48,892	0
\$	20,219 \$	0 \$	1,118 \$	21,337 \$	48,892 \$	48,892	48,892	0
\$	0 \$	0 \$	0 \$	0 \$	49,067 \$	0	49,067	0
	0	0	0	0	1,632	0	1,632	0
	32,617	0	0	32,617	0	0	0	0
\$	32,617 \$	0 \$	0 \$	32,617 \$	50,699 \$	0	50,699	0

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Allowance for Uncollectibles
 Due from Other Funds
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable
 Payroll Deductions Payable
 Contracts Payable
 Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

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

(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 \$	0 \$	400
10,657	12,495		564,908
0	0		80,477
0	0		(42,438)
0	48,892		48,892
0	0		52,164
0	0		(1,465)
<u>\$ 10,657 \$</u>	<u>61,387 \$</u>		<u>702,938</u>
\$ 0 \$	0 \$		21,293
0	0		44
0	48,892		48,892
0	0		48,892
<u>0 \$</u>	<u>48,892 \$</u>		<u>119,121</u>
\$ 0 \$	0 \$		49,067
0	0		1,632
0	0		32,617
<u>0 \$</u>	<u>0 \$</u>		<u>83,316</u>

(Continued)

ASSETS

Cash	400
Equity in Pooled Cash and Investments	564,908
Accounts Receivable	80,477
Allowance for Uncollectibles	(42,438)
Due from Other Funds	48,892
Property Taxes Receivable	52,164
Allowance for Uncollectible Property Taxes	(1,465)
Total Assets	702,938

LIABILITIES

Accounts Payable	21,293
Payroll Deductions Payable	44
Contracts Payable	48,892
Due to Other Funds	48,892
Total Liabilities	119,121
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Current Property Taxes	49,067
Deferred Delinquent Property Taxes	1,632
Other Deferred/Unavailable Revenue	32,617
Total Deferred Inflows of Resources	83,316

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

Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
Highway Capital Projects	Total		
\$ 0	\$ 0	\$ 0	14,419
10,657	10,657	10,657	10,657
0	1,838	1,838	1,838
0	0	0	269,518
0	0	0	32,638
0	0	0	155,862
0	0	0	15,569
\$ 10,657	\$ 12,495	\$ 500,501	
\$ 10,657	\$ 61,387	\$ 702,938	

FUND BALANCES

Restricted:	
Restricted for Public Safety	14,419
Restricted for Highways/Public Works	10,657
Restricted for Capital Projects	1,838
Committed:	
Committed for Public Health and Welfare	269,518
Committed for Social, Cultural, and Recreational Services	32,638
Committed for Debt Service	155,862
Committed for Capital Projects	15,569
Total Fund Balances	500,501
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	702,938

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, 2015

	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	\$ 92,533	\$ 0	\$ 0	\$ 92,533	\$ 0
Fines, Forfeitures, and Penalties	0	1,528	0	0	0	1,528	0
Charges for Current Services	508,055	0	10,775	50	0	518,880	0
Other Local Revenues	24,363	0	1	0	0	24,364	0
State of Tennessee	63,949	0	708	0	0	64,657	0
Federal Government	0	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	46,000	0	0	46,000	204,096
Total Revenues	\$ 596,367	\$ 1,528	\$ 150,017	\$ 50	\$ 0	\$ 747,962	\$ 204,096
<u>Expenditures</u>							
Current:							
Public Safety	\$ 0	\$ 1,651	\$ 0	\$ 50	\$ 0	\$ 1,701	\$ 0
Public Health and Welfare	531,237	0	0	0	0	531,237	0
Social, Cultural, and Recreational Services	0	0	116,043	0	0	116,043	0
Other Operations	58,688	0	17,799	0	0	76,487	0
Debt Service:							
Principal on Debt	0	0	0	0	0	0	304,667
Interest on Debt	0	0	0	0	0	0	20,679
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 589,925	\$ 1,651	\$ 133,842	\$ 50	\$ 0	\$ 725,468	\$ 325,346
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,442	\$ (123)	\$ 16,175	\$ 0	\$ 0	\$ 22,494	\$ (121,250)

(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	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	(60,092)
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	(60,092)
Net Change in Fund Balances	\$ 6,442 \$	(123) \$	16,175 \$	0 \$	22,494 \$	(181,342)
Fund Balance, July 1, 2014	278,645	14,542	16,463	0	309,650	337,204
Fund Balance, June 30, 2015	\$ 285,087 \$	14,419 \$	32,638 \$	0 \$	332,144 \$	155,862

(Continued)

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 \$	0 \$	92,533
Fines, Forfeitures, and Penalties	0	0	0	0	0	1,528
Charges for Current Services	0	0	0	0	0	518,880
Other Local Revenues	0	0	0	0	0	24,364
State of Tennessee	0	0	0	0	0	64,657
Federal Government	0	14,153	0	14,153	0	14,153
Other Governments and Citizens Groups	0	0	0	0	0	250,096
Total Revenues	\$ 0 \$	14,153 \$	0 \$	14,153 \$	0 \$	966,211
<u>Expenditures</u>						
Current:						
Public Safety	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,701
Public Health and Welfare	0	0	0	0	0	531,237
Social, Cultural, and Recreational Services	0	0	0	0	0	116,043
Other Operations	0	0	0	0	0	76,487
Debt Service:						
Principal on Debt	0	0	0	0	0	304,667
Interest on Debt	0	0	0	0	0	20,679
Capital Projects	60,092	14,153	0	74,245	0	74,245
Total Expenditures	\$ 60,092 \$	14,153 \$	0 \$	74,245 \$	0 \$	1,125,059
Excess (Deficiency) of Revenues Over Expenditures	\$ (60,092) \$	0 \$	0 \$	(60,092) \$	0 \$	(158,848)

(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>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 10,000
Transfers In	60,092	0	0	60,092	60,092
Transfers Out	0	0	0	0	(60,092)
Total Other Financing Sources (Uses)	<u>\$ 70,092</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 70,092</u>	<u>\$ 10,000</u>
Net Change in Fund Balances	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ (148,848)
Fund Balance, July 1, 2014	(8,162)	0	10,657	2,495	649,349
Fund Balance, June 30, 2015	<u>\$ 1,838</u>	<u>\$ 0</u>	<u>\$ 10,657</u>	<u>\$ 12,495</u>	<u>\$ 500,501</u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 508,055	\$ 507,500	\$ 507,500	\$ 555
Other Local Revenues	24,363	24,800	37,023	(12,660)
State of Tennessee	63,949	58,721	58,721	5,228
Total Revenues	<u>\$ 596,367</u>	<u>\$ 591,021</u>	<u>\$ 603,244</u>	<u>\$ (6,877)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 531,237	\$ 512,988	\$ 531,848	\$ 611
<u>Other Operations</u>				
Employee Benefits	45,997	58,375	58,375	12,378
Miscellaneous	12,691	13,500	13,500	809
Total Expenditures	<u>\$ 589,925</u>	<u>\$ 584,863</u>	<u>\$ 603,723</u>	<u>\$ 13,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,442</u>	<u>\$ 6,158</u>	<u>\$ (479)</u>	<u>\$ 6,921</u>
Net Change in Fund Balance	\$ 6,442	\$ 6,158	\$ (479)	\$ 6,921
Fund Balance, July 1, 2014	<u>278,645</u>	<u>286,486</u>	<u>286,486</u>	<u>(7,841)</u>
Fund Balance, June 30, 2015	<u>\$ 285,087</u>	<u>\$ 292,644</u>	<u>\$ 286,007</u>	<u>\$ (920)</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 1,528	\$ 2,500	\$ 2,500	\$ (972)
Total Revenues	\$ 1,528	\$ 2,500	\$ 2,500	\$ (972)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 1,651	\$ 2,500	\$ 2,500	\$ 849
Total Expenditures	\$ 1,651	\$ 2,500	\$ 2,500	\$ 849
Excess (Deficiency) of Revenues Over Expenditures	\$ (123)	\$ 0	\$ 0	\$ (123)
Net Change in Fund Balance	\$ (123)	\$ 0	\$ 0	\$ (123)
Fund Balance, July 1, 2014	14,542	14,542	14,542	0
Fund Balance, June 30, 2015	\$ 14,419	\$ 14,542	\$ 14,542	\$ (123)

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 92,533	\$ 83,286	\$ 83,286	\$ 9,247
Charges for Current Services	10,775	12,000	12,000	(1,225)
Other Local Revenues	1	0	0	1
State of Tennessee	708	0	0	708
Other Governments and Citizens Groups	46,000	45,000	46,000	0
Total Revenues	<u>\$ 150,017</u>	<u>\$ 140,286</u>	<u>\$ 141,286</u>	<u>\$ 8,731</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 116,043	\$ 117,076	\$ 117,075	\$ 1,032
<u>Other Operations</u>				
Employee Benefits	11,859	16,610	16,610	4,751
Miscellaneous	5,940	6,600	6,600	660
Total Expenditures	<u>\$ 133,842</u>	<u>\$ 140,286</u>	<u>\$ 140,285</u>	<u>\$ 6,443</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,175</u>	<u>\$ 0</u>	<u>\$ 1,001</u>	<u>\$ 15,174</u>
Net Change in Fund Balance	\$ 16,175	\$ 0	\$ 1,001	\$ 15,174
Fund Balance, July 1, 2014	<u>16,463</u>	<u>22,099</u>	<u>22,099</u>	<u>(5,636)</u>
Fund Balance, June 30, 2015	<u>\$ 32,638</u>	<u>\$ 22,099</u>	<u>\$ 23,100</u>	<u>\$ 9,538</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 204,096	\$ 0	\$ 204,095	\$ 1
Total Revenues	\$ 204,096	\$ 0	\$ 204,095	\$ 1
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 119,667	\$ 0	\$ 119,667	\$ 0
Education	185,000	185,000	185,000	0
<u>Interest on Debt</u>				
General Government	1,584	0	1,584	0
Education	19,095	19,095	19,095	0
Total Expenditures	\$ 325,346	\$ 204,095	\$ 325,346	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (121,250)	\$ (204,095)	\$ (121,251)	\$ 1
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 204,095	\$ 0	\$ 0
Transfers Out	(60,092)	0	(60,092)	0
Total Other Financing Sources	\$ (60,092)	\$ 204,095	\$ (60,092)	\$ 0
Net Change in Fund Balance	\$ (181,342)	\$ 0	\$ (181,343)	\$ 1
Fund Balance, July 1, 2014	337,204	337,203	337,203	1
Fund Balance, June 30, 2015	\$ 155,862	\$ 337,203	\$ 155,860	\$ 2

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register 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, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 314,155	\$ 314,155
Due from Other Governments	187,108	0	187,108
Total Assets	<u>\$ 187,108</u>	<u>\$ 314,155</u>	<u>\$ 501,263</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 187,108	\$ 0	\$ 187,108
Due to Litigants, Heirs, and Others	0	314,155	314,155
Total Liabilities	<u>\$ 187,108</u>	<u>\$ 314,155</u>	<u>\$ 501,263</u>

Exhibit G-2

Lewis County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,056,771	\$ 1,056,771	\$ 0
Due from Other Governments	174,104	187,108	174,104	187,108
Total Assets	\$ 174,104	\$ 1,243,879	\$ 1,230,875	\$ 187,108
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 174,104	\$ 1,243,879	\$ 1,230,875	\$ 187,108
Total Liabilities	\$ 174,104	\$ 1,243,879	\$ 1,230,875	\$ 187,108
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 555,157	\$ 1,875,940	\$ 2,116,942	\$ 314,155
Cash Shortage	44,239	0	44,239	0
Total Assets	\$ 599,396	\$ 1,875,940	\$ 2,161,181	\$ 314,155
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 599,396	\$ 1,875,940	\$ 2,161,181	\$ 314,155
Total Liabilities	\$ 599,396	\$ 1,875,940	\$ 2,161,181	\$ 314,155
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 555,157	\$ 1,875,940	\$ 2,116,942	\$ 314,155
Equity in Pooled Cash and Investments	0	1,056,771	1,056,771	0
Due from Other Governments	174,104	187,108	174,104	187,108
Cash Shortage	44,239	0	44,239	0
Total Assets	\$ 773,500	\$ 3,119,819	\$ 3,392,056	\$ 501,263
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 174,104	\$ 1,243,879	\$ 1,230,875	\$ 187,108
Due to Litigants, Heirs, and Others	599,396	1,875,940	2,161,181	314,155
Total Liabilities	\$ 773,500	\$ 3,119,819	\$ 3,392,056	\$ 501,263

Lewis County School Department

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

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

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

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

Exhibit H-1

Lewis County, Tennessee
Statement of Activities
Discretely Presented Lewis County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 7,118,428	\$ 0	\$ 697,546	\$ (6,420,882)
Support Services	5,093,025	53,230	305,836	(4,733,959)
Operation of Non-instructional Services	1,808,891	106,152	1,511,283	(191,456)
Total Governmental Activities	\$ 14,020,344	\$ 159,382	\$ 2,514,665	\$ (11,346,297)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,048,879
Local Option Sales Taxes				1,317,314
Other Local Taxes				26,926
Grants and Contributions Not Restricted to Specific Programs				10,369,837
Interest Income				15,451
Miscellaneous				47,514
Pension Income				42,891
Gain on the Sale of Capital Assets				1,150
Insurance Recovery				4,248
Total General Revenues				\$ 12,874,210
Change in Net Position				\$ 1,527,913
Net Position, July 1, 2014				13,384,579
Restatement - See Note I.D.9.				(2,537,363)
Net Position, June 30, 2015				\$ 12,375,129

Exhibit H-2

Lewis County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lewis County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 392,889	\$ 10,452	\$ 403,341
Equity in Pooled Cash and Investments	9,241,847	303,654	9,545,501
Inventories	0	21,458	21,458
Accounts Receivable	695	0	695
Due from Other Governments	363,661	38,087	401,748
Due from Other Funds	11,270	0	11,270
Property Taxes Receivable	1,204,513	0	1,204,513
Allowance for Uncollectible Property Taxes	(33,816)	0	(33,816)
Total Assets	<u>\$ 11,181,059</u>	<u>\$ 373,651</u>	<u>\$ 11,554,710</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 15,672	\$ 15,672
Accrued Payroll	668,295	69,073	737,368
Payroll Deductions Payable	390,013	0	390,013
Due to Other Funds	0	11,270	11,270
Total Liabilities	<u>\$ 1,058,308</u>	<u>\$ 96,015</u>	<u>\$ 1,154,323</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,133,000	\$ 0	\$ 1,133,000
Deferred Delinquent Property Taxes	31,734	0	31,734
Other Deferred/Unavailable Revenue	122,963	0	122,963
Total Deferred Inflows of Resources	<u>\$ 1,287,697</u>	<u>\$ 0</u>	<u>\$ 1,287,697</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 21,458	\$ 21,458
Restricted:			
Restricted for Education	6,706	210,546	217,252
Committed:			
Committed for Education	0	45,632	45,632
Assigned:			
Assigned for Education	154,183	0	154,183
Assigned for Capital Outlay	5,575,083	0	5,575,083
Unassigned	3,099,082	0	3,099,082
Total Fund Balances	<u>\$ 8,835,054</u>	<u>\$ 277,636</u>	<u>\$ 9,112,690</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,181,059</u>	<u>\$ 373,651</u>	<u>\$ 11,554,710</u>

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, 2015

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)		\$	9,112,690
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	870,931	
Add: buildings and improvements net of accumulated depreciation		3,408,162	
Add: other capital assets net of accumulated depreciation		<u>910,100</u>	5,189,193
(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	\$	(418,696)	
Less: compensated absences payable		<u>(6,679)</u>	(425,375)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	971,319	
Less: deferred inflows of resources related to pensions		<u>(2,998,947)</u>	(2,027,628)
(4) Net pension assets of the agent and cost-sharing plans are not current financial resources and therefore are not reported in the governmental funds.			371,552
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>154,697</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>12,375,129</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, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 2,464,256	\$ 0	\$ 2,464,256
Licenses and Permits	497	0	497
Charges for Current Services	53,251	106,217	159,468
Other Local Revenues	78,233	1,327	79,560
State of Tennessee	10,656,277	10,678	10,666,955
Federal Government	0	2,088,248	2,088,248
Total Revenues	<u>\$ 13,252,514</u>	<u>\$ 2,206,470</u>	<u>\$ 15,458,984</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 7,029,960	\$ 861,888	\$ 7,891,848
Support Services	4,110,965	284,349	4,395,314
Operation of Non-instructional Services	597,692	1,188,498	1,786,190
Capital Outlay	458,631	0	458,631
Debt Service:			
Other Debt Service	204,645	0	204,645
Total Expenditures	<u>\$ 12,401,893</u>	<u>\$ 2,334,735</u>	<u>\$ 14,736,628</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 850,621</u>	<u>\$ (128,265)</u>	<u>\$ 722,356</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 4,248	\$ 0	\$ 4,248
Transfers In	11,623	0	11,623
Transfers Out	0	(11,623)	(11,623)
Total Other Financing Sources (Uses)	<u>\$ 15,871</u>	<u>\$ (11,623)</u>	<u>\$ 4,248</u>
Net Change in Fund Balances	\$ 866,492	\$ (139,888)	\$ 726,604
Fund Balance, July 1, 2014	<u>7,968,562</u>	<u>417,524</u>	<u>8,386,086</u>
Fund Balance, June 30, 2015	<u>\$ 8,835,054</u>	<u>\$ 277,636</u>	<u>\$ 9,112,690</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, 2015

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)		\$	726,604
(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	\$	421,973	
Less: current-year depreciation expense		<u>(519,606)</u>	(97,633)
(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, 2015	\$	154,697	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(112,563)</u>	42,134
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(637)	
Change in other postemployment benefits liability		(23,842)	
Change in deferred outflows of resources related to pensions		971,319	
Change in deferred inflows of resources related to pensions		(2,998,947)	
Change in net pension asset		<u>2,908,915</u>	<u>856,808</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,527,913</u>

Exhibit H-6

Lewis County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Lewis County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 10,452	\$ 10,452
Equity in Pooled Cash and Investments	103,019	200,635	303,654
Inventories	0	21,458	21,458
Due from Other Governments	13,765	24,322	38,087
Total Assets	<u>\$ 116,784</u>	<u>\$ 256,867</u>	<u>\$ 373,651</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 695	\$ 14,977	\$ 15,672
Accrued Payroll	48,187	20,886	69,073
Due to Other Funds	11,270	0	11,270
Total Liabilities	<u>\$ 60,152</u>	<u>\$ 35,863</u>	<u>\$ 96,015</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 21,458	\$ 21,458
Restricted:			
Restricted for Education	11,000	199,546	210,546
Committed:			
Committed for Education	45,632	0	45,632
Total Fund Balances	<u>\$ 56,632</u>	<u>\$ 221,004</u>	<u>\$ 277,636</u>
Total Liabilities and Fund Balances	<u>\$ 116,784</u>	<u>\$ 256,867</u>	<u>\$ 373,651</u>

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, 2015

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 106,217	\$ 106,217
Other Local Revenues	0	1,327	1,327
State of Tennessee	0	10,678	10,678
Federal Government	1,149,093	939,155	2,088,248
Total Revenues	\$ 1,149,093	\$ 1,057,377	\$ 2,206,470
<u>Expenditures</u>			
Current:			
Instruction	\$ 861,888	\$ 0	\$ 861,888
Support Services	284,349	0	284,349
Operation of Non-instructional Services	0	1,188,498	1,188,498
Total Expenditures	\$ 1,146,237	\$ 1,188,498	\$ 2,334,735
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,856	\$ (131,121)	\$ (128,265)
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (11,623)	\$ 0	\$ (11,623)
Total Other Financing Sources (Uses)	\$ (11,623)	\$ 0	\$ (11,623)
Net Change in Fund Balances	\$ (8,767)	\$ (131,121)	\$ (139,888)
Fund Balance, July 1, 2014	65,399	352,125	417,524
Fund Balance, June 30, 2015	\$ 56,632	\$ 221,004	\$ 277,636

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,464,256	\$ 0	\$ 0	\$ 2,464,256	\$ 2,236,148	\$ 2,236,148	\$ 228,108
Licenses and Permits	497	0	0	497	500	500	(3)
Charges for Current Services	53,251	0	0	53,251	26,600	26,600	26,651
Other Local Revenues	78,233	0	0	78,233	20,000	72,257	5,976
State of Tennessee	10,656,277	0	0	10,656,277	9,613,770	10,504,710	151,567
<u>Total Revenues</u>	<u>\$ 13,252,514</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,252,514</u>	<u>\$ 11,897,018</u>	<u>\$ 12,840,215</u>	<u>\$ 412,299</u>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,794,734	\$ (25,293)	\$ 8,500	\$ 5,777,941	\$ 6,078,672	\$ 6,177,126	\$ 399,185
Alternative Instruction Program	80,180	0	0	80,180	82,290	82,290	2,110
Special Education Program	892,944	0	0	892,944	911,835	911,835	18,891
Vocational Education Program	251,643	0	0	251,643	265,635	265,635	13,992
Student Body Education Program	10,459	0	0	10,459	8,755	11,110	651
<u>Support Services</u>							
Attendance	13,782	0	0	13,782	14,020	14,020	238
Health Services	158,907	0	1,053	159,960	71,725	161,726	1,766
Other Student Support	363,003	0	0	363,003	351,820	386,885	23,882
Regular Instruction Program	577,903	(3,014)	0	574,889	549,735	586,786	11,897
Special Education Program	172,285	0	0	172,285	181,597	181,597	9,312
Other Programs	48,557	0	0	48,557	0	48,557	0
Board of Education	207,234	0	0	207,234	232,005	232,005	24,771
Director of Schools	217,080	0	246	217,326	223,950	223,950	6,624
Office of the Principal	688,297	0	0	688,297	683,040	693,045	4,748
Fiscal Services	93,603	0	0	93,603	101,915	101,915	8,312
Operation of Plant	834,568	0	2,297	836,865	1,033,705	951,205	114,340
Maintenance of Plant	180,042	(3,095)	0	176,947	181,360	181,360	4,413
Transportation	530,101	0	91,518	621,619	599,720	690,338	68,719
Central and Other	25,603	0	0	25,603	26,600	26,600	997

(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: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500	\$ 500	500
Community Services	200,043	(9,911)	27,677	217,809	13,039	217,809	0
Early Childhood Education	397,649	(7,557)	20,642	410,734	0	410,734	0
Capital Outlay							
Regular Capital Outlay	458,631	(30,692)	2,250	430,189	100,000	500,255	70,066
Principal on Debt							
Education	0	0	0	0	185,000	0	0
Interest on Debt							
Education	0	0	0	0	10,100	0	0
Other Debt Service							
Education	204,645	0	0	204,645	0	204,645	0
Total Expenditures	\$ 12,401,893	\$ (79,562)	\$ 154,183	\$ 12,476,514	\$ 11,907,018	\$ 13,261,928	\$ 785,414
Excess (Deficiency) of Revenues Over Expenditures	\$ 850,621	\$ 79,562	\$ (154,183)	\$ 776,000	\$ (10,000)	\$ (421,713)	\$ 1,197,713
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,248	\$ 0	\$ 0	\$ 4,248	\$ 0	\$ 4,248	\$ 0
Transfers In	11,623	0	0	11,623	10,000	10,000	1,623
Transfers Out	0	0	0	0	0	(1,784)	1,784
Total Other Financing Sources	\$ 15,871	\$ 0	\$ 0	\$ 15,871	\$ 10,000	\$ 12,464	\$ 3,407
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ 866,492	\$ 79,562	\$ (154,183)	\$ 791,871	\$ 0	\$ (409,249)	\$ 1,201,120
Fund Balance, July 1, 2014	7,968,562	(79,562)	0	7,889,000	8,619,103	8,619,103	(730,103)
Fund Balance, June 30, 2015	\$ 8,835,054	\$ 0	\$ (154,183)	\$ 8,680,871	\$ 8,619,103	\$ 8,209,854	\$ 471,017

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,149,093	\$ 0	\$ 0	\$ 1,149,093	\$ 1,379,060	\$ 1,387,621	\$ (238,528)
Total Revenues	\$ 1,149,093	\$ 0	\$ 0	\$ 1,149,093	\$ 1,379,060	\$ 1,387,621	\$ (238,528)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 633,042	\$ 0	\$ 0	\$ 633,042	\$ 696,835	\$ 732,494	\$ 99,452
Special Education Program	204,486	0	0	204,486	235,804	235,804	31,318
Vocational Education Program	24,360	(37)	0	24,323	23,142	24,323	0
<u>Support Services</u>							
Other Student Support	12,642	0	0	12,642	19,203	19,633	6,991
Regular Instruction Program	87,242	0	11,000	98,242	196,346	167,448	69,206
Special Education Program	161,678	0	0	161,678	169,824	169,824	8,146
Vocational Education Program	1,728	0	0	1,728	1,481	1,728	0
Transportation	21,059	0	0	21,059	23,109	23,109	2,050
Total Expenditures	\$ 1,146,237	\$ (37)	\$ 11,000	\$ 1,157,200	\$ 1,365,744	\$ 1,374,363	\$ 217,163
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,856	\$ 37	\$ (11,000)	\$ (8,107)	\$ 13,316	\$ 13,258	\$ (21,365)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (11,623)	\$ 0	\$ 0	\$ (11,623)	\$ (13,315)	\$ (13,258)	\$ 1,635
Total Other Financing Sources	\$ (11,623)	\$ 0	\$ 0	\$ (11,623)	\$ (13,315)	\$ (13,258)	\$ 1,635
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ (8,767)	\$ 37	\$ (11,000)	\$ (19,730)	\$ 1	\$ 0	\$ (19,730)
Fund Balance, July 1, 2014	65,399	(37)	0	65,362	201,579	201,579	(136,217)
Fund Balance, June 30, 2015	\$ 56,632	\$ 0	\$ (11,000)	\$ 45,632	\$ 201,580	\$ 201,579	\$ (155,947)

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 106,217	\$ 182,400	\$ 182,400	\$ (76,183)
Other Local Revenues	1,327	1,100	1,100	227
State of Tennessee	10,678	11,000	11,000	(322)
Federal Government	939,155	915,500	965,417	(26,262)
Total Revenues	<u>\$ 1,057,377</u>	<u>\$ 1,110,000</u>	<u>\$ 1,159,917</u>	<u>\$ (102,540)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,188,498	\$ 1,212,000	\$ 1,263,995	\$ 75,497
Total Expenditures	<u>\$ 1,188,498</u>	<u>\$ 1,212,000</u>	<u>\$ 1,263,995</u>	<u>\$ 75,497</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (131,121)</u>	<u>\$ (102,000)</u>	<u>\$ (104,078)</u>	<u>\$ (27,043)</u>
Net Change in Fund Balance	\$ (131,121)	\$ (102,000)	\$ (104,078)	\$ (27,043)
Fund Balance, July 1, 2014	<u>352,125</u>	<u>287,673</u>	<u>287,673</u>	<u>64,452</u>
Fund Balance, June 30, 2015	<u><u>\$ 221,004</u></u>	<u><u>\$ 185,673</u></u>	<u><u>\$ 183,595</u></u>	<u><u>\$ 37,409</u></u>

MISCELLANEOUS SCHEDULES

Exhibit I-1

Lewis County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Building Project - Architect	\$ 119,667	2.9 %	6-30-14	12-15-14	\$ 109,667	\$ 10,000	\$ 119,667	\$ 0
Total Notes Payable					\$ 109,667	\$ 10,000	\$ 119,667	\$ 0
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding	1,970,000	3.35	5-1-03	5-1-17	\$ 570,000	\$ 0	\$ 185,000	\$ 385,000
Total Bonds Payable					\$ 570,000	\$ 0	\$ 185,000	\$ 385,000

Exhibit I-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2016	\$ 190,000	\$ 12,897	\$ 202,897
2017	195,000	6,533	201,533
Total	<u>\$ 385,000</u>	<u>\$ 19,430</u>	<u>\$ 404,430</u>

Exhibit I-3

Lewis County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Lewis County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Debt Service	General Capital Projects	Operations	<u>\$ 60,092</u>
Total Transfers Primary Government			<u>\$ 60,092</u>
<u>DISCRETELY PRESENTED LEWIS COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 11,623</u>
Total Transfers Discretely Presented Lewis County School Department			<u>\$ 11,623</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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Van Ward (7-1-14 through 8-31-14)	Section 8-24-102, TCA	\$ 13,290 (1)	\$ 25,000	RLL Insurance Company
Bill Webb (9-1-14 through 6-30-15)	Section 8-24-102, TCA	66,107	100,000	"
Road Superintendent	Section 8-24-102, TCA	70,228	100,000	"
Director of Schools	State Board of Education and County Board of Education	105,245 (2)	50,000	"
Trustee	Section 8-24-102, TCA	63,843	531,726	"
Assessor of Property	Section 8-24-102, TCA	63,843	50,000	"
County Clerk	Section 8-24-102, TCA	63,843	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	63,843	50,000	"
Clerk and Master	Section 8-24-102, TCA	63,843	75,000	"
Register of Deeds	Section 8-24-102, TCA	63,843	50,000	"
Sheriff	Section 8-24-102, TCA	70,228 (3)	100,000	"
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) Includes \$1,000 for serving as chairman of County Commission.
- (2) Includes a chief executive officer training supplement of \$700. Does not include 100 percent of the premiums for family health (\$16,870) and dental (\$1,634) insurance.
- (3) Does not include \$4,600 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, 2015

	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	\$ 2,439,272	\$ 0	\$ 0	\$ 78,146	\$ 0	\$ 63,202
Trustee's Collections - Prior Year	62,121	0	0	1,866	0	1,304
Circuit/Clerk and Master Collections - Prior Years	41,036	0	0	1,133	0	908
Interest and Penalty	14,458	0	0	464	0	373
Payments in-Lieu-of Taxes - T.V.A.	7,300	0	0	264	0	211
Payments in-Lieu-of Taxes - Local Utilities	255,369	0	0	8,230	0	6,596
Payments in-Lieu-of Taxes - Other	10,084	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	217,465	0	0	0	0	0
Hotel/Motel Tax	20,132	0	0	0	0	0
Wheel Tax	214,565	0	0	0	0	0
Litigation Tax - General	36,755	0	0	0	0	0
Litigation Tax - Special Purpose	3,673	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	28,970	0	0	0	0	0
Litigation Tax - Victim-Offender Mediation Center	1,911	0	0	0	0	0
Business Tax	61,235	0	0	2,024	0	1,622
<u>Statutory Local Taxes</u>						
Bank Excise Tax	12,584	0	0	406	0	325
Wholesale Beer Tax	52,328	0	0	0	0	0
Interstate Telecommunications Tax	804	0	0	0	0	0
Total Local Taxes	\$ 3,480,062	\$ 0	\$ 0	\$ 92,533	\$ 0	\$ 74,541
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 2,257	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	1,429	0	0	0	0	0
Total Licenses and Permits	\$ 3,686	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	2,731	0	0	0	0	0
Officers Costs	6,306	0	0	0	0	0
DUI Treatment Fines	95	0	0	0	0	0
Data Entry Fee - Circuit Court	738	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	893	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	14,378	0	0	0	0	0
Fines for Littering	2	0	0	0	0	0
Officers Costs	12,968	0	0	0	0	0
Game and Fish Fines	511	0	0	0	0	0
Drug Control Fines	0	0	1,028	0	0	0
Drug Court Fees	2,975	0	0	0	0	0
Jail Fees	12,977	0	0	0	0	0
DUI Treatment Fines	332	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,858	0	0	0	0	0
Courtroom Security Fee	57	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	157	0	0	0	0	0

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</u>						
Officers Costs	3,911 \$	0 \$	0 \$	0 \$	0 \$	0
Data Entry Fee - Chancery Court	1,998	0	0	0	0	0
Courtroom Security Fee	17	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Fines	0	0	500	0	0	0
Total Fines, Forfeitures, and Penalties	64,904 \$	0 \$	1,528 \$	0 \$	0 \$	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	0 \$	7,345 \$	0 \$	0 \$	0 \$	0
Tipping Fees	4	16,681	0	0	0	0
Surcharge - General	0	288	0	0	0	0
Solid Waste Disposal Fee	0	483,737	0	0	0	0
Work Release Charges for Board Fees	9,000	0	0	0	0	0
Airport Fees	3,769	4	0	0	0	0
Recreation Fees	0	0	0	10,768	0	0
Copy Fees	265	0	0	0	0	0
Library Fees	4,784	0	0	0	0	0
Greenbelt Late Application Fee	151	0	0	7	0	5
Telephone Commissions	9,585	0	0	0	0	0
Tourism Fees	1,350	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	50	0
Data Processing Fee - Register	3,696	0	0	0	0	0
Data Processing Fee - Sheriff	1,673	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>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 1,050	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - County Clerk	590	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	12,502	0	0	0	0	0
Total Charges for Current Services	\$ 48,419	\$ 508,055	\$ 0	\$ 10,775	\$ 50	\$ 5
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 34,175	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	154,249	4,645	0	0	0	0
Commissary Sales	5,166	0	0	0	0	0
Sale of Gasoline	34,680	0	0	0	0	0
Sale of Recycled Materials	730	7,495	0	0	0	841
Sale of Animals/Livestock	45	0	0	0	0	0
Retirees' Insurance Payments	0	0	0	0	0	2,749
Miscellaneous Refunds	0	0	0	1	0	1,622
<u>Nonrecurring Items</u>						
Sale of Equipment	11,656	12,223	0	0	0	0
Sale of Property	2,575	0	0	0	0	0
Damages Recovered from Individuals	3,094	0	0	0	0	0
Contributions and Gifts	300	0	0	0	0	0
Total Other Local Revenues	\$ 246,670	\$ 24,363	\$ 0	\$ 1	\$ 0	\$ 5,212

(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</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 98,693	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	54,467	0	0	0	0	0
General Sessions Court Clerk	68,586	0	0	0	0	0
Clerk and Master	53,718	0	0	0	0	0
Register	40,842	0	0	0	0	0
Sheriff	26,217	0	0	0	0	0
Trustee	159,694	0	0	0	0	0
Total Fees Received from County Officials	\$ 502,217	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Solid Waste Grants	\$ 0	49,926	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	354	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	18,347	0	0	0	0	0
Other Health and Welfare Grants	16,805	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	499,000
State Aid Program	0	0	0	0	0	83,445
Litter Program	25,246	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	2,439	0	0	0	0	0
Alcoholic Beverage Tax	30,103	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>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
State Revenue Sharing - T.V.A.	\$ 367,739	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Hospital - Prisoners	21,981	0	0	708	0	0
Contracted Prisoner Boarding	204,573	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,408,271
Petroleum Special Tax	0	0	0	0	0	8,775
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	147,790	1,540	0	0	0	9,461
Other State Revenues	1,000	12,483	0	0	0	0
Total State of Tennessee	\$ 859,341	\$ 63,949	\$ 0	\$ 708	\$ 0	\$ 2,008,952
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	170,298
Homeland Security Grants	10,277	0	0	0	0	0
Other Federal through State	21,870	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	103,557
Total Federal Government	\$ 32,147	\$ 0	\$ 0	\$ 0	\$ 0	\$ 273,855
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,171
Contributions	3,966	0	0	46,000	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	Constitu- tional Officers - Fees	Highway / Public Works
Other Governments and Citizens Groups (Cont.)						
<u>Citizens Groups</u>						
Donations	\$ 29,431	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 33,397	\$ 0	\$ 0	\$ 46,000	\$ 0	\$ 5,171
Total	\$ 5,270,843	\$ 596,367	\$ 1,528	\$ 150,017	\$ 50	\$ 2,367,736

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

	Debt Service Fund	Capital Projects Fund	Community Development/ Industrial Park	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	0 \$	0 \$		2,580,620
Trustee's Collections - Prior Year	0	0		65,291
Circuit/Clerk and Master Collections - Prior Years	0	0		43,077
Interest and Penalty	0	0		15,295
Payments in-Lieu-of Taxes - T.V.A.	0	0		7,775
Payments in-Lieu-of Taxes - Local Utilities	0	0		270,195
Payments in-Lieu-of Taxes - Other	0	0		10,084
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	0		217,465
Hotel/Motel Tax	0	0		20,132
Wheel Tax	0	0		214,565
Litigation Tax - General	0	0		36,755
Litigation Tax - Special Purpose	0	0		3,673
Litigation Tax - Jail, Workhouse, or Courthouse	0	0		28,970
Litigation Tax - Victim-Offender Mediation Center	0	0		1,911
Business Tax	0	0		64,881
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0		13,315
Wholesale Beer Tax	0	0		52,328
Interstate Telecommunications Tax	0	0		804
Total Local Taxes	0 \$	0 \$	0 \$	3,647,136
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	0 \$	0 \$		2,257

(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 \$	1,429
Total Licenses and Permits	0 \$	0 \$	3,686
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0 \$	0 \$	2,731
Officers Costs	0	0	6,306
DUI Treatment Fines	0	0	95
Data Entry Fee - Circuit Court	0	0	738
<u>Criminal Court</u>			
Drug Court Fees	0	0	893
<u>General Sessions Court</u>			
Fines	0	0	14,378
Fines for Littering	0	0	2
Officers Costs	0	0	12,968
Game and Fish Fines	0	0	511
Drug Control Fines	0	0	1,028
Drug Court Fees	0	0	2,975
Jail Fees	0	0	12,977
DUI Treatment Fines	0	0	332
Data Entry Fee - General Sessions Court	0	0	3,858
Courtroom Security Fee	0	0	57
<u>Juvenile Court</u>			
Fines	0	0	157

(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</u>				
Officers Costs	0	0	0	3,911
Data Entry Fee - Chancery Court	0	0	0	1,998
Courtroom Security Fee	0	0	0	17
<u>Judicial District Drug Program</u>				
Fines	0	0	0	500
Total Fines, Forfeitures, and Penalties	0	0	0	66,432
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Transfer Waste Stations Collection Charge	0	0	0	7,345
Tipping Fees	0	0	0	16,685
Surcharge - General	0	0	0	288
Solid Waste Disposal Fee	0	0	0	483,737
Work Release Charges for Board	0	0	0	9,000
<u>Fees</u>				
Airport Fees	0	0	0	3,773
Recreation Fees	0	0	0	10,768
Copy Fees	0	0	0	265
Library Fees	0	0	0	4,784
Greenbelt Late Application Fee	0	0	0	163
Telephone Commissions	0	0	0	9,585
Tourism Fees	0	0	0	1,350
Constitutional Officers' Fees and Commissions	0	0	0	50
Data Processing Fee - Register	0	0	0	3,696
Data Processing Fee - Sheriff	0	0	0	1,673

(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>Fees (Cont.)</u>			
Sexual Offender Registration Fee - Sheriff	\$ 0	\$ 0	1,050
Data Processing Fee - County Clerk	0	0	590
<u>Other Charges for Services</u>			
Other Charges for Services	0	0	12,502
Total Charges for Current Services	\$ 0	\$ 0	\$ 567,304
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	0	0	34,175
Lease/Rentals	0	0	158,894
Commissary Sales	0	0	5,166
Sale of Gasoline	0	0	34,680
Sale of Recycled Materials	0	0	9,066
Sale of Animals/Livestock	0	0	45
Retirees' Insurance Payments	0	0	2,749
Miscellaneous Refunds	0	0	1,623
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	23,879
Sale of Property	0	0	2,575
Damages Recovered from Individuals	0	0	3,094
Contributions and Gifts	0	0	300
Total Other Local Revenues	\$ 0	\$ 0	\$ 276,246

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</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$	0 \$	0 \$	0 \$	98,693
Circuit Court Clerk		0	0	0	54,467
General Sessions Court Clerk		0	0	0	68,586
Clerk and Master		0	0	0	53,718
Register		0	0	0	40,842
Sheriff		0	0	0	26,217
Trustee		0	0	0	159,694
Total Fees Received from County Officials	\$	0 \$	0 \$	0 \$	502,217
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Solid Waste Grants	\$	0 \$	0 \$	0 \$	49,926
Other General Government Grants		0	0	0	354
<u>Public Safety Grants</u>					
Law Enforcement Training Programs		0	0	0	7,800
<u>Health and Welfare Grants</u>					
Health Department Programs		0	0	0	18,347
Other Health and Welfare Grants		0	0	0	16,805
<u>Public Works Grants</u>					
Bridge Program		0	0	0	499,000
State Aid Program		0	0	0	83,445
Litter Program		0	0	0	25,246
<u>Other State Revenues</u>					
Income Tax		0	0	0	2,439
Alcoholic Beverage Tax		0	0	0	30,103

(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>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
State Revenue Sharing - T.V.A.	0 \$	0 \$		367,739
Emergency Hospital - Prisoners	0	0		22,689
Contracted Prisoner Boarding	0	0		204,573
Gasoline and Motor Fuel Tax	0	0		1,408,271
Petroleum Special Tax	0	0		8,775
Registrar's Salary Supplement	0	0		15,164
Other State Grants	0	0		158,791
Other State Revenues	0	0		13,483
Total State of Tennessee	<u>0 \$</u>	<u>0 \$</u>		<u>2,932,950</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	0 \$	14,153 \$		14,153
Disaster Relief	0	0		170,298
Homeland Security Grants	0	0		10,277
Other Federal through State	0	0		21,870
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	0	0		103,557
Total Federal Government	<u>0 \$</u>	<u>14,153 \$</u>		<u>320,155</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Paving and Maintenance	0 \$	0 \$		5,171
Contributions	204,096	0		254,062

(Continued)

Exhibit I-5

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

	Debt Service Fund	Capital Projects Fund	Community Development/ Industrial Park	Total
<u>Other Governments and Citizens Groups (Cont.)</u>				
<u>Citizens Groups</u>				
Donations	0	0	0	29,431
Total Other Governments and Citizens Groups	204,096	0	0	288,664
Total	204,096	14,153	0	8,604,790

Exhibit I-6

Lewis County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Lewis County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,000,584	\$ 0	\$ 0	\$ 1,000,584
Trustee's Collections - Prior Year	23,781	0	0	23,781
Circuit/Clerk and Master Collections - Prior Years	16,184	0	0	16,184
Interest and Penalty	4,159	0	0	4,159
Payments in-Lieu-of Taxes - T.V.A.	3,357	0	0	3,357
Payments in-Lieu-of Taxes - Local Utilities	104,752	0	0	104,752
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,279,351	0	0	1,279,351
Business Tax	25,762	0	0	25,762
<u>Statutory Local Taxes</u>				
Bank Excise Tax	5,162	0	0	5,162
Interstate Telecommunications Tax	1,164	0	0	1,164
Total Local Taxes	\$ 2,464,256	\$ 0	\$ 0	\$ 2,464,256
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 497	\$ 0	\$ 0	\$ 497
Total Licenses and Permits	\$ 497	\$ 0	\$ 0	\$ 497
<u>Charges for Current Services</u>				
<u>Fees</u>				
Greenbelt Late Application Fee	\$ 86	\$ 0	\$ 0	\$ 86
<u>Education Charges</u>				
Lunch Payments - Adults	0	0	29,213	29,213
Income from Breakfast	0	0	1,360	1,360
A la carte Sales	0	0	73,273	73,273
School Based Health Services - FFS	20,937	0	0	20,937
Receipts from Individual Schools	30,119	0	0	30,119
Community Service Fees - Children	61	0	0	61
TBI Criminal Background Fee	2,048	0	126	2,174
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	2,245	2,245
Total Charges for Current Services	\$ 53,251	\$ 0	\$ 106,217	\$ 159,468
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 14,286	\$ 0	\$ 1,165	\$ 15,451
Lease/Rentals	5,576	0	0	5,576
Sale of Materials and Supplies	3,648	0	0	3,648
E-Rate Funding	32,986	0	0	32,986
Miscellaneous Refunds	6,115	0	0	6,115
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	91	0	0	91
Contributions and Gifts	15,531	0	0	15,531
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	162	162
Total Other Local Revenues	\$ 78,233	\$ 0	\$ 1,327	\$ 79,560

(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	\$ 48,557
<u>State Education Funds</u>				
Basic Education Program	9,646,935	0	0	9,646,935
Early Childhood Education	561,450	0	0	561,450
School Food Service	0	0	10,678	10,678
Driver Education	9,870	0	0	9,870
Other State Education Funds	305,836	0	0	305,836
Career Ladder Program	60,159	0	0	60,159
Career Ladder - Extended Contract	19,270	0	0	19,270
<u>Other State Revenues</u>				
Other State Grants	4,200	0	0	4,200
Total State of Tennessee	\$ 10,656,277	\$ 0	\$ 10,678	\$ 10,666,955
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 650,113	\$ 650,113
USDA - Commodities	0	0	49,917	49,917
Breakfast	0	0	220,133	220,133
USDA - Other	0	0	18,992	18,992
Vocational Education - Basic Grants to States	0	38,056	0	38,056
Title I Grants to Local Education Agencies	0	545,046	0	545,046
Special Education - Grants to States	0	374,525	0	374,525
Special Education Preschool Grants	0	15,501	0	15,501
Rural Education	0	27,912	0	27,912
Eisenhower Professional Development State Grants	0	101,589	0	101,589
Race-to-the-Top - ARRA	0	46,464	0	46,464
Total Federal Government	\$ 0	\$ 1,149,093	\$ 939,155	\$ 2,088,248
Total	\$ 13,252,514	\$ 1,149,093	\$ 1,057,377	\$ 15,458,984

Exhibit I-7

Lewis County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	1,000	
Secretary to Board		4,163	
Board and Committee Members Fees		32,900	
Audit Services		3,648	
Dues and Memberships		2,091	
Legal Notices, Recording, and Court Costs		1,880	
Printing, Stationery, and Forms		220	
Travel		8,539	
Office Supplies		352	
Total County Commission			\$ 54,793

Board of Equalization

Board and Committee Members Fees	\$	1,250	
Total Board of Equalization			1,250

County Mayor/Executive

County Official/Administrative Officer	\$	78,397	
Accountants/Bookkeepers		25,668	
Data Processing Services		5,000	
Dues and Memberships		1,050	
Legal Notices, Recording, and Court Costs		240	
Printing, Stationery, and Forms		1,200	
Travel		4,464	
Office Supplies		1,790	
Premiums on Corporate Surety Bonds		197	
Total County Mayor/Executive			118,006

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	57,459	
Part-time Personnel		16,459	
Election Commission		4,250	
Election Workers		11,646	
Data Processing Services		7,800	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		2,166	
Printing, Stationery, and Forms		2,111	
Rentals		800	
Travel		3,333	
Other Contracted Services		2,459	
Office Supplies		2,200	
Office Equipment		2,736	
Total Election Commission			113,594

(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	\$	63,843	
Secretary(ies)		24,811	
Data Processing Services		3,545	
Dues and Memberships		633	
Printing, Stationery, and Forms		802	
Travel		500	
Office Supplies		557	
Premiums on Corporate Surety Bonds		17	
Total Register of Deeds			\$ 94,708

Geographical Information Systems

Data Processing Personnel	\$	29,264	
Salary Supplements		1,000	
Dues and Memberships		335	
Travel		351	
Office Supplies		259	
Total Geographical Information Systems			31,209

County Buildings

Supervisor/Director	\$	36,799	
Custodial Personnel		21,424	
Maintenance Personnel		25,378	
Communication		28,084	
Contracts with Private Agencies		1,376	
Operating Lease Payments		2,000	
Maintenance Agreements		451	
Maintenance and Repair Services - Buildings		13,230	
Maintenance and Repair Services - Equipment		113	
Pest Control		252	
Postal Charges		12,489	
Printing, Stationery, and Forms		79	
Travel		181	
Other Contracted Services		7,975	
Custodial Supplies		2,988	
Food Supplies		2,402	
Gasoline		2,055	
Ice		1,642	
Office Supplies		500	
Propane Gas		11	
Tires and Tubes		80	
Uniforms		195	
Utilities		33,429	
Maintenance Equipment		602	
Office Equipment		100	
Total County Buildings			193,835

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

Communication	\$	803	
Maintenance and Repair Services - Buildings		5,206	
Pest Control		495	
Custodial Supplies		800	
Utilities		6,620	
Total Other Facilities			\$ 13,924

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		22,575	
Audit Services		1,492	
Data Processing Services		2,284	
Maintenance Agreements		751	
Maintenance and Repair Services - Equipment		285	
Gasoline		912	
Office Supplies		1,199	
Premiums on Corporate Surety Bonds		75	
Total Property Assessor's Office			93,416

Reappraisal Program

Assistant(s)	\$	23,948	
Data Processing Services		1,800	
Office Supplies		260	
Total Reappraisal Program			26,008

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Data Processing Personnel		24,082	
Secretary(ies)		23,080	
Data Processing Services		6,545	
Dues and Memberships		407	
Legal Notices, Recording, and Court Costs		198	
Maintenance and Repair Services - Office Equipment		33	
Printing, Stationery, and Forms		844	
Travel		299	
Other Contracted Services		4,119	
Office Supplies		630	
Premiums on Corporate Surety Bonds		1,636	
Total County Trustee's Office			125,716

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Data Processing Personnel		26,523	
Secretary(ies)		24,695	
Board and Committee Members Fees		480	
Data Processing Services		12,849	

(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.)

Dues and Memberships	\$	517	
Legal Notices, Recording, and Court Costs		193	
Travel		75	
Office Supplies		592	
Periodicals		300	
Premiums on Corporate Surety Bonds		198	
Total County Clerk's Office			\$ 130,265

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Other Salaries and Wages		3,285	
Jury and Witness Expense		4,250	
Data Processing Services		6,957	
Dues and Memberships		467	
Legal Notices, Recording, and Court Costs		240	
Printing, Stationery, and Forms		1,195	
Office Supplies		1,683	
Premiums on Corporate Surety Bonds		115	
Total Circuit Court			82,035

General Sessions Judge

Judge(s)	\$	89,539	
Secretary(ies)		6,537	
Travel		746	
Office Supplies		144	
Periodicals		358	
Total General Sessions Judge			97,324

General Sessions Court Clerk

Data Processing Personnel	\$	24,127	
Secretary(ies)		25,454	
Part-time Personnel		15,285	
Data Processing Services		2,888	
Operating Lease Payments		2,814	
Printing, Stationery, and Forms		1,195	
Travel		19	
Office Supplies		393	
Total General Sessions Court Clerk			72,175

Chancery Court

County Official/Administrative Officer	\$	63,843	
Secretary(ies)		25,666	
In-service Training		195	
Data Processing Services		4,485	
Dues and Memberships		574	
Operating Lease Payments		2,012	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	197	
Maintenance and Repair Services - Office Equipment		54	
Printing, Stationery, and Forms		901	
Travel		647	
Other Contracted Services		160	
Data Processing Supplies		616	
Office Supplies		609	
Periodicals		450	
Premiums on Corporate Surety Bonds		200	
Total Chancery Court			\$ 100,609

Judicial Commissioners

Supervisor/Director	\$	22,669	
Youth Service Officer(s)		6,000	
Part-time Personnel		6,292	
Communication		70	
Dues and Memberships		75	
Printing, Stationery, and Forms		12	
Travel		523	
Office Supplies		817	
Total Judicial Commissioners			36,458

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Supervisor/Director		37,873	
Deputy(ies)		206,938	
Investigator(s)		63,440	
Sergeant(s)		69,947	
Guidance Personnel		31,344	
Salary Supplements		7,800	
Guards		19,708	
Secretary(ies)		21,320	
School Resource Officer		9,365	
Bonus Payments		1,072	
Other Salaries and Wages		3,995	
In-service Training		910	
Advertising		163	
Communication		3,100	
Contracts with Government Agencies		15,358	
Contracts with Other School Systems		500	
Dues and Memberships		1,500	
Evaluation and Testing		295	
Operating Lease Payments		1,350	
Legal Notices, Recording, and Court Costs		250	
Licenses		110	
Maintenance and Repair Services - Equipment		776	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$	4,990	
Printing, Stationery, and Forms		1,498	
Travel		641	
Other Contracted Services		1,488	
Fuel Oil		463	
Gasoline		44,885	
Ice		300	
Office Supplies		1,204	
Tires and Tubes		3,729	
Uniforms		2,999	
Vehicle Parts		397	
Premiums on Corporate Surety Bonds		1,186	
In Service/Staff Development		2,500	
Other Charges		12,038	
Law Enforcement Equipment		2,395	
Motor Vehicles		19,524	
Total Sheriff's Department	\$		667,579

Drug Enforcement

Detective(s)	\$	33,592	
Other Charges		871	
Law Enforcement Equipment		69	
Total Drug Enforcement			34,532

Administration of the Sexual Offender Registry

Maintenance and Repair Services - Office Equipment	\$	200	
Total Administration of the Sexual Offender Registry			200

Jail

County Official/Administrative Officer	\$	6,000	
Supervisor/Director		34,284	
Data Processing Personnel		21,320	
Guards		260,768	
Secretary(ies)		24,586	
Cafeteria Personnel		17,685	
Maintenance Personnel		25,397	
Part-time Personnel		11,306	
Other Salaries and Wages		3,920	
In-service Training		650	
Contracts with Government Agencies		28,900	
Contracts with Private Agencies		6,966	
Contracts with Public Carriers		5,475	
Dues and Memberships		45	
Evaluation and Testing		770	
Maintenance and Repair Services - Buildings		6,534	
Maintenance and Repair Services - Equipment		1,405	
Maintenance and Repair Services - Vehicles		4,522	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical and Dental Services	\$	209,798	
Pest Control		1,011	
Printing, Stationery, and Forms		1,208	
Travel		1,402	
Custodial Supplies		5,071	
Drugs and Medical Supplies		1,331	
Food Supplies		64,319	
Gasoline		6,248	
Ice		500	
Office Supplies		905	
Prisoners Clothing		812	
Tires and Tubes		260	
Uniforms		1,316	
Utilities		44,777	
Other Charges		82	
Heating and Air Conditioning Equipment		1,341	
Law Enforcement Equipment		441	
Maintenance Equipment		5,634	
Total Jail			\$ 806,989

Juvenile Services

Youth Service Officer(s)	\$	3,101	
Contracts with Private Agencies		265	
Medical and Dental Services		177	
Total Juvenile Services			3,543

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		68,336	
Maintenance Agreements		1,884	
Maintenance and Repair Services - Equipment		580	
Matching Share		10,277	
Gasoline		1,238	
Office Supplies		865	
Total Civil Defense			101,680

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	2,112	
Medical and Dental Services		5,373	
Premiums on Corporate Surety Bonds		100	
Total County Coroner/Medical Examiner			7,585

(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		4,035	
Contributions		11,532	
Maintenance and Repair Services - Buildings		269	
Other Contracted Services		515	
Custodial Supplies		353	
Office Supplies		957	
Periodicals		200	
Utilities		11,510	
Other Charges		14,851	
Total Local Health Center			\$ 47,282

Rabies and Animal Control

Animal Food and Supplies	\$	1,049	
Utilities		935	
Total Rabies and Animal Control			1,984

Ambulance/Emergency Medical Services

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

Other Local Health Services

Teachers	\$	31,368	
Social Security		95	
Travel		720	
Total Other Local Health Services			32,183

Sanitation Education/Information

Other Salaries and Wages	\$	21,579	
Instructional Supplies and Materials		1,086	
Other Charges		3,034	
Total Sanitation Education/Information			25,699

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Assistant(s)	\$	20,391	
Supervisor/Director		27,647	
Part-time Personnel		6,320	
Communication		677	
Dues and Memberships		274	
Maintenance Agreements		73	
Maintenance and Repair Services - Buildings		216	
Maintenance and Repair Services - Equipment		65	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Pest Control	\$	280	
Travel		319	
Other Contracted Services		1,658	
Ice		348	
Library Books/Media		12,317	
Office Supplies		2,520	
Periodicals		1,491	
Utilities		6,091	
Office Equipment		1,255	
Total Libraries			\$ 81,942

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	42,069	
Board and Committee Members Fees		840	
Communication		856	
Dues and Memberships		170	
Travel		3,000	
Office Supplies		931	
Total Agricultural Extension Service			47,866

Soil Conservation

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

Other Operations

Tourism

Other Charges	\$	149	
Total Tourism			149

Other Economic and Community Development

Contracts with Private Agencies	\$	12,000	
Dues and Memberships		3,715	
Other Charges		1,050	
Total Other Economic and Community Development			16,765

Airport

Advertising	\$	32	
Communication		2,901	
Maintenance and Repair Services - Buildings		344	
Maintenance and Repair Services - Equipment		4,298	
Travel		3,032	
Custodial Supplies		350	
Gasoline		32,562	
Office Supplies		140	
Utilities		6,182	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Excess Risk Insurance	\$	2,125	
Land		148,843	
Total Airport			\$ 200,809

Veterans' Services

County Official/Administrative Officer	\$	5,000	
Dues and Memberships		90	
Travel		324	
Office Supplies		288	
Office Equipment		1,981	
Total Veterans' Services			7,683

Employee Benefits

Other Salaries and Wages	\$	4,365	
Social Security		166,159	
Pensions		113,020	
Employee and Dependent Insurance		197,688	
Life Insurance		3,143	
Unemployment Compensation		8,162	
Local Retirement		300	
Other Fringe Benefits		249	
Bank Charges		62	
Medical Claims		27,380	
Workers' Compensation Insurance		30,683	
Total Employee Benefits			551,211

Miscellaneous

Contributions	\$	11,629	
Liability Insurance		33,007	
Trustee's Commission		69,498	
Other Charges		5,596	
Interest on Notes		1,948	
Total Miscellaneous			121,678

Total General Fund \$ 4,365,684

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Supervisor/Director	\$	30,542	
Purchasing Personnel		26,523	
Equipment Operators		22,069	
Clerical Personnel		31,313	
Attendants		29,496	
Part-time Personnel		27,914	
Communication		540	
Contracts with Private Agencies		235,308	

(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.)

Data Processing Services	\$	4,000	
Dues and Memberships		100	
Financial Advisory Services		853	
Legal Notices, Recording, and Court Costs		664	
Maintenance and Repair Services - Buildings		18,992	
Maintenance and Repair Services - Equipment		7,562	
Postal Charges		7,000	
Printing, Stationery, and Forms		1,050	
Travel		129	
Permits		4,500	
Other Contracted Services		382	
Crushed Stone		445	
Custodial Supplies		139	
Diesel Fuel		5,746	
Food Supplies		455	
Gasoline		4,113	
Ice		200	
Office Supplies		1,200	
Propane Gas		595	
Tires and Tubes		3,405	
Uniforms		2,043	
Utilities		4,475	
Refunds		2,520	
Office Equipment		4,053	
Building Purchases		2,985	
Solid Waste Equipment		49,926	
Total Transfer Stations			\$ 531,237

Other Operations

Employee Benefits

Social Security	\$	12,318	
Pensions		5,798	
Employee and Dependent Insurance		17,775	
Life Insurance		417	
Unemployment Compensation		953	
Other Fringe Benefits		17	
Medical Claims		5,000	
Workers' Compensation Insurance		3,719	
Total Employee Benefits			45,997

Miscellaneous

Liability Insurance	\$	7,500	
Trustee's Commission		5,191	
Total Miscellaneous			12,691

Total Solid Waste/Sanitation Fund \$ 589,925

(Continued)

Exhibit I-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Other Charges	\$ 1,651	
Total Drug Enforcement		<u>\$ 1,651</u>

Total Drug Control Fund \$ 1,651

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$ 30,000	
Custodial Personnel	13,980	
Temporary Personnel	13,698	
Communication	1,715	
Data Processing Services	3,345	
Legal Notices, Recording, and Court Costs	12	
Maintenance and Repair Services - Buildings	1,484	
Maintenance and Repair Services - Equipment	990	
Printing, Stationery, and Forms	172	
Permits	340	
Other Contracted Services	8,344	
Custodial Supplies	1,814	
Diesel Fuel	951	
Fertilizer, Lime, and Seed	211	
Food Supplies	258	
Gasoline	397	
Office Supplies	451	
Uniforms	1,898	
Utilities	32,512	
Fencing	51	
Chemicals	1,032	
Refunds	20	
Maintenance Equipment	1,981	
Office Equipment	<u>387</u>	
Total Parks and Fair Boards		\$ 116,043

Other Operations

Employee Benefits

Social Security	\$ 4,338	
Pensions	1,460	
Employee and Dependent Insurance	4,198	
Life Insurance	60	
Unemployment Compensation	375	
Other Fringe Benefits	11	
Workers' Compensation Insurance	<u>1,417</u>	
Total Employee Benefits		11,859

Miscellaneous

Liability Insurance	\$ 4,000	
Trustee's Commission	<u>1,940</u>	
Total Miscellaneous		<u>5,940</u>

Total Sports and Recreation Fund 133,842

(Continued)

Exhibit I-7

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

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	\$ 70,228	
Assistant(s)	44,297	
Secretary(ies)	23,900	
Board and Committee Members Fees	498	
Advertising	244	
Communication	4,451	
Contributions	5,000	
Dues and Memberships	2,160	
Legal Services	300	
Licenses	70	
Maintenance and Repair Services - Buildings	2,261	
Postal Charges	288	
Rentals	321	
Travel	1,268	
Other Contracted Services	8,725	
Custodial Supplies	950	
Data Processing Supplies	138	
Electricity	6,172	
Food Supplies	646	
Natural Gas	230	
Office Supplies	536	
Water and Sewer	1,835	
Other Supplies and Materials	2,554	
Total Administration		\$ 177,072

Highway and Bridge Maintenance

Foremen	\$ 28,384
Equipment Operators	63,691
Equipment Operators - Light	120,225
Truck Drivers	47,162
Laborers	63,942
Freight Expenses	241
Rentals	19,300
Other Contracted Services	40,274
Asphalt - Cold Mix	18,814
Asphalt - Liquid	135,137
Concrete	4,201
Crushed Stone	87,360
Riprap	46,044

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Road Materials	\$	116	
Pipe - Metal		4,691	
Road Signs		2,712	
Wood Products		67	
Gravel and Chert		4,080	
Geotextile Materials		3,250	
Other Supplies and Materials		1,181	
Total Highway and Bridge Maintenance			\$ 690,872

Operation and Maintenance of Equipment

Foremen	\$	30,329	
Mechanic(s)		53,270	
Freight Expenses		463	
Rentals		141	
Other Contracted Services		39,188	
Diesel Fuel		50,276	
Equipment and Machinery Parts		59,165	
Garage Supplies		1,679	
Gasoline		17,289	
Lubricants		3,905	
Small Tools		1,090	
Tires and Tubes		10,587	
Uniforms		2,094	
Other Supplies and Materials		159	
Total Operation and Maintenance of Equipment			269,635

Other Charges

Liability Insurance	\$	40,620	
Trustee's Commission		15,592	
Workers' Compensation Insurance		35,898	
Total Other Charges			92,110

Employee Benefits

Social Security	\$	32,854	
Pensions		44,277	
Employee and Dependent Insurance		5,065	
Life Insurance		2,929	
Medical Insurance		104,558	
Unemployment Compensation		4,341	
Employer Medicare		7,684	
Other Fringe Benefits		262	
Total Employee Benefits			201,970

Capital Outlay

Engineering Services	\$	58,125	
Matching Share		65,385	
Bridge Construction		499,000	

(Continued)

Exhibit I-7

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

<u>Highway/Public Works Fund (Cont.)</u>			
<u>Highways (Cont.)</u>			
<u>Capital Outlay (Cont.)</u>			
Highway Construction	\$	236,766	
Highway Equipment		56,044	
Transportation Equipment		5,000	
Other Equipment		53,000	
Other Construction		66,491	
Total Capital Outlay		<u>1,039,811</u>	\$ 1,039,811
Total Highway/Public Works Fund			\$ 2,471,470
<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Notes	\$	119,667	
Total General Government		<u>119,667</u>	\$ 119,667
<u>Education</u>			
Principal on Bonds	\$	185,000	
Total Education		<u>185,000</u>	185,000
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Notes	\$	1,584	
Total General Government		<u>1,584</u>	1,584
<u>Education</u>			
Interest on Bonds	\$	19,095	
Total Education		<u>19,095</u>	19,095
Total General Debt Service Fund			325,346
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Architects	\$	48,892	
Total Public Safety Projects		<u>48,892</u>	\$ 48,892
<u>Social, Cultural, and Recreation Projects</u>			
Heating and Air Conditioning Equipment	\$	11,200	
Total Social, Cultural, and Recreation Projects		<u>11,200</u>	11,200
Total General Capital Projects Fund			60,092
<u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>Public Utility Projects</u>			
Other Construction	\$	14,153	
Total Public Utility Projects		<u>14,153</u>	\$ 14,153
Total Community Development/Industrial Park Fund			<u>14,153</u>
Total Governmental Funds - Primary Government			<u>\$ 7,962,213</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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,253,275	
Career Ladder Program		35,526	
Career Ladder Extended Contracts		29,828	
Homebound Teachers		2,430	
Educational Assistants		63,260	
Bonus Payments		95,054	
Certified Substitute Teachers		24,479	
Non-certified Substitute Teachers		54,181	
Social Security		256,137	
Pensions		401,939	
Medical Insurance		353,540	
Dental Insurance		2,421	
Unemployment Compensation		688	
Employer Medicare		60,404	
Other Contracted Services		2,390	
Instructional Supplies and Materials		51,291	
Textbooks		69,232	
In Service/Staff Development		3,600	
Fee Waivers		864	
Regular Instruction Equipment		34,195	
Total Regular Instruction Program			\$ 5,794,734

Alternative Instruction Program

Teachers	\$	46,565	
Other Salaries and Wages		14,800	
Certified Substitute Teachers		75	
Non-certified Substitute Teachers		350	
Social Security		3,400	
Pensions		5,848	
Medical Insurance		6,547	
Employer Medicare		795	
Other Contracted Services		1,800	
Total Alternative Instruction Program			80,180

Special Education Program

Teachers	\$	626,290	
Career Ladder Program		3,000	
Homebound Teachers		3,519	
Educational Assistants		12,217	
Speech Pathologist		48,150	
Other Salaries and Wages		51	
Certified Substitute Teachers		2,817	
Non-certified Substitute Teachers		17,050	
Social Security		39,786	
Pensions		62,054	
Medical Insurance		64,863	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	331	
Employer Medicare		9,305	
Instructional Supplies and Materials		3,511	
Total Special Education Program			\$ 892,944

Vocational Education Program

Teachers	\$	196,036	
Career Ladder Program		1,000	
Certified Substitute Teachers		200	
Non-certified Substitute Teachers		3,750	
Social Security		11,485	
Pensions		17,998	
Medical Insurance		9,328	
Employer Medicare		2,760	
Contracts with Other School Systems		5,000	
Travel		530	
Instructional Supplies and Materials		1,079	
In Service/Staff Development		851	
Other Charges		1,590	
Vocational Instruction Equipment		36	
Total Vocational Education Program			251,643

Student Body Education Program

Other Salaries and Wages	\$	5,470	
Social Security		335	
Pensions		212	
Employer Medicare		78	
Other Contracted Services		2,012	
Other Equipment		2,352	
Total Student Body Education Program			10,459

Support Services

Attendance

Supervisor/Director	\$	6,070	
Social Security		313	
Pensions		549	
Medical Insurance		941	
Employer Medicare		73	
Travel		4,347	
In Service/Staff Development		1,489	
Total Attendance			13,782

Health Services

Medical Personnel	\$	36,260	
Other Salaries and Wages		75,685	
Non-certified Substitute Teachers		1,368	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	6,711	
Pensions		11,444	
Medical Insurance		3,548	
Dental Insurance		133	
Employer Medicare		1,569	
Other Fringe Benefits		247	
Communication		1,598	
Postal Charges		34	
Other Contracted Services		6,816	
Drugs and Medical Supplies		622	
Other Supplies and Materials		3,884	
In Service/Staff Development		6,495	
Other Charges		2,425	
Health Equipment		68	
Total Health Services			\$ 158,907

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		223,332	
Career Ladder Extended Contracts		1,875	
Clerical Personnel		13,798	
Social Security		14,127	
Pensions		21,977	
Medical Insurance		11,074	
Dental Insurance		398	
Employer Medicare		3,304	
Contracts with Government Agencies		35,365	
Evaluation and Testing		4,902	
Other Contracted Services		31,715	
In Service/Staff Development		136	
Total Other Student Support			363,003

Regular Instruction Program

Supervisor/Director	\$	142,556	
Career Ladder Program		4,000	
Librarians		182,675	
Instructional Computer Personnel		53,469	
Secretary(ies)		15,295	
Other Salaries and Wages		300	
Certified Substitute Teachers		50	
Non-certified Substitute Teachers		2,210	
Social Security		22,108	
Pensions		36,376	
Medical Insurance		38,097	
Dental Insurance		598	
Employer Medicare		5,199	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Communication	\$	453	
Travel		662	
Other Contracted Services		13,265	
Library Books/Media		25,152	
In Service/Staff Development		969	
Other Equipment		34,469	
Total Regular Instruction Program			\$ 577,903

Special Education Program

Supervisor/Director	\$	56,928	
Career Ladder Program		1,000	
Psychological Personnel		80,101	
Social Security		7,774	
Pensions		12,478	
Medical Insurance		11,361	
Dental Insurance		398	
Employer Medicare		1,818	
Maintenance and Repair Services - Equipment		25	
In Service/Staff Development		402	
Total Special Education Program			172,285

Other Programs

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

Board of Education

Secretary to Board	\$	2,000	
Board and Committee Members Fees		15,750	
Social Security		1,100	
Pensions		221	
Medical Insurance		20	
Employer Medicare		257	
Audit Services		6,800	
Dues and Memberships		8,515	
Legal Services		5,155	
Postal Charges		150	
Travel		3,735	
Liability Insurance		20,255	
Premiums on Corporate Surety Bonds		1,137	
Trustee's Commission		56,931	
Workers' Compensation Insurance		68,557	
In Service/Staff Development		8,174	
Criminal Investigation of Applicants - TBI		3,198	
Refund to Applicant for Criminal Investigation		378	
Other Charges		4,901	
Total Board of Education			207,234

(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.)

Director of Schools

County Official/Administrative Officer	\$	105,245	
Secretary(ies)		37,673	
Social Security		8,862	
Pensions		13,684	
Medical Insurance		17,252	
Dental Insurance		1,680	
Employer Medicare		2,072	
Communication		12,624	
Dues and Memberships		1,490	
Postal Charges		1,618	
Travel		889	
Other Contracted Services		2,881	
Office Supplies		7,650	
In Service/Staff Development		350	
Other Charges		1,604	
Administration Equipment		1,506	
Total Director of Schools			\$ 217,080

Office of the Principal

Principals	\$	262,558	
Career Ladder Program		3,000	
Accountants/Bookkeepers		98,311	
Career Ladder Extended Contracts		2,500	
Assistant Principals		103,105	
Secretary(ies)		64,099	
Other Salaries and Wages		7,221	
Social Security		30,805	
Pensions		51,949	
Medical Insurance		39,680	
Employer Medicare		7,204	
Communication		7,615	
Travel		474	
Other Contracted Services		2,400	
In Service/Staff Development		3,176	
Other Charges		4,200	
Total Office of the Principal			688,297

Fiscal Services

Accountants/Bookkeepers	\$	60,933	
Social Security		3,376	
Pensions		6,745	
Medical Insurance		4,667	
Dental Insurance		302	
Employer Medicare		790	
Travel		237	
Other Contracted Services		11,191	

(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.)

Fiscal Services (Cont.)

Data Processing Supplies	\$	1,371	
Office Supplies		1,578	
In Service/Staff Development		1,500	
Administration Equipment		913	
Total Fiscal Services			\$ 93,603

Operation of Plant

Supervisor/Director	\$	61,954	
Custodial Personnel		188,742	
Other Salaries and Wages		31,201	
Social Security		16,292	
Pensions		10,175	
Medical Insurance		6,724	
Employer Medicare		3,819	
Other Contracted Services		8,634	
Custodial Supplies		30,309	
Electricity		309,452	
Natural Gas		56,080	
Water and Sewer		38,850	
Boiler Insurance		2,854	
Building and Contents Insurance		52,029	
In Service/Staff Development		1,188	
Plant Operation Equipment		16,265	
Total Operation of Plant			834,568

Maintenance of Plant

Maintenance Personnel	\$	93,883	
Other Salaries and Wages		19,670	
Social Security		5,927	
Pensions		8,157	
Medical Insurance		3,497	
Employer Medicare		1,386	
Communication		4,347	
Laundry Service		2,295	
Other Contracted Services		6,132	
Other Supplies and Materials		27,857	
In Service/Staff Development		1,033	
Maintenance Equipment		5,858	
Total Maintenance of Plant			180,042

Transportation

Supervisor/Director	\$	29,883	
Mechanic(s)		56,228	
Bus Drivers		241,222	
Other Salaries and Wages		8,612	
Social Security		19,527	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Pensions	\$	31,405	
Medical Insurance		10,441	
Dental Insurance		201	
Employer Medicare		4,706	
Communication		5,100	
Contracts with Parents		1,206	
Laundry Service		1,663	
Medical and Dental Services		1,530	
Travel		707	
Other Contracted Services		2,848	
Diesel Fuel		57,252	
Garage Supplies		2,194	
Gasoline		4,055	
Lubricants		2,479	
Tires and Tubes		9,142	
Vehicle Parts		14,659	
Vehicle and Equipment Insurance		13,184	
In Service/Staff Development		1,292	
Other Charges		2,810	
Transportation Equipment		7,755	
Total Transportation			\$ 530,101

Central and Other

Data Processing Personnel	\$	20,311	
Social Security		1,125	
Pensions		2,248	
Medical Insurance		1,556	
Dental Insurance		100	
Employer Medicare		263	
Total Central and Other			25,603

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	63,305	
Teachers		6,740	
Other Salaries and Wages		62,705	
Social Security		7,705	
Pensions		10,668	
Medical Insurance		6,498	
Employer Medicare		1,802	
Communication		1,827	
Postal Charges		83	
Travel		282	
Other Contracted Services		708	
Instructional Supplies and Materials		9,701	
Other Supplies and Materials		12,818	

(Continued)

Exhibit I-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Community Services (Cont.)

In Service/Staff Development	\$	6,356	
Other Charges		7,904	
Other Equipment		941	
Total Community Services			\$ 200,043

Early Childhood Education

Supervisor/Director	\$	58,188	
Teachers		164,305	
Career Ladder Program		2,000	
Educational Assistants		68,774	
Certified Substitute Teachers		75	
Non-certified Substitute Teachers		3,800	
Social Security		16,970	
Pensions		26,378	
Medical Insurance		19,000	
Dental Insurance		254	
Employer Medicare		3,969	
Other Fringe Benefits		4,219	
Communication		2,626	
Postal Charges		288	
Other Contracted Services		299	
Instructional Supplies and Materials		21,233	
In Service/Staff Development		4,785	
Other Equipment		486	
Total Early Childhood Education			397,649

Capital Outlay

<u>Regular Capital Outlay</u>			
Building Improvements	\$	49,301	
Land		409,330	
Total Regular Capital Outlay			458,631

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	204,645	
Total Education			204,645

Total General Purpose School Fund \$ 12,401,893

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	385,863	
Educational Assistants		62,283	
Other Salaries and Wages		14,487	
Non-certified Substitute Teachers		500	

(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.)

Regular Instruction Program (Cont.)

Social Security	\$	27,532	
Pensions		42,751	
Medical Insurance		16,203	
Employer Medicare		6,439	
Other Fringe Benefits		1,593	
Instructional Supplies and Materials		63,366	
Regular Instruction Equipment		12,025	
Total Regular Instruction Program			\$ 633,042

Special Education Program

Teachers	\$	4,000	
Educational Assistants		149,320	
Speech Pathologist		18,690	
Social Security		10,638	
Pensions		17,275	
Employer Medicare		2,490	
Instructional Supplies and Materials		345	
Other Supplies and Materials		1,728	
Total Special Education Program			204,486

Vocational Education Program

Instructional Supplies and Materials	\$	7,309	
Vocational Instruction Equipment		17,051	
Total Vocational Education Program			24,360

Support Services

Other Student Support

Other Salaries and Wages	\$	2,400	
Social Security		149	
Pensions		217	
Employer Medicare		35	
Travel		9,012	
Other Charges		829	
Total Other Student Support			12,642

Regular Instruction Program

Secretary(ies)	\$	4,500	
Non-certified Substitute Teachers		13,425	
Social Security		1,111	
Pensions		255	
Employer Medicare		260	
Travel		1,111	
In Service/Staff Development		66,580	
Total Regular Instruction Program			87,242

(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.)

Special Education Program

Supervisor/Director	\$	6,365	
Psychological Personnel		43,036	
Assessment Personnel		24,198	
Secretary(ies)		38,061	
Social Security		6,275	
Pensions		11,358	
Medical Insurance		10,160	
Employer Medicare		1,468	
Communication		4,412	
Postal Charges		1,769	
Travel		1,191	
Other Contracted Services		7,581	
Other Supplies and Materials		4,918	
In Service/Staff Development		886	
Total Special Education Program			\$ 161,678

Vocational Education Program

Travel	\$	1,728	
Total Vocational Education Program			1,728

Transportation

Bus Drivers	\$	11,986	
Other Salaries and Wages		5,853	
Social Security		1,088	
Pensions		1,878	
Employer Medicare		254	
Total Transportation			21,059

Total School Federal Projects Fund \$ 1,146,237

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	48,675	
Clerical Personnel		24,102	
Cafeteria Personnel		361,037	
Other Salaries and Wages		644	
In-service Training		2,933	
Social Security		26,677	
Pensions		38,217	
Medical Insurance		3,387	
Employer Medicare		6,264	
Other Fringe Benefits		12,575	
Communication		7,396	
Maintenance and Repair Services - Equipment		3,711	
Transportation - Other than Students		2,122	

(Continued)

Exhibit I-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Travel	\$	214
Other Contracted Services		15,905
Food Preparation Supplies		28,494
Food Supplies		502,529
Office Supplies		6,012
Utilities		30,279
USDA - Commodities		49,917
Other Supplies and Materials		1,502
In Service/Staff Development		344
Criminal Investigation of Applicants - TBI		126
Refund to Applicant for Criminal Investigation		84
Food Service Equipment		15,352
Total Food Service		<u>1,188,498</u>
	\$	<u>1,188,498</u>
Total Central Cafeteria Fund		<u>\$ 1,188,498</u>
Total Governmental Funds - Lewis County School Department		<u>\$ 14,736,628</u>

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, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,056,771
Total Cash Receipts	<u>\$ 1,056,771</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,046,203
Trustee's Commission	<u>10,568</u>
Total Cash Disbursements	<u>\$ 1,056,771</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

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, 2015, and the related notes to the financial statements, which collectively comprise Lewis County's basic financial statements, and have issued our report thereon dated September 29, 2015.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-001, 2015-002 and 2015-004.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-003.

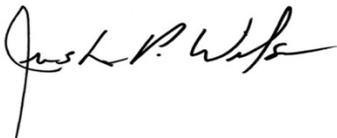
Lewis County's Responses to Findings

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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 29, 2015

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, 2015. 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, 2015.

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.

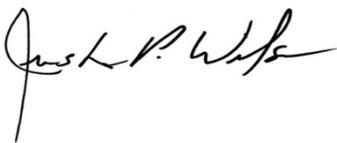
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Lewis County's basic financial statements. We issued our report thereon dated September 29, 2015, 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 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 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

September 29, 2015

JPW/sb

Lewis County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 103,557
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 202,331
National School Lunch Program	10.555	N/A	653,667 (3)
Summer Food Service Program for Children	10.559	N/A	26,762
Child Nutrition Direct Certification Performance Awards	10.589	N/A	6,478
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	49,917 (3)
Total U.S. Department of Agriculture			<u>\$ 1,042,712</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 and Non-Entitlement Grants in Hawaii	14.228	N/A	<u>\$ 14,153</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 14,153</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-15-GHS198	<u>\$ 2,157</u>
Total U.S. Department of Transportation			<u>\$ 2,157</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 553,671
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	375,751
Special Education - Preschool Grants	84.173	N/A	15,501
Career and Technical Education - Basic Grants to States	84.048	N/A	38,093
Rural Education	84.358	N/A	28,191
Improving Teacher Quality State Grants	84.367	N/A	103,576
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grant, Recovery Act	84.395	N/A	43,078
Total U.S. Department of Education			<u>\$ 1,157,861</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-15-41742	\$ 19,713
Total U.S. Department of Health and Human Services			<u>\$ 19,713</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4189-DR-TN	\$ 170,298
Homeland Security Grant Program	97.067	(2)	10,277
Total U.S. Department of Homeland Security			<u>\$ 180,575</u>
Total Expenditures of Federal Awards			<u>\$ 2,417,171</u>

<u>State Grants</u>			<u>Contract Number</u>
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	\$ 175,000
Airport Land Acquisition Grant - State Department of Transportation	N/A	40100-15614	147,790
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	FEMA-4189-DR-TN	9,461
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	1,540
Litter Program - State Department of Transportation	N/A	40100-42215	25,246
Health Educator Grant - State Department of Health	N/A	GG-15-41742	16,805
Recycling Hub and Spoke Grant - State Department of Environment and Conservation	N/A	(2)	49,926
Technology That Works Grant - Tennessee Secretary of State	N/A	(2)	354
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Arts Student Ticket Subsidy - Tennessee Arts Commission	N/A	(2)	4,200
Family Resource Grant - State Department of Education	N/A	(2)	29,646
Safe Schools Act Grant - State Department of Education	N/A	(2)	11,190
Early Childhood Education - State Department of Education	N/A	(2)	<u>561,450</u>
Total State Grants			<u>\$ 1,122,608</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 \$703,584.

Lewis County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-005	165	The Solid Waste/Sanitation Fund had deficiencies in the maintenance of accounting records

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-018	173	Multiple employees operated from the same cash drawer

OFFICE OF ASSESSOR OF PROPERTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-023	176	The assessor did not prorate improvements or 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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-024	177	Duties were not segregated adequately

LEWIS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Lewis County.
4. The audit reported 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, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559), and Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Lewis County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, 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 county mayor 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 2015-001

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 to 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. Residential customers are billed annually in October, while commercial customers are billed quarterly. 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, which resulted from the failure of management to correct the finding noted in the prior-year audit report:

- 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 report of accounts receivable at June 30, 2015, 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, and accounts were haphazardly turned over to the courts for collection.

- 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 decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should take steps to ensure that all necessary reports are generated on a monthly basis and operations are reconciled to provide accurate sales, billings, 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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- B. The fees were set up many years ago by the Solid Waste Committee for commercial users. The rate was set depending on the amount of usage each business had. Since its inception, people have been charged the same. Any new commercial business will be charged in accordance with the amount a similar business has been charged. There are various rates depending upon how it was set up originally. So we base what is charged to each commercial user on the original fees set up by the Solid Waste Committee. There has been no increase since the beginning of the landfill fees several years ago.

Also, since the policies original date, the policy has been changed to not charge a percentage of interest, instead \$10 per month is added to the fee for each month it is past due until the new tax year begins.

- C. We do not have the funds to hire a third employee to comply with segregation of duties. We try to keep it separate as much as possible with the number of existing clerks we employ.

AUDITOR'S COMMENT

Written policies, procedures, and fee schedules should be reviewed and updated on a current basis to ensure their consistent application. We have not recommended hiring additional employees. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, duties should be segregated to the extent possible.

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

FINDING 2015-002

**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.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2015-003

**THE ASSESSOR DID NOT PRORATE IMPROVEMENTS
AND NEW CONSTRUCTION**

(Noncompliance Under *Government Auditing Standards*)

The assessor did not properly prorate improvements and new construction. Assessors are required to pick up new construction and 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 this statute and resulted in an incorrect assessed value to the affected properties.

RECOMMENDATION

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

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

FINDING 2015-004

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among officials and employees in the Parks and Recreation Department and in the Offices of County Mayor, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, 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 – COUNTY MAYOR

The lack of segregation of duties is because of a lack of financial resources to ensure compliance for the segregation of duties.

**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, 2015

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