
TITLE 4

INFORMATION AND COMMUNICATION

CHAPTER 1

GENERAL

The Comptroller's office, in accordance with *Tennessee Code Annotated*, Section 9-2-102, is required "...to prescribe a uniform system of bookkeeping designating the character of books, reports, receipts, and records, and the method of keeping same, in all state, county, and municipal offices, including utility districts, which handle public funds." In addition, Section 7-82-401, *Tennessee Code Annotated*, requires the Comptroller of the Treasury to prepare a uniform accounting manual and promulgate such other rules and regulations as are required to ensure that Tennessee utility districts' books and records are kept in accordance with generally accepted accounting principles. There are also certain external reporting requirements mandated by *Tennessee Code Annotated*. However, there may be other internal and external factors that affect the information that will need to be maintained and reviewed to operate the district effectively and efficiently. Management should review all information needs and should determine the appropriate means of communicating to employees what reports (including detailed content requirements) are needed, when the reports should be prepared and to whom they should be submitted. The accounting structure should be reviewed to determine that information is being collected and summarized to provide the required reports. Any system modifications required to prepare those reports should be communicated, evaluated, and implemented in accordance with the district's policies and procedures and the control activities identified in this manual.

Accurate, timely and effective communication is essential to any organization. It is also one of the most difficult needs to meet. Even in the smallest organization, there are frequent communication break-downs. Changes in objectives and the related information needs, responsibilities and control requirements will have to be communicated throughout the district. The most effective means of communication will be unique to each district. However, policies and procedures manuals, training, employee orientation meetings, memos, and staff meetings are some of the tools that can be used in developing adequate communication. Finding the appropriate means of communicating within the district should be a high priority task, since it will affect all areas of the district. Throughout this manual, various reports and other requirements are presented which will help to strengthen the district's information and communication efforts.

The remainder of this Title identifies the basic information requirements of the Comptroller's office. Other internal and external reporting needs of the district should be identified by responsible personnel of the district. Those responsibilities related control procedures should be communicated to all personnel involved.

- b. schedules of personnel appointments and salary rates and changes (In larger districts where such information may not be practicably included in the minutes, the minutes should include documentation of: (1) all appointments and wage rates that must be set by the board; and (2) across the board wage increases. Adequate policies governing authorization of pay increases should be developed and maintained by the district. Wage and salary rates increases delegated by the board should be adequately documented in the personnel records.)
- c. copies of bond and revenue anticipation resolutions
- d. notices of public hearings and resulting decisions
- e. copies of federal and state grant applications (whether a final award was received or not)
- f. summaries of action taken on competitive bids
- g. copies of contracts entered into by the board. The board must obtain a written contract for all agreements with other entities or individuals for services received or provided, regardless of whether payment is involved, including the following:
 - (1) contract labor and consultant agreements, including computer services, day labor, and similar work
 - (2) leases
 - (3) rentals
 - (4) management agreements
- h. purchasing policy
- i. expense reimbursement policy
- j. other policies as adopted by the board

2013. Prior to that date, districts must use the current format (Appendix B), but may also include an additional supplemental schedule prepared using the AWWA water loss methodology. Any report submitted on or after January 1, 2013, that does not report water loss using the AWWA methodology will be officially filed with the UMRB for noncompliance. The Water and Wastewater Financing Board may be contacted for additional information regarding this methodology. Contact information can be found at <http://www.comptroller1.state.tn.us/WWFB/>.

| Record | Retention Period | Legal Authority/Rationale |
|---|-------------------------|---|
| Audit Reports. All audit reports relative to district finances. Audit reports show account of all receipts and disbursements, date of audit, and signature of auditor. | Permanent record. | Requirement of the Comptroller. Record has high historical value. |
| Bonded Indebtedness, Record of. Register book shows bond issue, date, and amount set up by year; as bonds and coupons are returned, these are shown in the book. Other records include the trust indenture, loan agreements, bond counsel opinion, documentation of expenditure of bond proceeds, copies of management contracts, documentation of security for the bonds, and documentation of investment of bond proceeds. | Permanent record. | Requirement of the Comptroller. |
| Cash Journals. Record of all receipts and disbursements as distributed to various district accounts, showing date of entry, amount, source of receipt or purpose of payment, amount of debit or credit, and name of account credited or charged. | Permanent record. | Requirement of the Comptroller. |
| Certificate of Bond/Interest Coupons Destroyed | Permanent record. | Requirement of the Comptroller. |
| Charts of Accounts and Procedures Manuals. | Permanent record. | Requirement of the Comptroller. |
| Deeds and Other Title Documents. | Permanent record. | Requirement of the Comptroller. |
| Employee Payroll Records. | Permanent record. | Requirement of the Comptroller. |

| Record | Retention Period | Legal Authority/Rationale |
|---|-------------------------|---|
| Financial Reports to Commissioners. (1) General; (2) Final—Report gives information on different accounts, balances on last report, receipts, disbursements, commissions, transfers, balances on this report, totals, bank balances of district accounts in different banks, and classification of receipts (sources received from). | Permanent record. | These reports should be recorded in the minutes of the district. Requirement of the Comptroller. |
| General Ledger Accounts. Record of all receipts and disbursements for the various district accounts, showing date of entry, amount, source of receipt or purpose of payment, amount of debit or credit, and name of account credited or charged. | Permanent record. | Requirement of the Comptroller. |

| Record | Retention Period | Legal Authority/Rationale |
|---|---|----------------------------------|
| Accounts Payable Subsidiary Ledgers. | Retain 10 years. | Requirement of the Comptroller. |
| Accounts Receivable Subsidiary Ledgers. | Retain 10 years. | Requirement of the Comptroller. |
| Capital Asset Records. All assets capitalized, description (brand, year, serial number, etc.), dates put in service and taken out of service (sold, scrapped, etc.), location, depreciation (method, life, etc.), etc. | Retain 10 years after asset is disposed of. | Requirement of the Comptroller. |
| Expense Ledgers. | Retain 10 years. | Requirement of the Comptroller. |
| Inventory Ledgers. | Retain 10 years. | Requirement of the Comptroller. |

| Record | Retention Period | Legal Authority/Rationale |
|--|------------------|--|
| Investment Ledgers. Surplus cash investments, rate of interest, date, and amount collected. | Retain 10 years. | Keep for audit purposes and to address arbitrage concerns. |
| Journal Vouchers | Retain 10 years. | Requirement of the Comptroller. |
| Subsidiary Revenue Ledgers. | Retain 10 years. | Requirement of the Comptroller. |
| Voucher Register. | Retain 10 years. | Requirement of the Comptroller. |

| Record | Retention Period | Legal Authority/Rationale |
|---|--|--|
| Bank Deposit Slips. Slips showing bank name and location and amounts and dates of deposits. | Retain 7 years. | Based on statute of limitations for legal actions for breach of contract plus one year. <i>TCA 28-3-109.</i> |
| Canceled Checks. Canceled checks showing date check issued, name of bank on which drawn, check number, to whom payable, purpose of payment, amount of check, and date canceled. <i>See Title 5, Chapter 7, Section 8, of this manual for comments on this due to current banking laws.</i> | Retain 7 years. | Based on statute of limitations for legal action for breach of contract plus one year. <i>TCA 28-3-109.</i> |
| Cancelled Certificates of Deposit. | Retain 7 years. | Keep for audit and review purposes. |
| Check Books. Books containing stubs of checks issued by the district showing check number, date issued, name of payee, amount, and purpose of payment. | Retain 7 years after date of last check. | Based on statute of limitations for legal actions for breach of contract plus one year. <i>TCA 28-3-109.</i> |
| Check Stubs. From all district accounts. | Retain 7 years. | Based on statute of limitations for legal actions for breach of contract plus one year. <i>TCA 28-3-109.</i> |

| Record | Retention Period | Legal Authority/Rationale |
|---|--|--|
| Claims Records. Documents regarding claims and settlements against the district. | Retain 7 years after the terms of the settlement have been met. | Based on statute of limitations for legal actions for breach of contract plus one year. <i>TCA 28-3-109.</i> |
| Contracts. | Retain 7 years after termination of contract.. | Based on statute of limitations for legal actions for breach of contract plus one year. <i>TCA 28-3-109.</i> |
| Development and Proposal Files. Reports, planning memos, correspondence, studies, and similar records created for and used in the development of grant proposals submitted to state or federal agencies and contracts relating to the grant. | Retain all unsuccessful applications for 5 years. Retain all records regarding grants that are received for life of grant plus 7 years. | Keep unsuccessful proposals in case of appeal or for administrative use in re-application. Keep records of grants received based on statute of limitations for contract actions. <i>TCA 28-3-109.</i> |
| Duplicate Receipts. | Retain 7 years. | Keep for audit and review purposes. |
| Insurance Policies. | Retain 7 years after expiration/cancellation of policy. | Keep for audit and review purposes. |
| Invoices. | Retain 7 years. | Based on statute of limitations for legal actions for breach of contract plus one year. <i>TCA 28-3-109.</i> |
| Leases (Excluding Real Property – For Real Property, Follow Above Guidance for Deeds). | Retain 7 years after expiration of the lease. | Based on statute of limitations for legal actions for breach of contract plus one year. <i>TCA 28-3-109.</i> |

| Record | Retention Period | Legal Authority/Rationale |
|--|---|---|
| Customer Billing Stubs. Collection stubs for accounts paid. | Retain at least 5 years from the date the audit was filed with the Comptroller's office. | Keep in case of billing errors. |
| Daily Collection Report. Summarizes all cash/check collections by source and fund and indicates the deposit amount, amount retained for change and amount short or over. | Retain at least 5 years from the date the audit was filed with the Comptroller's office. | Keep for audit and review purposes. |
| Employee Time Records. | Retain 5 years. | Keep for audit and review purposes. |
| Meter Deposit Records. Customer name, date service started, amount of deposit, type of service. | Retain at least 5 years after service is terminated and deposit is refunded or applied to bill. | Keep in case of billing errors. |
| Moveable, High-Risk, Sensitive Property. Inventory records of non-capitalized property items, such as cameras, computers, printers, scanners, etc. | Retain 5 years. | Keep for audit purposes and to ensure that such items are retained for use in the district and are not lost, misplaced or stolen. |
| Purchase Orders. | Retain 5 years. | Keep for audit and review purposes. |

| Record | Retention Period | Legal Authority/Rationale |
|--|--|---|
| Cash Reconciliation Report. Shows balances at beginning of month, outstanding checks, cash balances, checks issued during month, checks paid, cash and outstanding checks at end of the month. | Retain at least 3 years from the date the audit was filed with the Comptroller's office. | Keep for audit and review purposes. |
| Garnishments. | Retain at least 3 years from the date the audit was filed with the Comptroller's office. | Fair Labor Standards Act (29 C.F.R. 516.5). |

| Record | Retention Period | Legal Authority/Rationale |
|--------------------------------|--|----------------------------------|
| General Correspondence. | Retain 3 years. | Requirement of the Comptroller. |
| Inventory Records. | Retain at least 3 years from the date the audit was filed with the Comptroller's office. | Requirement of the Comptroller. |

| Record | Retention Period | Legal Authority/Rationale |
|--|---|--|
| Redeemed Bond/Interest Coupons. | Retain until audit is complete and any exceptions related to the redeemed bond/interest coupons have been resolved for bonds/interest paid and cancelled during the period covered by the audit. The district shall cause the certified list of bonds, notes, and coupons duly paid and cancelled to be recorded in the official minutes of the district. | Based on procedures in <i>TCA 9-21-123</i> . |