

**ANNUAL FINANCIAL REPORT  
OF  
STEWART COUNTY, TENNESSEE  
AND  
STEWART COUNTY SCHOOL DEPARTMENT**

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**SINGLE AUDIT REPORT**



**FOR THE YEAR ENDED JUNE 30, 2007**



**ANNUAL FINANCIAL REPORT**  
**STEWART COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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

*DIVISION OF COUNTY AUDIT*  
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*Assistant to the Comptroller*

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*Director*

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*Audit Manager*

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*WENDY HEATH, CFE*  
*State Auditors*

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

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## STEWART COUNTY, TENNESSEE

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# ***Audit Highlights***

Annual Financial Report  
Stewart County, Tennessee  
For the Year Ended June 30, 2007

## ***Scope***

We have audited the financial statements of each major fund and the aggregate remaining fund information of Stewart County as of and for the year ended June 30, 2007.

## ***Results***

Our report on Stewart County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in nine findings and recommendations, which we have reviewed with Stewart County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

## ***Findings***

The following are summaries of the audit findings:

### **STEWART COUNTY**

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ Stewart County has not completed the steps set forth in the implementation plan for Governmental Accounting Standards Board Statement No. 34 filed with the Comptroller of the Treasury.

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### **OFFICE OF COUNTY MAYOR**

- ◆ An interfund loan was not authorized in accordance with state statutes.
-

## **OFFICE OF COUNTY ENGINEER**

- ◆ The office did not list the descriptions and dollar amounts of purchases on purchase orders until the invoices were received from the vendors.
  - ◆ The department did not have a system to account for materials used on certain types of road projects.
- 

## **OFFICE OF ASSESSOR OF PROPERTY**

- ◆ The office changed the assessment records during the year as property transfers were made, violating state statute.
- 

## **OFFICE OF SHERIFF**

- ◆ Funds were not deposited to the office bank account within three days of collection as required by state statute.
- 

## **OTHER FINDINGS**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among officials and employees in the Offices of Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

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# INTRODUCTORY SECTION

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Stewart County Officials  
June 30, 2007

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**Officials**

Rick Joiner, County Mayor  
Jerry Cunningham, County Engineer  
Wilby Williams, Trustee  
Connie Brigham, Assessor of Property  
Jimmy Fitzhugh, County Clerk  
Jason Wallace, Circuit, General Sessions, and Juvenile Courts Clerk  
Jane Link, Clerk and Master  
Ruth Mathis, Register  
John Vinson, Sheriff

**Board of County Commissioners**

Rick Joiner, Chairman	Terry Fitzhugh
Don Cherry, Vice-Chairman	Marty Grasty
Roger Allen	Andy Luton
Jerry Barnes	Jimmie Mullins
Marty Blane	Randall Redmon
Randy Blane	Neal Bruce Wallace
Mark Dortch	Eric Watkins
John Elliott	

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

November 13, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2007, as shown on pages 15 through 34, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Stewart County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the county's governmental activities and discretely presented component units are not reasonably determinable.

As described in Note I, Stewart County, Tennessee, has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county governments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Stewart County, Tennessee, as of June 30, 2007, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Stewart County, Tennessee, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2007, on our consideration of Stewart County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison and pension information on pages 37 through 43 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stewart County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental

funds and the General Debt Service Fund, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan  
Comptroller of the Treasury

JGM/rc

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Stewart County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2007

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,497	\$ 1,497
Equity in Pooled Cash and Investments	2,691,382	252,170	1,612,677	259,415	4,815,644
Accounts Receivable	657,353	4,407	0	0	661,760
Allowance for Uncollectibles	(192,712)	0	0	0	(192,712)
Due from Other Governments	229,810	298,660	0	0	528,470
Due from Other Funds	1,497	0	64,979	0	66,476
Due from Component Units	13,613	0	26,463	0	40,076
Property Taxes Receivable	2,637,386	156,290	1,445,678	46,024	4,285,378
Allowance for Uncollectible Property Taxes	(79,520)	(4,712)	(43,589)	(997)	(128,818)
Other Loans Receivable - Long-Term	0	0	27,427	0	27,427
Total Assets	<u>\$ 5,958,809</u>	<u>\$ 706,815</u>	<u>\$ 3,133,635</u>	<u>\$ 305,939</u>	<u>\$ 10,105,198</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 40,777	\$ 22,347	\$ 0	\$ 0	\$ 63,124
Payroll Deductions Payable	34	0	0	0	34
Contracts Payable	0	854	0	0	854
Due to Other Funds	42,319	0	0	1,497	43,816
Due to Component Units	1,581	0	0	0	1,581
Due to State of Tennessee	498	0	0	0	498
Deferred Revenue - Current Property Taxes	2,494,711	147,835	1,367,471	19,262	4,029,279
Deferred Revenue - Delinquent Property Taxes	54,714	3,242	29,991	25,394	113,341
Other Deferred Revenues	458,249	140,830	36,430	0	635,509
Other Loans Payable - Long-term	0	0	0	27,427	27,427
Total Liabilities	<u>\$ 3,092,883</u>	<u>\$ 315,108</u>	<u>\$ 1,433,892</u>	<u>\$ 73,580</u>	<u>\$ 4,915,463</u>

(Continued)

Exhibit A

Stewart County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2007

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 20,931	\$ 19,523	\$ 0	\$ 0	\$ 40,454
Reserved for Purchase of Electronic Fingerprint Imaging System	0	0	0	7,698	7,698
Reserved for Alcohol and Drug Treatment	33,045	0	0	0	33,045
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	120,001	120,001
Reserved for Sexual Offender Registration	3,100	0	0	0	3,100
Reserved for Computer System - Register	11,715	0	0	0	11,715
Reserved for Automation Purposes - General Sessions Court	6,148	0	0	0	6,148
Reserved for Automation Purposes - Sheriff	7,583	0	0	0	7,583
Reserved for Other Loans Receivable	0	0	27,427	0	27,427
Reserved for Capital Outlay	859,154	0	0	0	859,154
Reserved for Other General Purposes	4,811	0	0	0	4,811
Unreserved, Reported In:					
General Fund	1,919,439	0	0	0	1,919,439
Special Revenue Funds	0	372,184	0	10,396	382,580
Unreserved, Reported In (Cont.):					
Debt Service Funds	0	0	1,672,316	0	1,672,316
Capital Projects Funds	0	0	0	94,264	94,264
Total Fund Balances	<u>\$ 2,865,926</u>	<u>\$ 391,707</u>	<u>\$ 1,699,743</u>	<u>\$ 232,359</u>	<u>\$ 5,189,735</u>
Total Liabilities and Fund Balances	<u>\$ 5,958,809</u>	<u>\$ 706,815</u>	<u>\$ 3,133,635</u>	<u>\$ 305,939</u>	<u>\$ 10,105,198</u>

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

Exhibit B

Stewart County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,243,250	\$ 150,789	\$ 1,841,708	\$ 61,373	\$ 5,297,120
Licenses and Permits	10,291	0	0	0	10,291
Fines, Forfeitures, and Penalties	52,512	0	0	1,188	53,700
Charges for Current Services	702,241	0	0	0	702,241
Other Local Revenues	92,450	23,226	856	0	116,532
Fees Received from County Officials	564,523	0	0	0	564,523
State of Tennessee	1,048,785	2,030,374	0	0	3,079,159
Federal Government	200,181	9,024	0	0	209,205
Other Governments and Citizens Groups	108,099	0	187,470	0	295,569
<b>Total Revenues</b>	<b>\$ 6,022,332</b>	<b>\$ 2,213,413</b>	<b>\$ 2,030,034</b>	<b>\$ 62,561</b>	<b>\$ 10,328,340</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 703,780	\$ 0	\$ 0	\$ 0	\$ 703,780
Finance	601,394	0	0	0	601,394
Administration of Justice	491,723	0	0	0	491,723
Public Safety	1,667,614	0	0	1,817	1,669,431
Public Health and Welfare	1,285,873	0	0	0	1,285,873
Social, Cultural, and Recreational Services	244,816	0	0	0	244,816
Agriculture and Natural Resources	73,398	0	0	0	73,398
Other Operations	445,401	0	0	473	445,874
Highways	0	2,154,407	0	0	2,154,407
Debt Service:					
Principal on Debt	0	83,333	1,344,294	0	1,427,627
Interest on Debt	0	6,342	1,117,286	0	1,123,628
Other Debt Service	0	0	102,622	0	102,622
Capital Projects	0	0	0	650,382	650,382
<b>Total Expenditures</b>	<b>\$ 5,513,999</b>	<b>\$ 2,244,082</b>	<b>\$ 2,564,202</b>	<b>\$ 652,672</b>	<b>\$ 10,974,955</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 508,333	\$ (30,669)	\$ (534,168)	\$ (590,111)	\$ (646,615)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 950,000	\$ 0	\$ 0	\$ 650,000	\$ 1,600,000
Refunding Debt Issued	0	0	6,330,000	0	6,330,000
Insurance Recovery	19,674	0	0	0	19,674
Transfers In	0	0	221,942	0	221,942
Transfers Out	(221,942)	0	0	0	(221,942)
Payments to Refunded Debt Escrow Agent	0	0	(6,264,159)	0	(6,264,159)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 747,732</b>	<b>\$ 0</b>	<b>\$ 287,783</b>	<b>\$ 650,000</b>	<b>\$ 1,685,515</b>
Net Change in Fund Balances	\$ 1,256,065	\$ (30,669)	\$ (246,385)	\$ 59,889	\$ 1,038,900
Fund Balance, July 1, 2006	1,609,861	422,376	1,946,128	172,470	4,150,835
Fund Balance, June 30, 2007	\$ 2,865,926	\$ 391,707	\$ 1,699,743	\$ 232,359	\$ 5,189,735

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

Exhibit C

Stewart County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 833,944
Due from Other Governments	<u>50,237</u>
Total Assets	<u><u>\$ 884,181</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 50,237
Due to Litigants, Heirs, and Others	<u>833,944</u>
Total Liabilities	<u><u>\$ 884,181</u></u>

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

**STEWART COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Stewart County's financial statements are not 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.

Stewart County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement No. 34 and accounting principles generally accepted in the United States of America. Stewart County has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused Stewart County's auditor to issue an adverse opinion on the county's financial statements.

Although Stewart County's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement No. 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement No. 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

The following are the more significant accounting policies of Stewart County:

**A. Reporting Entity**

Stewart County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Stewart County, the primary government.

**Blended Component Units** – There are no legally separate component units of Stewart County that meet the criteria for being reported as part of the primary government by the blending method.

**Excluded Component Units** – The following entities meet the criteria for discretely presented component units of the county. Since Stewart County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements, as required by generally accepted accounting principles. These entities would have been presented as separate columns in those statements to emphasize that they are legally separate from the county.

The Stewart County School Department operates the public school system in the county, and the voters of Stewart County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission’s approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Stewart County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Stewart County, and the Stewart 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 Stewart County School Department and the Stewart County Emergency Communications District issue separate financial statements from those of the county. The School Department’s financial statements are published as a separate report but under the same cover as the county’s financial statements. The Stewart County Emergency Communications District’s financial statements are published as a separate report. Complete financial statements of the Stewart County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Stewart County Emergency Communications District  
P.O. Box 751  
Dover, TN 37058

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Fund financial statements of Stewart County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Stewart County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. 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. Stewart 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 and the accrual basis of accounting, except for agency funds which have no measurement focus. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Stewart County reports the following major governmental funds:

**General Fund** – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Highway/Public Works Fund** – This fund accounts for transactions of the county’s Highway Department.

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

Additionally, Stewart County reports the following fund types:

**Capital Projects Funds** – These funds account for transactions for the acquisition or construction of major capital facilities.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Stewart 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.

**C. Assets, Liabilities, and Equity**

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all Stewart County and Stewart County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the Stewart County School Department's General Purpose School Fund. Stewart County and the Stewart County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. 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.

Long-term interfund loans between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.6 percent of total taxes levied.

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

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

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

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

**3. Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Stewart County does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, Stewart County does not present government-wide statements.

**4. Compensated Absences**

It is the county's policy to permit full-time employees to accumulate a limited amount of earned but unused vacation and sick leave benefits and compensatory time. There is no liability for unpaid accumulated sick leave since Stewart County does not have a policy to pay any amounts when employees separate from service with the government. A liability for vacation pay and compensatory time is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**5. Long-term Obligations**

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

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.

**6. Fund Equity**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) which is not budgeted, and the Highway Capital Projects Fund, which adopts a project length budget. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, County Mayor/Executive, Election Commission, Register of Deeds, 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 the GAAP basis is presented on the face of each budgetary schedule.

### B. Fund Deficit

The Highway/Capital Projects Fund had a fund deficit of \$27,119 at June 30, 2007. This fund deficit resulted from a long-term interfund loan of \$27,427 due to the General Debt Service Fund at June 30, 2007. Funding for the repayment of the interfund loan will be provided through an additional tax levy on the property owners in the Eagles Rest Road Special Tax District.

### C. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Preservation of Records	\$ 142
Other Administration of Justice	345
Other Charges	2,824

Also, expenditures exceeded the total appropriations approved by the County Commission in the General Debt Service Fund by \$1,137.

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

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

Stewart County and the Stewart County School Department participate in an internal cash and investment pool through the Office of Trustee. The Stewart County School Department meets the criteria for a discretely presented component unit of Stewart County. Since Stewart County is presenting fund financial statements only, the financial information for the Stewart County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2007.

### **B. Construction Commitments**

At June 30, 2007, the Highway Department had uncompleted construction contracts of approximately \$19,523 for the construction of two bridges. Funding for these future expenditures is expected to be received from state grants.

### **C. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2007, is as follows:

#### **Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,497
General Debt Service	General	42,319
General Debt Service	Nonmajor governmental	22,660

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.

A receivable in the General Debt Service Fund (\$22,660) was in transit from the Highway Capital Projects Fund at June 30, 2007.

**Interfund loans to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Debt Service	Nonmajor governmental	\$ 27,427

This balance resulted from an advance to the Highway Capital Projects Fund to finance the improvement of a road.

**Due to/from primary government and component units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Component Unit: Emergency Communications District	\$ 13,613
General Debt Service	General Purpose School	26,463
Component Unit: General Purpose School	Primary Government: General	1,581

**D. Capital Lease**

On April 21, 2005, Stewart County entered into a five-year lease-purchase agreement for defibrillators. The terms of the agreement require total lease payments of \$5,519 plus interest of 9.87 percent. The lease payments are made from the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2008	\$ 1,403
2009	1,403
2010	1,403
2011	234
Total Minimum Lease Payments	\$ 4,443
Amount Representing Interest	(641)
Present Value of Minimum Lease Payments	<u>\$ 3,802</u>

**E. Long-term Debt**

Since Stewart County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds.

Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but Stewart County is not presenting government-wide financial statements.

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 39 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund and the Highway/Public Works Fund.

General obligation bonds, capital outlay notes, and the capital lease outstanding as of June 30, 2007, are as follows:

Type	Interest Rates	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	3 to 5%	\$ 22,754,000	\$ 6,218,000
General Obligation Bonds - Refunding	2.5 to 4.55	24,090,000	22,760,000
Capital Outlay Notes	3.8 to 4.3	2,144,882	1,781,628
Capital Lease	9.87	5,519	3,802

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 936,000	\$ 1,157,490	\$ 291,628	\$ 78,684
2009	986,000	1,101,553	120,000	64,070
2010	1,016,000	1,068,176	120,000	58,910
2011	1,056,000	1,033,639	125,000	53,750
2012	1,086,000	997,442	130,000	48,375
2013-2017	6,658,000	4,337,607	680,000	157,165

Year Ending June 30 (Cont.)	Bonds		Notes	
	Principal	Interest	Principal	Interest
2018-2022	\$ 7,115,000	\$ 3,133,490	\$ 315,000	\$ 20,425
2023-2027	7,380,000	1,456,544	0	0
2028-2029	2,745,000	180,755	0	0
Total	<u>\$ 28,978,000</u>	<u>\$ 14,466,696</u>	<u>\$ 1,781,628</u>	<u>\$ 481,379</u>

There is \$1,672,316 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$2,343, based on the 2000 federal census. Debt per capita, including bonds, notes, and the capital lease totaled \$2,487, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

##### Governmental Activities:

	Bonds		Notes	
Balance, July 1, 2006	\$ 29,064,000	\$	363,255	
Additions	6,330,000		0	
Deductions	6,416,000		181,627	
Balance, June 30, 2007	<u>\$ 28,978,000</u>	<u>\$</u>	<u>181,628</u>	
Balance Due Within One Year	<u>\$ 936,000</u>	<u>\$</u>	<u>0</u>	
	Capital Lease		Compensated Absences	
Balance, July 1, 2006	\$ 4,777	\$	106,944	
Additions	0		118,010	
Deductions	975		117,373	
Balance, June 30, 2007	<u>\$ 3,802</u>	<u>\$</u>	<u>107,581</u>	
Balance Due Within One Year	<u>\$ 0</u>	<u>\$</u>	<u>21,516</u>	

Compensated absences will be paid from the employing funds, primarily the General Fund and the Highway/Public Works Fund.

#### Advance Refunding

On January 26, 2007, Stewart County advance refunded portions of three general obligation school bond issues with a separate general obligation bond

issue. The county issued \$6,330,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability is no longer considered to be part of the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 22 years will be reduced by \$306,294, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$202,323 was obtained.

**F. Short-term Debt**

During the year, Stewart County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. These notes were necessary because funds were not available for general operating expenses coming due before current tax collections and other revenue sources. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Tax Anticipation Notes	\$ 0	\$ 75,000	\$ 75,000	\$ 0

**IV. OTHER INFORMATION**

**A. Risk Management**

Stewart County 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, 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.

The county participates in the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The county pays an annual premium to the TSB-RMT for its workers' compensation and general liability, property, and casualty insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

**B. Contingent Liabilities**

The county attorney advised that the county is a defendant in litigation with an individual seeking compensatory and punitive damages of \$5,000,000. This lawsuit has been referred to insurance counsel for defense. The attorney for the county's insurance provider is of the opinion that the county will prevail. Therefore, no amount is reflected in the county's financial statements for this lawsuit.

**C. Subsequent Event**

On October 1, 2007, the county's General Debt Service Fund issued a \$100,000 tax anticipation note to the Highway/Public Works Fund for temporary operating funds.

**D. Changes in Administration**

On August 31, 2006, David Wallace left the Office of County Mayor and was succeeded by Rick Joiner, and Barbara Wallace left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Jason Wallace.

**E. Jointly Governed Organization**

The Houston-Stewart County Industrial Park Board operates an industrial park that is jointly owned by Stewart and Houston counties. The board comprises seven members. The Stewart and Houston County Commissions appoint the board members alternately (four one year and three the next year); however, the counties do not have any ongoing financial interest or responsibility for the entity. Also, the board operates in conjunction with the Houston-Stewart County Development Commission, which consists of seven board members appointed by Stewart County and Houston County. The commission was incorporated to receive and administer grant and loan funds for construction of buildings in the industrial park. The commission was declared inactive by its Board of Directors on October 25, 1990, and so remains until such time as a need develops.

The Bi-County Solid Waste Management System was created by Stewart County in conjunction with Montgomery County. The Bi-County Solid Waste Management System's board comprises the Montgomery County Mayor and three individuals appointed by him, the Stewart County Mayor and one individual appointed by him, and the mayor of the City of Clarksville as long as the city participates in the operation of the transfer station pursuant to a separate agreement with Montgomery County.

## **F. Retirement Commitments**

### **Employees**

#### **Plan Description**

Employees of Stewart County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with ten years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after ten years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Stewart County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

#### **Funding Policy**

Stewart County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 16.17 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Stewart County is established and may be amended by the TCRS Board of Trustees.

#### **Annual Pension Cost**

For the year ended June 30, 2007, Stewart County's annual pension cost of \$81,871 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005,

actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Stewart County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 17 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$81,871	100%	\$0
6-30-06	63,488	100	0
6-30-05	60,996	100	0

**G. Purchasing Laws**

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of County Engineer

Chapter 171, Private Acts of 1951, as amended, and the Uniform Road Law, Section 54-7-113, TCA, prescribe purchasing procedures to be followed by officials of the Stewart County Road Department. Provisions of the private act stipulate that all purchases exceeding \$300 shall be made by the Road Commission, while purchases involving lesser amounts may be made by the county engineer. The Uniform Road Law provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. Purchasing in this department was conducted by the Finance Committee of the County Commission, which served in-lieu-of the Road Commission.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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Exhibit D-1

Stewart County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 General Fund  
 For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 3,243,250	\$ 0	\$ 0	\$ 3,243,250	\$ 2,887,650	\$ 3,109,592	\$ 133,658
Licenses and Permits	10,291	0	0	10,291	10,500	10,500	(209)
Fines, Forfeitures, and Penalties	52,512	0	0	52,512	41,300	45,278	7,234
Charges for Current Services	702,241	0	0	702,241	717,450	717,450	(15,209)
Other Local Revenues	92,450	0	0	92,450	15,050	15,050	77,400
Fees Received from County Officials	564,523	0	0	564,523	495,000	495,000	69,523
State of Tennessee	1,048,785	0	0	1,048,785	1,366,080	1,526,175	(477,390)
Federal Government	200,181	0	0	200,181	192,080	192,080	8,101
Other Governments and Citizens Groups	108,099	0	0	108,099	83,732	84,032	24,067
<b>Total Revenues</b>	<b>\$ 6,022,332</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,022,332</b>	<b>\$ 5,808,842</b>	<b>\$ 6,195,157</b>	<b>\$ (172,825)</b>
<b>Expenditures</b>							
<b>General Government</b>							
County Commission	\$ 25,961	\$ 0	\$ 0	\$ 25,961	\$ 30,230	\$ 30,230	\$ 4,269
County Mayor/Executive	135,338	0	0	135,338	141,310	144,179	8,841
Election Commission	183,571	(72,858)	0	110,713	115,337	115,337	4,624
Register of Deeds	111,296	(800)	252	110,748	120,475	123,020	12,272
Geographical Information Systems	9,759	0	0	9,759	6,519	9,761	2
County Buildings	197,736	0	0	197,736	214,642	214,642	16,906
Other General Administration	36,323	0	0	36,323	60,099	60,099	23,776
Preservation of Records	3,796	0	0	3,796	1,000	3,654	(142)
<b>Finance</b>							
Accounting and Budgeting	93,661	0	0	93,661	93,879	93,879	218
Property Assessor's Office	142,165	0	0	142,165	148,755	151,323	9,158
Reappraisal Program	28,969	0	0	28,969	34,580	35,140	6,171
County Trustee's Office	169,082	0	0	169,082	175,563	178,130	9,048
County Clerk's Office	167,517	(1,434)	5,650	171,733	201,336	201,336	29,603

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 145,304	\$ 0	\$ 0	\$ 145,304	\$ 149,010	\$ 149,010	\$ 3,706
General Sessions Judge	92,082	0	0	92,082	83,488	98,098	6,016
General Sessions Court Clerk	38,035	0	0	38,035	45,282	45,282	7,247
Chancery Court	109,317	0	0	109,317	110,874	114,212	4,895
Juvenile Court	70,347	0	0	70,347	76,523	74,794	4,447
District Attorney General	2,585	0	0	2,585	2,585	2,585	0
Other Administration of Justice	34,053	0	0	34,053	31,979	33,708	(345)
<u>Public Safety</u>							
Sheriff's Department	1,012,097	0	7,502	1,019,599	1,052,591	1,072,439	52,840
Jail	441,566	0	319	441,885	497,764	497,764	55,879
Juvenile Services	71,550	0	597	72,147	75,806	75,806	3,659
Fire Prevention and Control	67,809	0	0	67,809	67,809	67,809	0
Rescue Squad	4,000	0	0	4,000	4,000	4,000	0
Other Emergency Management	13,373	0	0	13,373	10,299	13,379	6
County Coroner/Medical Examiner	16,865	0	0	16,865	10,941	16,942	77
Public Safety Grant Programs	40,354	(36,060)	0	4,294	31,116	36,243	31,949
Other Public Safety	0	0	0	0	23,170	23,630	23,630
<u>Public Health and Welfare</u>							
Local Health Center	24,238	0	0	24,238	32,000	32,000	7,762
Ambulance/Emergency Medical Services	1,106,155	0	0	1,106,155	1,053,447	1,107,866	1,711
Waste Pickup	28,882	0	0	28,882	29,237	29,246	364
Other Public Health and Welfare	126,598	0	0	126,598	114,300	126,610	12
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	10,000	0	0	10,000	10,000	10,000	0
Libraries	174,312	0	6,611	180,923	166,567	181,023	100
Other Social, Cultural, and Recreational	60,504	0	0	60,504	63,420	65,568	5,064

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture &amp; Natural Resources</u>							
Agriculture Extension Service	\$ 50,275	\$ 0	\$ 0	\$ 50,275	\$ 50,468	\$ 50,468	\$ 193
Soil Conservation	23,123	0	0	23,123	23,610	23,610	487
<u>Other Operations</u>							
Tourism	20,795	0	0	20,795	18,000	20,796	1
Housing and Urban Development	87,286	0	0	87,286	0	151,136	63,850
Other Economic and Community Development	8,477	(6,250)	0	2,227	1,048,000	1,048,000	1,045,773
Veterans' Services	52,961	0	0	52,961	50,796	52,967	6
Other Charges	189,306	0	0	189,306	181,891	186,482	(2,824)
Miscellaneous	86,576	0	0	86,576	78,881	86,881	305
Total Expenditures	\$ 5,513,999	\$ (117,402)	\$ 20,931	\$ 5,417,528	\$ 6,537,579	\$ 6,859,084	\$ 1,441,556
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 508,333	\$ 117,402	\$ (20,931)	\$ 604,804	\$ (728,737)	\$ (663,927)	\$ 1,268,731
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 950,000	\$ 0	\$ 0	\$ 950,000	\$ 0	\$ 0	\$ 950,000
Insurance Recovery	19,674	0	0	19,674	0	15,750	3,924
Transfers In	0	0	0	0	84,806	84,806	(84,806)
Transfers Out	(221,942)	0	0	(221,942)	0	(221,942)	0
Total Other Financing Sources (Uses)	\$ 747,732	\$ 0	\$ 0	\$ 747,732	\$ 84,806	\$ (121,386)	\$ 869,118
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 1,256,065	\$ 117,402	\$ (20,931)	\$ 1,352,536	\$ (643,931)	\$ (785,313)	\$ 2,137,849
	1,609,861	(117,402)	0	1,492,459	1,380,774	1,380,774	111,685
Fund Balance, June 30, 2007							
	\$ 2,865,926	\$ 0	\$ (20,931)	\$ 2,844,995	\$ 736,843	\$ 595,461	\$ 2,249,534

Exhibit D-2

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 150,789	\$ 0	\$ 0	\$ 150,789	\$ 141,243	\$ 149,254	\$ 1,535
Charges for Current Services	0	0	0	0	5,000	0	0
Other Local Revenues	23,226	0	0	23,226	15,500	23,224	2
State of Tennessee	2,030,374	0	0	2,030,374	2,053,370	1,945,555	84,819
Federal Government	9,024	0	0	9,024	0	0	9,024
<b>Total Revenues</b>	<b>\$ 2,213,413</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,213,413</b>	<b>\$ 2,215,113</b>	<b>\$ 2,118,033</b>	<b>\$ 95,380</b>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 107,750	\$ 0	\$ 0	\$ 107,750	\$ 119,917	\$ 108,074	\$ 324
Highway and Bridge Maintenance	985,323	0	0	985,323	1,133,900	986,230	907
Operation and Maintenance of Equipment	259,487	0	0	259,487	289,150	259,594	107
Other Charges	116,149	0	0	116,149	118,930	117,034	885
Employee Benefits	189,825	0	0	189,825	219,562	189,830	5
Capital Outlay	495,873	(157,653)	19,523	357,743	307,076	421,807	64,064
<u>Principal on Debt</u>							
Highways and Streets	83,333	0	0	83,333	83,333	83,333	0
<u>Interest on Debt</u>							
Highways and Streets	6,342	0	0	6,342	6,421	6,421	79
<b>Total Expenditures</b>	<b>\$ 2,244,082</b>	<b>\$ (157,653)</b>	<b>\$ 19,523</b>	<b>\$ 2,105,952</b>	<b>\$ 2,278,289</b>	<b>\$ 2,172,323</b>	<b>\$ 66,371</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (30,669)	\$ 157,653	\$ (19,523)	\$ 107,461	\$ (63,176)	\$ (54,290)	\$ 161,751
Net Change in Fund Balance	\$ (30,669)	\$ 157,653	\$ (19,523)	\$ 107,461	\$ (63,176)	\$ (54,290)	\$ 161,751
Fund Balance, July 1, 2006	422,376	(157,653)	0	264,723	181,173	181,173	83,550
<b>Fund Balance, June 30, 2007</b>	<b>\$ 391,707</b>	<b>\$ 0</b>	<b>\$ (19,523)</b>	<b>\$ 372,184</b>	<b>\$ 117,997</b>	<b>\$ 126,883</b>	<b>\$ 245,301</b>

Exhibit D-3

Stewart County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2007

**Required Supplementary Information**  
Schedule of Funding Progress for Stewart County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6-30-05	\$ 1,318	\$ 1,548	\$ 230	85.12 %	\$ 459	50.15 %
6-30-03	1,071	1,314	243	81.51	454	53.52
6-30-01	859	1,124	265	76.42	429	61.77

**STEWART COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2007**

**A. BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, County Mayor, Election Commission, Register of Deeds, etc.). Management may make revisions within major categories, but only the Stewart County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

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

Major Appropriation Category	Amount Overspent
Preservation of Records	\$ 142
Other Administration of Justice	345
Other Charges	2,824

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

## Capital Projects Funds

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for financial resources to be used for the construction and renovation of the county jail.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for financial resources used for the improvement of Eagles Rest Road.

Exhibit E-1

Stewart County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2007

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Highway Capital Projects	Total	
<u>ASSETS</u>							
Cash	\$ 0	\$ 1,497	\$ 1,497	\$ 0	\$ 0	\$ 0	1,497
Equity in Pooled Cash and Investments	18,094	0	18,094	241,321	0	241,321	259,415
Property Taxes Receivable	0	0	0	19,536	26,488	46,024	46,024
Allowance for Uncollectible Property Taxes	0	0	0	(589)	(408)	(997)	(997)
<b>Total Assets</b>	<b>\$ 18,094</b>	<b>\$ 1,497</b>	<b>\$ 19,591</b>	<b>\$ 260,268</b>	<b>\$ 26,080</b>	<b>\$ 286,348</b>	<b>\$ 305,939</b>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Due to Other Funds	\$ 0	\$ 1,497	\$ 1,497	\$ 0	\$ 0	\$ 0	1,497
Deferred Revenue - Current Property Taxes	0	0	0	18,479	783	19,262	19,262
Deferred Revenue - Delinquent Property Taxes	0	0	0	405	24,989	25,394	25,394
Other Loans Payable - Long-term	0	0	0	0	27,427	27,427	27,427
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 1,497</b>	<b>\$ 1,497</b>	<b>\$ 18,884</b>	<b>\$ 53,199</b>	<b>\$ 72,083</b>	<b>\$ 73,580</b>
<u>Fund Balances</u>							
Reserved for Purchase of Electronic Fingerprint Imaging System	\$ 7,698	\$ 0	\$ 7,698	\$ 0	\$ 0	\$ 0	7,698
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	120,001	0	120,001	120,001
Unreserved (Deficit)	10,396	0	10,396	121,383	(27,119)	94,264	104,660
<b>Total Fund Balances</b>	<b>\$ 18,094</b>	<b>\$ 0</b>	<b>\$ 18,094</b>	<b>\$ 241,384</b>	<b>\$ (27,119)</b>	<b>\$ 214,265</b>	<b>\$ 232,359</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,094</b>	<b>\$ 1,497</b>	<b>\$ 19,591</b>	<b>\$ 260,268</b>	<b>\$ 26,080</b>	<b>\$ 286,348</b>	<b>\$ 305,939</b>

Exhibit E-2

Stewart County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	General Capital Projects	Highway Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 37,942	\$ 23,431	\$ 61,373	\$ 61,373
Fines, Forfeitures, and Penalties	1,188	0	0	0	1,188
Total Revenues	<u>\$ 1,188</u>	<u>\$ 37,942</u>	<u>\$ 23,431</u>	<u>\$ 61,373</u>	<u>\$ 62,561</u>
<u>Expenditures</u>					
Current:					
Public Safety	\$ 1,817	\$ 0	\$ 0	\$ 0	\$ 1,817
Other Operations	11	0	462	462	473
Capital Projects	0	650,382	0	650,382	650,382
Total Expenditures	<u>\$ 1,828</u>	<u>\$ 650,382</u>	<u>\$ 462</u>	<u>\$ 650,844</u>	<u>\$ 652,672</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (640)</u>	<u>\$ (612,440)</u>	<u>\$ 22,969</u>	<u>\$ (589,471)</u>	<u>\$ (590,111)</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 650,000	\$ 0	\$ 650,000	\$ 650,000
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 650,000</u>	<u>\$ 0</u>	<u>\$ 650,000</u>	<u>\$ 650,000</u>
Net Change in Fund Balances	\$ (640)	\$ 37,560	\$ 22,969	\$ 60,529	\$ 59,889
Fund Balance, July 1, 2006	18,734	203,824	(50,088)	153,736	172,470
Fund Balance, June 30, 2007	<u>\$ 18,094</u>	<u>\$ 241,384</u>	<u>\$ (27,119)</u>	<u>\$ 214,265</u>	<u>\$ 232,359</u>

Exhibit E-3

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 1,188	\$ 1,900	\$ 1,900	\$ (712)
Total Revenues	\$ 1,188	\$ 1,900	\$ 1,900	\$ (712)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 1,817	\$ 18,000	\$ 18,000	\$ 16,183
<u>Other Operations</u>				
Other Charges	11	20	20	9
Total Expenditures	\$ 1,828	\$ 18,020	\$ 18,020	\$ 16,192
Excess (Deficiency) of Revenues Over Expenditures	\$ (640)	\$ (16,120)	\$ (16,120)	\$ 15,480
Net Change in Fund Balance	\$ (640)	\$ (16,120)	\$ (16,120)	\$ 15,480
Fund Balance, July 1, 2006	18,734	18,735	18,735	(1)
Fund Balance, June 30, 2007	\$ 18,094	\$ 2,615	\$ 2,615	\$ 15,479

Exhibit E-4

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 37,942	\$ 35,628	\$ 35,628	\$ 2,314
Total Revenues	\$ 37,942	\$ 35,628	\$ 35,628	\$ 2,314
<u>Expenditures</u>				
<u>Capital Projects</u>				
Public Safety Projects	\$ 382	\$ 356	\$ 406	\$ 24
Education Capital Projects	650,000	0	650,000	0
Total Expenditures	\$ 650,382	\$ 356	\$ 650,406	\$ 24
Excess (Deficiency) of Revenues Over Expenditures	\$ (612,440)	\$ 35,272	\$ (614,778)	\$ 2,338
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 650,000	\$ 0	\$ 650,000	\$ 0
Total Other Financing Sources (Uses)	\$ 650,000	\$ 0	\$ 650,000	\$ 0
Net Change in Fund Balance	\$ 37,560	\$ 35,272	\$ 35,222	\$ 2,338
Fund Balance, July 1, 2006	203,824	203,766	203,766	58
Fund Balance, June 30, 2007	\$ 241,384	\$ 239,038	\$ 238,988	\$ 2,396

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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Exhibit F

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,841,708	\$ 1,788,105	\$ 1,788,105	\$ 53,603
Other Local Revenues	856	0	0	856
Other Governments and Citizens Groups	187,470	404,000	184,000	3,470
Total Revenues	<u>\$ 2,030,034</u>	<u>\$ 2,192,105</u>	<u>\$ 1,972,105</u>	<u>\$ 57,929</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 57,572	\$ 57,572	\$ 55,327	\$ (2,245)
Education	1,286,722	1,286,723	1,286,722	0
<u>Interest on Debt</u>				
General Government	16,603	12,404	16,624	21
Education	1,100,683	1,116,311	1,100,682	(1)
<u>Other Debt Service</u>				
General Government	35,309	32,000	36,464	1,155
Education	67,313	3,000	67,246	(67)
Total Expenditures	<u>\$ 2,564,202</u>	<u>\$ 2,508,010</u>	<u>\$ 2,563,065</u>	<u>\$ (1,137)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (534,168)</u>	<u>\$ (315,905)</u>	<u>\$ (590,960)</u>	<u>\$ 56,792</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 6,330,000	\$ 0	\$ 6,330,000	\$ 0
Transfers In	221,942	19,388	239,388	(17,446)
Payments to Refunded Debt Escrow Agent	(6,264,159)	0	(6,264,159)	0
Total Other Financing Sources (Uses)	<u>\$ 287,783</u>	<u>\$ 19,388</u>	<u>\$ 305,229</u>	<u>\$ (17,446)</u>
Net Change in Fund Balance	\$ (246,385)	\$ (296,517)	\$ (285,731)	\$ 39,346
Fund Balance, July 1, 2006	<u>1,946,128</u>	<u>1,942,015</u>	<u>1,942,015</u>	<u>4,113</u>
Fund Balance, June 30, 2007	<u>\$ 1,699,743</u>	<u>\$ 1,645,498</u>	<u>\$ 1,656,284</u>	<u>\$ 43,459</u>

# Fiduciary Funds

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

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Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated areas 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, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit G-1

Stewart County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 833,944	\$ 833,944
Due from Other Governments	50,237	0	50,237
Total Assets	<u>\$ 50,237</u>	<u>\$ 833,944</u>	<u>\$ 884,181</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 50,237	\$ 0	\$ 50,237
Due to Litigants, Heirs, and Others	0	833,944	833,944
Total Liabilities	<u>\$ 50,237</u>	<u>\$ 833,944</u>	<u>\$ 884,181</u>

Exhibit G-2

Stewart County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 310,972	\$ 310,972	\$ 0
Due from Other Governments	55,909	50,237	55,909	50,237
Total Assets	\$ 55,909	\$ 361,209	\$ 366,881	\$ 50,237
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 55,909	\$ 361,209	\$ 366,881	\$ 50,237
Total Liabilities	\$ 55,909	\$ 361,209	\$ 366,881	\$ 50,237
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 659,062	\$ 2,764,120	\$ 2,589,238	\$ 833,944
Accounts Receivable	0	0	0	0
Total Assets	\$ 659,062	\$ 2,764,120	\$ 2,589,238	\$ 833,944
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 659,062	\$ 2,764,120	\$ 2,589,238	\$ 833,944
Total Liabilities	\$ 659,062	\$ 2,764,120	\$ 2,589,238	\$ 833,944
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 310,972	\$ 310,972	\$ 0
Cash	659,062	2,764,120	2,589,238	833,944
Accounts Receivable	0	0	0	0
Due from Other Governments	55,909	50,237	55,909	50,237
Total Assets	\$ 714,971	\$ 3,125,329	\$ 2,956,119	\$ 884,181
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 55,909	\$ 361,209	\$ 366,881	\$ 50,237
Due to Litigants, Heirs, and Others	659,062	2,764,120	2,589,238	833,944
Total Liabilities	\$ 714,971	\$ 3,125,329	\$ 2,956,119	\$ 884,181

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## MISCELLANEOUS SCHEDULES

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Exhibit H-1

Stewart County, Tennessee  
Schedule of Changes in Long-term Notes, Capital Lease, and Bonds  
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-07
<b>NOTES PAYABLE</b>									
<u>Payable through Highway/Public Works Fund</u>									
Dump Trucks and Equipment	\$ 250,000	3.8 %	4-28-05	4-28-08	\$ 166,667	\$ 0	\$ 83,333	\$ 0	\$ 83,334
Total Payable through Highway/Public Works Fund					\$ 166,667	\$ 0	\$ 83,333	\$ 0	\$ 83,334
<u>Payable through General Debt Service Fund</u>									
Parking Lot	124,715	3.8	4-28-05	4-28-08	\$ 83,143	\$ 0	\$ 41,572	\$ 0	\$ 41,571
School Buses	170,167	3.8	4-28-05	4-28-08	113,445	0	56,722	0	56,723
Capital Outlay Notes, Series 2007	1,600,000	4.3	2-16-07	2-1-19	0	1,600,000	0	0	1,600,000
Total Payable through General Debt Service Fund					\$ 196,588	\$ 1,600,000	\$ 98,294	\$ 0	\$ 1,698,294
Total Notes Payable					\$ 363,255	\$ 1,600,000	\$ 181,627	\$ 0	\$ 1,781,628
<b>CAPITAL LEASE PAYABLE</b>									
<u>Payable through General Fund</u>									
Defibrillators	5,519	9.87	4-21-05	8-25-10	\$ 4,777	\$ 0	\$ 975	\$ 0	\$ 3,802
Total Capital Lease Payable					\$ 4,777	\$ 0	\$ 975	\$ 0	\$ 3,802
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Industrial Park Development (FmHA)	454,000	5	10-15-1977	10-1-16	\$ 184,000	\$ 0	\$ 16,000	\$ 0	\$ 168,000
School Bonds, Series 1998 & 1999	10,000,000	3.4 to 5	12-15-1998	12-1-06	300,000	0	300,000	0	0
School Bonds, Series 2001	1,200,000	4 to 5	3-6-01	3-1-21	990,000	0	45,000	330,000	615,000
School Refunding, Series 2003	6,035,000	3.4	5-11-03	9-1-16	5,480,000	0	415,000	0	5,065,000
School Refunding, Series 2003A	8,255,000	2.5 to 4.55	12-1-03	12-1-23	8,180,000	0	40,000	0	8,140,000
School Bonds, Series 2004	9,500,000	3 to 4.75	8-1-04	3-1-29	9,015,000	0	250,000	3,760,000	5,005,000
School Bonds, Series 2005	1,600,000	3 to 4.65	1-1-05	3-1-29	1,555,000	0	45,000	1,080,000	430,000
School Refunding, Series 2005	3,470,000	3.79	3-3-05	6-1-24	3,360,000	0	135,000	0	3,225,000
School Refunding, Series 2007	6,330,000	3.98	1-26-07	3-1-29	0	6,330,000	0	0	6,330,000
Total Bonds Payable					\$ 29,064,000	\$ 6,330,000	\$ 1,246,000	\$ 5,170,000	\$ 28,978,000

Exhibit H-2

Stewart County, Tennessee  
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	FmHA Bond Requirements	FmHA Interest Requirements	Total Requirements
2008	\$ 920,000	\$ 1,149,490	\$ 16,000	\$ 8,000	\$ 2,093,490
2009	970,000	1,094,353	16,000	7,200	2,087,553
2010	1,000,000	1,061,776	16,000	6,400	2,084,176
2011	1,040,000	1,028,039	16,000	5,600	2,089,639
2012	1,070,000	992,642	16,000	4,800	2,083,442
2013	1,125,000	955,224	16,000	4,000	2,100,224
2014	1,285,000	915,520	16,000	3,200	2,219,720
2015	1,340,000	868,552	16,000	2,400	2,226,952
2016	1,380,000	819,031	20,000	1,500	2,220,531
2017	1,440,000	767,680	20,000	500	2,228,180
2018	880,000	723,738	0	0	1,603,738
2019	915,000	687,590	0	0	1,602,590
2020	1,760,000	649,242	0	0	2,409,242
2021	1,835,000	575,436	0	0	2,410,436
2022	1,725,000	497,484	0	0	2,222,484
2023	1,795,000	424,009	0	0	2,219,009
2024	1,885,000	346,881	0	0	2,231,881
2025	1,180,000	280,408	0	0	1,460,408
2026	1,235,000	229,525	0	0	1,464,525
2027	1,285,000	175,721	0	0	1,460,721
2028	1,345,000	119,697	0	0	1,464,697
2029	1,400,000	61,058	0	0	1,461,058
Total	\$ 28,810,000	\$ 14,423,096	\$ 168,000	\$ 43,600	\$ 43,444,696

Exhibit H-3

Stewart County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Debt Service	To provide funds for retirement of debt	\$ 221,942
Total			<u>\$ 221,942</u>

Exhibit H-4

Stewart County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
David Wallace (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	\$ 10,696	\$ 25,000	State Automobile Mutual Insurance Company
Rick Joiner (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	53,480	25,000	"
County Engineer	Section 8-24-102, <u>TCA</u>	57,276	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	52,069	838,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	52,069	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	52,069	25,000	"
Circuit, General Sessions, and Juvenile Courts Clerk:				
Barbara Wallace (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	8,678	25,000	"
Jason Wallace (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	43,391	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	52,069	45,000	"
Register	Section 8-24-102, <u>TCA</u>	52,069	15,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	57,876 (1)	25,000	"
Employee Blanket Bonds:				
County Mayor and County Engineer:				
All Employees			150,000	Tennessee School Boards Risk Management Trust

(1) Includes law enforcement training supplement of \$600.

Exhibit H-5

Stewart County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2007

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Highway Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 2,416,025	\$ 0	\$ 143,176	\$ 1,324,344	\$ 17,890	\$ 22,704	\$ 3,924,139
Trustee's Collections - Prior Year	65,804	0	3,907	36,259	488	727	107,185
Trustee's Collections - Bankruptcy	487	0	29	267	4	0	787
Circuit/Clerk & Master Collections - Prior Years	38,415	0	2,544	23,536	318	0	64,813
Interest and Penalty	14,740	0	878	8,225	112	0	23,955
Payments in-Lieu-of Taxes - T.V.A.	915	0	54	502	7	0	1,478
Payments in-Lieu-of Taxes - Other	79,570	0	0	43,622	594	0	123,786
<u>County Local Option Taxes</u>							
Local Option Sales Tax	379,148	0	0	0	0	0	379,148
Hotel/Motel Tax	18,380	0	0	0	0	0	18,380
Wheel Tax	0	0	0	402,639	0	0	402,639
Litigation Tax - General	54,754	0	0	0	0	0	54,754
Litigation Tax - Special Purpose	25,751	0	0	0	0	0	25,751
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	18,504	0	18,504
Business Tax	17,556	0	0	450	0	0	18,006
<u>Statutory Local Taxes</u>							
Bank Excise Tax	3,400	0	201	1,864	25	0	5,490
Wholesale Beer Tax	126,548	0	0	0	0	0	126,548
Interstate Telecommunications Tax	1,757	0	0	0	0	0	1,757
<b>Total Local Taxes</b>	<b>\$ 3,243,250</b>	<b>\$ 0</b>	<b>\$ 150,789</b>	<b>\$ 1,841,708</b>	<b>\$ 37,942</b>	<b>\$ 23,431</b>	<b>\$ 5,297,120</b>
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 7,322	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,322
<u>Permits</u>							
Beer Permits	2,969	0	0	0	0	0	2,969
<b>Total Licenses and Permits</b>	<b>\$ 10,291</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,291</b>
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 2,612	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,612
Officers Costs	1,216	0	0	0	0	0	1,216

(Continued)

Exhibit H-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Data Entry Fee - Circuit Court	\$ 112	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	112
<u>Criminal Court</u>							
Drug Control Fines	0	333	0	0	0	0	333
DUI Treatment Fines	285	0	0	0	0	0	285
<u>General Sessions Court</u>							
Fines	10,414	0	0	0	0	0	10,414
Officers Costs	20,471	0	0	0	0	0	20,471
Game and Fish Fines	512	0	0	0	0	0	512
Drug Control Fines	171	855	0	0	0	0	1,026
Jail Fees	2,710	0	0	0	0	0	2,710
DUI Treatment Fines	2,869	0	0	0	0	0	2,869
Data Entry Fee - General Sessions Court	2,962	0	0	0	0	0	2,962
Courtroom Security Fee	17	0	0	0	0	0	17
<u>Juvenile Court</u>							
Fines	100	0	0	0	0	0	100
Officers Costs	2,483	0	0	0	0	0	2,483
<u>Chancery Court</u>							
Officers Costs	620	0	0	0	0	0	620
Data Entry Fee - Chancery Court	866	0	0	0	0	0	866
Courtroom Security Fee	6	0	0	0	0	0	6
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	3,978	0	0	0	0	0	3,978
Other Fines, Forfeitures, and Penalties	108	0	0	0	0	0	108
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 52,512</b>	<b>\$ 1,188</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>53,700</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 688,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	688,358
Work Release Charges for Board	2,145	0	0	0	0	0	2,145
<u>Fees</u>							
Copy Fees	351	0	0	0	0	0	351
Telephone Commissions	1,892	0	0	0	0	0	1,892

(Continued)

Exhibit H-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Highway Capital Projects	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Data Processing Fee - Register	\$ 6,224	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,224
Data Processing Fee - Sheriff	2,171	0	0	0	0	0	2,171
Sexual Offender Registration Fees - Sheriff	1,100	0	0	0	0	0	1,100
Total Charges for Current Services	\$ 702,241	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 702,241
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 71,631	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71,631
Lease/Rentals	3,000	0	0	0	0	0	3,000
Sale of Materials and Supplies	167	0	0	0	0	0	167
Sale of Gasoline	0	0	20,687	0	0	0	20,687
Miscellaneous Refunds	14,152	0	2,539	856	0	0	17,547
<u>Nonrecurring Items</u>							
Performance Bond Forfeitures	3,500	0	0	0	0	0	3,500
Total Other Local Revenues	\$ 92,450	\$ 0	\$ 23,226	\$ 856	\$ 0	\$ 0	\$ 116,532
<u>Fees Received from County Officials</u>							
<u>Fees-In-Lieu of Salary</u>							
County Clerk	\$ 119,453	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 119,453
Circuit Court Clerk	24,277	0	0	0	0	0	24,277
General Sessions Court Clerk	84,236	0	0	0	0	0	84,236
Clerk and Master	68,926	0	0	0	0	0	68,926
Register	77,024	0	0	0	0	0	77,024
Sheriff	5,231	0	0	0	0	0	5,231
Trustee	185,376	0	0	0	0	0	185,376
Total Fees Received from County Officials	\$ 564,523	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 564,523
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 28,976	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,976
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	11,787	0	0	0	0	0	11,787

(Continued)

Exhibit H-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Highway Capital Projects	Total
<u>State of Tennessee (Cont.)</u>							
<u>Health and Welfare Grants</u>							
Health Department Programs	\$ 127,864	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	127,864
<u>Public Works Grants</u>							
Bridge Program	0	0	175,459	0	0	0	175,459
State Aid Program	0	0	238,220	0	0	0	238,220
Litter Program	20,835	0	0	0	0	0	20,835
<u>Other State Revenues</u>							
Flood Control	3,111	0	0	0	0	0	3,111
Income Tax	22,045	0	0	0	0	0	22,045
Beer Tax	18,753	0	0	0	0	0	18,753
Alcoholic Beverage Tax	29,545	0	0	0	0	0	29,545
Mixed Drink Tax	1,777	0	0	0	0	0	1,777
State Revenue Sharing - T.V.A.	475,505	0	0	0	0	0	475,505
Contracted Prisoner Boarding	23,940	0	0	0	0	0	23,940
Gasoline and Motor Fuel Tax	0	0	1,606,744	0	0	0	1,606,744
Petroleum Special Tax	0	0	9,951	0	0	0	9,951
Reappraisal Program Reimbursement	7,287	0	0	0	0	0	7,287
Registrar's Salary Supplement	16,380	0	0	0	0	0	16,380
Other State Grants	109,866	0	0	0	0	0	109,866
Other State Revenues	151,114	0	0	0	0	0	151,114
Total State of Tennessee	\$ 1,048,785	\$ 0	\$ 2,030,374	\$ 0	\$ 0	\$ 0	3,079,159
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 0	\$ 0	\$ 9,024	\$ 0	\$ 0	\$ 0	9,024
Homeland Security Grants	52,749	0	0	0	0	0	52,749
Other Federal through State	137,920	0	0	0	0	0	137,920
<u>Direct Federal Revenue</u>							
Police Service (Lake Area)	9,512	0	0	0	0	0	9,512
Total Federal Government	\$ 200,181	\$ 0	\$ 9,024	\$ 0	\$ 0	\$ 0	209,205

(Continued)

Exhibit H-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	General	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Highway Capital Projects	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 7,320	\$ 0	\$ 0	\$ 187,470	\$ 0	\$ 0	\$ 194,790
Contracted Services	97,431	0	0	0	0	0	97,431
<u>Citizens Groups</u>							
Donations	3,006	0	0	0	0	0	3,006
<u>Other</u>							
Other	342	0	0	0	0	0	342
Total Other Governments and Citizens Groups	<u>\$ 108,099</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 187,470</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 295,569</u>
Total	<u>\$ 6,022,332</u>	<u>\$ 1,188</u>	<u>\$ 2,213,413</u>	<u>\$ 2,030,034</u>	<u>\$ 37,942</u>	<u>\$ 23,431</u>	<u>\$ 10,328,340</u>

Exhibit H-6

Stewart County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	19,120	
Social Security		1,185	
Employer Medicare		277	
Audit Services		2,927	
Dues and Memberships		1,700	
Travel		752	
Total County Commission			\$ 25,961

County Mayor/Executive

County Official/Administrative Officer	\$	64,176	
Secretary(ies)		22,721	
Overtime Pay		2,435	
Social Security		5,483	
State Retirement		10,314	
Employee and Dependent Insurance		1,244	
Life Insurance		95	
Medical Insurance		11	
Unemployment Compensation		56	
Employer Medicare		1,282	
Communication		4,902	
Data Processing Services		7,845	
Dues and Memberships		1,529	
Maintenance & Repair Services - Equipment		58	
Postal Charges		2,724	
Printing, Stationery, and Forms		198	
Rentals		434	
Travel		3,975	
Office Supplies		3,465	
Other Charges		1,562	
Furniture and Fixtures		315	
Office Equipment		514	
Total County Mayor/Executive			135,338

Election Commission

County Official/Administrative Officer	\$	46,863	
Part-time Personnel		9,325	
Board and Committee Members Fees		5,750	
Election Workers		12,010	
Social Security		3,573	
Life Insurance		82	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Unemployment Compensation	\$	75	
Local Retirement		1,437	
Employer Medicare		836	
Communication		2,643	
Data Processing Services		1,863	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		6,714	
Maintenance & Repair Services - Buildings		3,968	
Postal Charges		1,305	
Printing, Stationery, and Forms		610	
Rentals		1,356	
Travel		1,762	
Office Supplies		2,652	
Uniforms		204	
Other Charges		66	
Office Equipment		4,969	
Voting Machines		75,458	
Total Election Commission			\$ 183,571

Register of Deeds

County Official/Administrative Officer	\$	52,069	
Accountants/Bookkeepers		25,136	
Social Security		4,695	
State Retirement		8,420	
Employee and Dependent Insurance		3,890	
Life Insurance		164	
Medical Insurance		63	
Dental Insurance		308	
Unemployment Compensation		56	
Local Retirement		486	
Employer Medicare		1,098	
Communication		1,364	
Dues and Memberships		770	
Operating Lease Payments		7,729	
Maintenance Agreements		240	
Postal Charges		329	
Travel		1,082	
Duplicating Supplies		800	
Office Supplies		2,065	
Office Equipment		532	
Total Register of Deeds			111,296

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Part-time Personnel	\$	9,000	
Social Security		558	
Unemployment Compensation		71	
Employer Medicare		130	
Total Geographical Information Systems			\$ 9,759

County Buildings

Custodial Personnel	\$	31,517	
Maintenance Personnel		24,877	
Part-time Personnel		12,550	
Social Security		4,110	
Employee and Dependent Insurance		3,890	
Life Insurance		287	
Medical Insurance		100	
Dental Insurance		384	
Unemployment Compensation		243	
Employer Medicare		961	
Communication		1,583	
Consultants		400	
Contracts with Private Agencies		4,191	
Engineering Services		3,300	
Laundry Service		250	
Licenses		17	
Maintenance Agreements		8,776	
Maintenance & Repair Services - Buildings		24,076	
Maintenance & Repair Services - Equipment		70	
Maintenance & Repair Services - Vehicles		1,069	
Pest Control		1,902	
Rentals		430	
Permits		150	
Custodial Supplies		2,529	
Electricity		39,739	
Gasoline		2,633	
Tires and Tubes		272	
Water and Sewer		2,500	
Other Charges		72	
Building Construction		18,354	
Maintenance Equipment		24	
Motor Vehicles		1,500	
Other Equipment		4,980	
Total County Buildings			197,736

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Accounting Services	\$	250	
Operating Lease Payments		6,279	
Legal Services		12,000	
Legal Notices, Recording, and Court Costs		8,683	
Maintenance Agreements		2,440	
Penalties		2,452	
Duplicating Supplies		685	
Other Charges		2,892	
Communication Equipment		642	
Total Other General Administration			\$ 36,323

Preservation of Records

Contributions	\$	1,000	
Office Equipment		2,796	
Total Preservation of Records			3,796

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	46,863	
Overtime Pay		36,315	
Social Security		5,056	
Employee and Dependent Insurance		3,890	
Life Insurance		82	
Medical Insurance		63	
Dental Insurance		154	
Unemployment Compensation		56	
Employer Medicare		1,182	
Total Accounting and Budgeting			93,661

Property Assessor's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		26,345	
Clerical Personnel		25,136	
Board and Committee Members Fees		160	
Social Security		6,303	
State Retirement		8,420	
Employee and Dependent Insurance		7,779	
Life Insurance		246	
Medical Insurance		127	
Dental Insurance		307	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Unemployment Compensation	\$	112	
Local Retirement		1,514	
Employer Medicare		1,474	
Communication		1,570	
Contracts with Private Agencies		5,505	
Data Processing Services		466	
Dues and Memberships		1,313	
Operating Lease Payments		352	
Postal Charges		971	
Travel		1,600	
Office Supplies		384	
Office Equipment		12	
Total Property Assessor's Office			\$ 142,165

Reappraisal Program

Assessment Personnel	\$	21,080	
Social Security		1,274	
Employee and Dependent Insurance		2,808	
Life Insurance		82	
Medical Insurance		63	
Unemployment Compensation		56	
Local Retirement		624	
Employer Medicare		298	
Data Processing Services		2,015	
Maintenance & Repair Services - Vehicles		177	
Postal Charges		88	
Printing, Stationery, and Forms		130	
Tow-in Services		65	
Office Supplies		122	
Other Charges		87	
Total Reappraisal Program			28,969

County Trustee's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		56,965	
Social Security		6,451	
State Retirement		8,420	
Employee and Dependent Insurance		11,140	
Life Insurance		246	
Medical Insurance		190	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Dental Insurance	\$	154	
Unemployment Compensation		188	
Local Retirement		1,431	
Employer Medicare		1,509	
Communication		2,417	
Data Processing Services		13,692	
Dues and Memberships		730	
Operating Lease Payments		1,744	
Maintenance Agreements		509	
Maintenance & Repair Services - Equipment		115	
Postal Charges		5,014	
Rentals		387	
Travel		1,713	
Office Supplies		3,023	
Office Equipment		975	
Total County Trustee's Office			\$ 169,082

County Clerk's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		71,499	
Part-time Personnel		5,839	
Social Security		7,924	
State Retirement		8,420	
Employee and Dependent Insurance		7,611	
Life Insurance		314	
Medical Insurance		153	
Dental Insurance		384	
Unemployment Compensation		205	
Local Retirement		1,853	
Employer Medicare		1,853	
Communication		2,261	
Dues and Memberships		455	
Maintenance & Repair Services - Buildings		5	
Maintenance & Repair Services - Office Equipment		120	
Postal Charges		2,100	
Office Supplies		3,268	
Office Equipment		1,184	
Total County Clerk's Office			167,517

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		44,558	
Jury and Witness Fees		7,641	
Social Security		5,809	
State Retirement		8,427	
Employee and Dependent Insurance		8,586	
Life Insurance		246	
Medical Insurance		74	
Dental Insurance		179	
Unemployment Compensation		112	
Local Retirement		563	
Employer Medicare		1,359	
Communication		1,480	
Data Processing Services		3,000	
Dues and Memberships		425	
Operating Lease Payments		1,434	
Postal Charges		654	
Printing, Stationery, and Forms		28	
Travel		301	
Office Supplies		3,206	
Other Charges		1,269	
Office Equipment		3,884	
Total Circuit Court			\$ 145,304

General Sessions Judge

Judge(s)	\$	72,792	
Social Security		4,513	
State Retirement		11,770	
Life Insurance		82	
Employer Medicare		1,055	
Communication		690	
Contracts with Government Agencies		397	
Dues and Memberships		276	
Travel		175	
Office Supplies		332	
Total General Sessions Judge			92,082

General Sessions Court Clerk

Deputy(ies)	\$	15,629
Other Per Diem & Fees		12,598

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court Clerk (Cont.)

Social Security	\$	1,771	
Life Insurance		59	
Dental Insurance		110	
Unemployment Compensation		157	
Local Retirement		442	
Employer Medicare		414	
Communication		1,290	
Data Processing Services		1,581	
Postal Charges		684	
Printing, Stationery, and Forms		28	
Rentals		15	
Office Supplies		2,462	
Office Equipment		795	
Total General Sessions Court Clerk			\$ 38,035

Chancery Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		21,424	
Part-time Personnel		54	
Social Security		4,215	
State Retirement		8,420	
Employee and Dependent Insurance		7,771	
Life Insurance		164	
Medical Insurance		63	
Dental Insurance		154	
Unemployment Compensation		56	
Employer Medicare		986	
Communication		1,460	
Data Processing Services		4,876	
Dues and Memberships		655	
Legal Notices, Recording, and Court Costs		2,206	
Postal Charges		1,870	
Travel		283	
Office Supplies		1,995	
Office Equipment		596	
Total Chancery Court			109,317

Juvenile Court

Probation Officer(s)	\$	10,254
Youth Service Officer(s)		30,888

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Overtime Pay	\$	1,263	
Social Security		2,503	
Employee and Dependent Insurance		4,048	
Life Insurance		82	
Medical Insurance		63	
Unemployment Compensation		112	
Local Retirement		38	
Employer Medicare		585	
Communication		3,605	
Contracts with Government Agencies		3,045	
Dues and Memberships		60	
Maintenance & Repair Services - Office Equipment		858	
Maintenance & Repair Services - Vehicles		261	
Postal Charges		772	
Travel		1,013	
Food Supplies		203	
Gasoline		446	
Instructional Supplies and Materials		212	
Office Supplies		4,814	
Uniforms		1,273	
Other Charges		2,521	
Office Equipment		1,428	
Total Juvenile Court			\$ 70,347

District Attorney General

Other Contracted Services	\$	2,585	
Total District Attorney General			2,585

Other Administration of Justice

Youth Service Officer(s)	\$	21,831	
Overtime Pay		1,182	
Social Security		1,065	
Employee and Dependent Insurance		7,068	
Life Insurance		73	
Medical Insurance		57	
Dental Insurance		139	
Unemployment Compensation		56	
Employer Medicare		249	
Travel		981	
Office Supplies		974	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Office Equipment	\$ 378	
Total Other Administration of Justice		\$ 34,053

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 57,276
Supervisor/Director	38,179
Deputy(ies)	262,526
Investigator(s)	25,766
Sergeant(s)	55,067
Salary Supplements	6,600
Dispatchers/Radio Operators	158,787
Part-time Personnel	6,221
School Resource Officer	24,079
Overtime Pay	9,416
Other Salaries & Wages	7,824
In-Service Training	5,703
Social Security	38,310
Employee and Dependent Insurance	54,575
Life Insurance	1,377
Medical Insurance	449
Dental Insurance	1,122
Unemployment Compensation	1,453
Local Retirement	4,518
Employer Medicare	8,960
Communication	7,664
Contracts with Private Agencies	1,750
Data Processing Services	7,539
Dues and Memberships	1,634
Operating Lease Payments	1,274
Licenses	85
Maintenance Agreements	3,119
Maintenance & Repair Services - Buildings	2,326
Maintenance & Repair Services - Equipment	1,272
Maintenance & Repair Services - Office Equipment	50
Maintenance & Repair Services - Vehicles	32,203
Medical and Dental Services	393
Postal Charges	1,547
Tow-in Services	715
Travel	5,352

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Custodial Supplies	\$	1,528	
Electricity		8,121	
Gasoline		55,707	
Instructional Supplies and Materials		1,061	
Law Enforcement Supplies		7,254	
Office Supplies		4,327	
Propane Gas		487	
Tires and Tubes		5,479	
Uniforms		6,425	
Water and Sewer		1,016	
Other Charges		2,935	
Law Enforcement Equipment		9,330	
Motor Vehicles		62,142	
Office Equipment		476	
Other Equipment		10,678	
Total Sheriff's Department			\$ 1,012,097

Jail

Supervisor/Director	\$	31,997
Guards		212,263
Overtime Pay		3,048
In-Service Training		75
Social Security		14,635
Employee and Dependent Insurance		26,520
Life Insurance		703
Medical Insurance		195
Dental Insurance		935
Unemployment Compensation		713
Local Retirement		942
Employer Medicare		3,423
Operating Lease Payments		427
Maintenance Agreements		449
Maintenance & Repair Services - Buildings		2,176
Maintenance & Repair Services - Equipment		173
Medical and Dental Services		40,962
Travel		2,634
Custodial Supplies		3,000
Drugs and Medical Supplies		9,008
Electricity		11,835
Food Supplies		52,124

(Continued)

Exhibit H-6

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Jail (Cont.)</u>		
Office Supplies	\$	1,769
Prisoners Clothing		751
Uniforms		2,078
Water and Sewer		7,070
Other Charges		1,151
Office Equipment		2,155
Other Equipment		8,355
Total Jail		<u>441,566</u>
	\$	
<u>Juvenile Services</u>		
School Resource Officer	\$	41,988
Overtime Pay		1,168
In-Service Training		1,350
Social Security		2,676
Unemployment Compensation		205
Employer Medicare		626
Travel		1,909
Instructional Supplies and Materials		1,084
Uniforms		947
Other Charges		1,746
Other Equipment		17,851
Total Juvenile Services		<u>71,550</u>
<u>Fire Prevention and Control</u>		
Contributions	\$	67,809
Total Fire Prevention and Control		<u>67,809</u>
<u>Rescue Squad</u>		
Contributions	\$	4,000
Total Rescue Squad		<u>4,000</u>
<u>Other Emergency Management</u>		
Part-time Personnel	\$	3,600
Social Security		216
Unemployment Compensation		5
Employer Medicare		50
Communication		1,569
Dues and Memberships		35
Licenses		255
Maintenance & Repair Services - Buildings		49

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Maintenance & Repair Services - Vehicles	\$	934	
Postal Charges		22	
Travel		283	
Gasoline		452	
Office Supplies		538	
Tires and Tubes		596	
Uniforms		389	
Communication Equipment		4,233	
Office Equipment		20	
Other Equipment		127	
Total Other Emergency Management			\$ 13,373

County Coroner/Medical Examiner

Other Salaries & Wages	\$	2,532	
In-Service Training		675	
Social Security		156	
Unemployment Compensation		2	
Employer Medicare		36	
Medical and Dental Services		12,464	
Other Contracted Services		1,000	
Total County Coroner/Medical Examiner			16,865

Public Safety Grant Programs

Law Enforcement Equipment	\$	40,354	
Total Public Safety Grant Programs			40,354

Public Health and Welfare

Local Health Center

Advertising	\$	539	
Maintenance & Repair Services - Buildings		7,516	
Postal Charges		48	
Travel		33	
Other Contracted Services		10,266	
Drugs and Medical Supplies		1,385	
Food Supplies		478	
Office Supplies		2,109	
Uniforms		496	
Other Charges		69	
Office Equipment		1,299	
Total Local Health Center			24,238

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	44,259
Medical Personnel		416,746
Secretary(ies)		24,336
Overtime Pay		229,874
Other Salaries & Wages		2,100
In-Service Training		820
Social Security		42,067
Employee and Dependent Insurance		60,248
Life Insurance		1,370
Medical Insurance		417
Dental Insurance		1,346
Unemployment Compensation		1,700
Local Retirement		3,228
Employer Medicare		9,838
Communication		8,980
Data Processing Services		12,560
Dues and Memberships		640
Licenses		867
Maintenance Agreements		3,636
Maintenance & Repair Services - Buildings		10,891
Maintenance & Repair Services - Equipment		1,984
Maintenance & Repair Services - Vehicles		15,072
Medical and Dental Services		209
Postal Charges		1,683
Printing, Stationery, and Forms		2,400
Tow-in Services		1,410
Travel		1,968
Tuition		6,000
Disposal Fees		2,765
Custodial Supplies		355
Diesel Fuel		26,663
Drugs and Medical Supplies		27,416
Electricity		14,284
Gasoline		3,729
Office Supplies		6,451
Propane Gas		6,249
Tires and Tubes		4,737
Uniforms		3,657
Water and Sewer		1,573
Refunds		5,846

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Charges	\$	956	
Principal on Capital Leases		975	
Interest on Capital Leases		428	
Communication Equipment		2,146	
Furniture and Fixtures		1,446	
Motor Vehicles		86,226	
Office Equipment		1,188	
Other Equipment		2,416	
Total Ambulance/Emergency Medical Services			\$ 1,106,155

Waste Pickup

Temporary Personnel	\$	12,909	
Social Security		800	
Unemployment Compensation		95	
Employer Medicare		187	
Maintenance & Repair Services - Vehicles		2,293	
Rentals		5,190	
Disposal Fees		680	
Gasoline		1,135	
Instructional Supplies and Materials		4,980	
Other Supplies and Materials		402	
Other Charges		211	
Total Waste Pickup			28,882

Other Public Health and Welfare

Data Processing Personnel	\$	23,679	
Medical Personnel		28,553	
Clerical Personnel		22,110	
Custodial Personnel		5,362	
Part-time Personnel		4,433	
Social Security		3,507	
Employee and Dependent Insurance		4,223	
Life Insurance		90	
Medical Insurance		63	
Dental Insurance		167	
Unemployment Compensation		246	
Local Retirement		303	
Employer Medicare		820	
Communication		669	
Contracts with Private Agencies		28,050	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Legal Notices, Recording, and Court Costs	\$	698	
Travel		1,030	
Custodial Supplies		1,048	
Instructional Supplies and Materials		1,361	
Office Supplies		33	
Maintenance Equipment		153	
Total Other Public Health and Welfare			\$ 126,598

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	10,000	
Total Senior Citizens Assistance			10,000

Libraries

County Official/Administrative Officer	\$	32,220	
Assistant(s)		46,719	
Librarians		22,328	
Social Security		5,778	
Employee and Dependent Insurance		16,183	
Life Insurance		328	
Medical Insurance		253	
Dental Insurance		461	
Unemployment Compensation		282	
Local Retirement		1,519	
Employer Medicare		1,351	
Communication		4,614	
Contracts with Private Agencies		615	
Data Processing Services		1,195	
Dues and Memberships		445	
Operating Lease Payments		5,442	
Postal Charges		1,336	
Travel		1,956	
Custodial Supplies		615	
Library Books/Media		18,483	
Office Supplies		5,198	
Periodicals		19	
Propane Gas		3,502	
Other Charges		103	
Office Equipment		3,367	
Total Libraries			174,312

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Supervisor/Director	\$	20,818	
Paraprofessionals		12,803	
Bus Drivers		7,139	
Social Security		2,488	
Life Insurance		82	
Medical Insurance		63	
Unemployment Compensation		216	
Employer Medicare		582	
Communication		628	
Postal Charges		48	
Travel		2,635	
Other Contracted Services		7,989	
Food Supplies		2,147	
Instructional Supplies and Materials		2,016	
Liability Insurance		350	
Workers' Compensation Insurance		500	
Total Other Social, Cultural, and Recreational	\$		60,504

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	43,277	
Communication		2,248	
Contributions		2,152	
Dues and Memberships		500	
Liability Insurance		348	
Office Equipment		1,750	
Total Agriculture Extension Service			50,275

Soil Conservation

Secretary(ies)	\$	20,573	
Social Security		1,282	
Life Insurance		82	
Medical Insurance		63	
Dental Insurance		154	
Unemployment Compensation		56	
Local Retirement		613	
Employer Medicare		300	
Total Soil Conservation			23,123

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations

Tourism

Supervisor/Director	\$	17,100	
Contributions		<u>3,695</u>	
Total Tourism	\$		20,795

Housing and Urban Development

Building Construction	\$	<u>87,286</u>	
Total Housing and Urban Development			87,286

Other Economic and Community Development

Engineering Services	\$	250	
Other Supplies and Materials		1,500	
Other Charges		727	
Building Construction		<u>6,000</u>	
Total Other Economic and Community Development			8,477

Veterans' Services

Supervisor/Director	\$	31,793	
Part-time Personnel		7,000	
Social Security		2,458	
Unemployment Compensation		112	
Local Retirement		851	
Employer Medicare		575	
Communication		1,971	
Dues and Memberships		115	
Maintenance Agreements		533	
Maintenance & Repair Services - Buildings		3,576	
Postal Charges		40	
Travel		600	
Office Supplies		1,094	
Other Charges		51	
Office Equipment		<u>2,192</u>	
Total Veterans' Services			52,961

Other Charges

Remittance of Revenue Collected	\$	9,365	
Liability Insurance		63,280	
Premiums on Corporate Surety Bonds		4,879	
Trustee's Commission		68,580	
Workers' Compensation Insurance		<u>43,202</u>	
Total Other Charges			189,306

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contributions	\$ 82,631	
Dues and Memberships	3,945	
Total Miscellaneous	<u>86,576</u>	\$ 86,576

Total General Fund \$ 5,513,999

Drug Control Fund

Public Safety

Drug Enforcement

Other Charges	\$ 1,817	
Total Drug Enforcement		\$ 1,817

Other Operations

Other Charges

Trustee's Commission	\$ 11	
Total Other Charges		<u>11</u>

Total Drug Control Fund 1,828

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 57,276	
Accountants/Bookkeepers	7,970	
Secretary(ies)	26,682	
Advertising	493	
Communication	1,076	
Data Processing Services	4,304	
Dues and Memberships	2,486	
Freight Expenses	18	
Postal Charges	364	
Printing, Stationery, and Forms	346	
Travel	869	
Other Contracted Services	365	
Electricity	2,964	
Office Supplies	994	
Water and Sewer	184	
Other Charges	1,359	
Total Administration	<u>107,750</u>	\$ 107,750

(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	70,396	
Equipment Operators - Heavy		175,962	
Equipment Operators - Light		86,048	
Truck Drivers		164,318	
Laborers		78,451	
Rentals		12,558	
Asphalt - Cold Mix		2,046	
Asphalt - Hot Mix		43,805	
Asphalt - Liquid		98,345	
Concrete		26	
Crushed Stone		202,201	
Ice		348	
Pipe - Metal		32,286	
Road Signs		2,908	
Salt		14,733	
Structural Steel		34	
Wood Products		858	
Total Highway and Bridge Maintenance			\$ 985,323

Operation and Maintenance of Equipment

Foremen	\$	37,848	
Laborers		30,463	
Freight Expenses		1,127	
Laundry Service		1,826	
Licenses		17	
Maintenance & Repair Services - Equipment		1,327	
Rentals		1,138	
Disposal Fees		2,404	
Diesel Fuel		67,540	
Equipment and Machinery Parts		35,057	
Garage Supplies		11,190	
Gasoline		38,756	
Lubricants		6,964	
Propane Gas		2,742	
Tires and Tubes		20,996	
Other Charges		92	
Total Operation and Maintenance of Equipment			259,487

Other Charges

Building and Contents Insurance	\$	1,905	
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(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Liability Insurance	\$	31,241	
Trustee's Commission		19,116	
Vehicle and Equipment Insurance		22,652	
Workers' Compensation Insurance		40,284	
Other Charges		951	
Total Other Charges			\$ 116,149

Employee Benefits

Social Security	\$	46,254	
State Retirement		9,261	
Employee and Dependent Insurance		950	
Life Insurance		2,151	
Medical Insurance		96,510	
Dental Insurance		1,919	
Unemployment Compensation		5,489	
Local Retirement		16,474	
Employer Medicare		10,817	
Total Employee Benefits			189,825

Capital Outlay

Engineering Services	\$	8,467	
Bridge Construction		155,936	
Building Improvements		863	
Communication Equipment		905	
Data Processing Equipment		1,778	
Highway Equipment		18,277	
State Aid Projects		309,647	
Total Capital Outlay			495,873

Principal on Debt

Highways and Streets

Principal on Notes	\$	83,333	
Total Highways and Streets			83,333

Interest on Debt

Highways and Streets

Interest on Notes	\$	6,342	
Total Highways and Streets			6,342

Total Highway/Public Works Fund			\$ 2,244,082
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(Continued)

Exhibit H-6

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 16,000	
Principal on Notes	41,572	
Total General Government		\$ 57,572

Education

Principal on Bonds	\$ 1,230,000	
Principal on Notes	56,722	
Total Education		1,286,722

Interest on Debt

General Government

Interest on Bonds	\$ 13,400	
Interest on Notes	3,203	
Total General Government		16,603

Education

Interest on Bonds	\$ 1,096,312	
Interest on Notes	4,371	
Total Education		1,100,683

Other Debt Service

General Government

Trustee's Commission	\$ 34,809	
Other Debt Issuance Charges	500	
Total General Government		35,309

Education

Other Debt Issuance Charges	\$ 65,463	
Other Debt Service	1,850	
Total Education		67,313

Total General Debt Service Fund \$ 2,564,202

General Capital Projects Fund

Capital Projects

Public Safety Projects

Trustee's Commission	\$ 382	
Total Public Safety Projects		\$ 382

(Continued)

Exhibit H-6

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Education Capital Projects</u>			
Contributions	\$ 650,000		
Total Education Capital Projects		\$ 650,000	
Total General Capital Projects Fund			\$ 650,382
<u>Highway Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$ 462		
Total Other Charges		\$ 462	
Total Highway Capital Projects Fund			<u>462</u>
Total Governmental Funds - Primary Government			<u>\$ 10,974,955</u>

Exhibit H-7

Stewart County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2007

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 310,972
Total Cash Receipts	<u>\$ 310,972</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 307,862
Trustee's Commission	3,110
Total Cash Disbursements	<u>\$ 310,972</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

**ANNUAL FINANCIAL REPORT**  
**STEWART COUNTY SCHOOL DEPARTMENT**  
**A COMPONENT UNIT OF STEWART COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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

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

*JAMES R. ARNETTE*  
*Director*

*NORM R. NORMENT, CGFM*  
*Audit Manager*

*NOLAN R. BRADFORD, CPA, CGFM*  
*Auditor 4*

*TIFFANY NOLEN, CFE*  
*WENDY HEATH, CFE*  
*State Auditors*

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**STEWART COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF STEWART COUNTY, TENNESSEE  
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# ***Audit Highlights***

Annual Financial Report  
Stewart County School Department  
For the Year Ended June 30, 2007

## ***Scope***

We have audited the basic financial statements of the Stewart County School Department as of and for the year ended June 30, 2007.

## ***Results***

Our report on the Stewart County School Department's financial statements is unqualified.

Our audit resulted in two findings and recommendations, which we have reviewed with Stewart County School Department management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

## ***Findings***

The following are summaries of the audit findings:

### **SCHOOL DEPARTMENT**

- ◆ The School Federal Projects Fund had a deficit of \$8,871 in the Title I program at June 30, 2007.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

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# INTRODUCTORY SECTION

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Stewart County School Officials  
June 30, 2007

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**Official**

Dr. Phillip Wallace, Director of Schools

**Board of Education**

Billy Sexton, Chairman  
Kenny Collins  
Lesa Fitzhugh  
Darrell Gillum  
Billy Gray  
Bobby Morgan  
Lana Sanders

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

November 13, 2007

Stewart County Director of Schools and  
Board of Education  
Stewart County, Tennessee

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stewart County School Department, a component unit of Stewart County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise the Stewart County School Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Stewart County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Stewart County School Department as of June 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2007, on our consideration of the Stewart County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management of the Stewart County School Department did not prepare the management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 35 through 39 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stewart County School Department's basic financial statements. The introductory section, individual nonmajor fund financial statement, budgetary comparison schedule of the nonmajor governmental fund, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual nonmajor fund financial statement, the budgetary comparison schedule of the nonmajor governmental fund, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/rc

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Stewart County, Tennessee  
Statement of Net Assets  
Stewart County School Department  
June 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 714
Equity in Pooled Cash and Investments	1,916,742
Accounts Receivable	258
Due from Other Governments	194,644
Due from Primary Government	1,581
Property Taxes Receivable	781,447
Allowance for Uncollectible Property Taxes	(23,561)
Accrued Interest Receivable	36,106
Capital Assets:	
Assets Not Depreciated:	
Land	1,104,110
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	28,944,083
Other Capital Assets	<u>1,856,383</u>
Total Assets	<u>\$ 34,812,507</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 19,178
Due to Primary Government	26,463
Deferred Revenue - Current Property Taxes	<u>739,173</u>
Total Liabilities	<u>\$ 784,814</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 31,904,576
Restricted for:	
Central Cafeteria	430,769
School Federal Projects	104,018
School Transportation	609,189
Other Purposes	22,150
Unrestricted	<u>956,991</u>
Total Net Assets	<u><u>\$ 34,027,693</u></u>

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

Exhibit B

Stewart County, Tennessee  
Statement of Activities  
Stewart County School Department  
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 9,176,409	\$ 1,623	\$ 876,215	\$ 0	\$ (8,298,571)
Support Services	5,787,146	50,767	301,404	650,000	(4,784,975)
Operation of Non-Instructional Services	1,665,442	499,540	1,033,851	0	(132,051)
Other Debt Service	187,470	0	0	0	(187,470)
<b>Total Governmental Activities</b>	<b>\$ 16,816,467</b>	<b>\$ 551,930</b>	<b>\$ 2,211,470</b>	<b>\$ 650,000</b>	<b>\$ (13,403,067)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 747,918
Local Option Sales Tax					661,795
Other Local Taxes					38,578
Grants and Contributions Not Restricted for Specific Programs					11,419,591
Unrestricted Investment Income					87,696
Miscellaneous					48,491
<b>Total General Revenues</b>					<b>\$ 13,004,069</b>
Change in Net Assets					\$ (398,998)
Net Assets, July 1, 2006					34,426,691
Net Assets, June 30, 2007					<b>\$ 34,027,693</b>

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

Exhibit C-1

Stewart County, Tennessee  
 Balance Sheet - Governmental Funds  
 Stewart County School Department  
 June 30, 2007

	Major Funds			Nonmajor	Total
	General Purpose School	Central Cafeteria	School Transportation	School Federal Projects	
<b>ASSETS</b>					
Cash	\$ 0	\$ 714	\$ 0	\$ 0	\$ 714
Equity in Pooled Cash and Investments	837,504	429,797	605,447	43,994	1,916,742
Accounts Receivable	0	258	0	0	258
Due from Other Governments	134,620	0	0	60,024	194,644
Due from Primary Government	1,581	0	0	0	1,581
Property Taxes Receivable	625,158	0	156,289	0	781,447
Allowance for Uncollectible Property Taxes	(18,849)	0	(4,712)	0	(23,561)
Accrued Interest Receivable	36,106	0	0	0	36,106
<b>Total Assets</b>	<b>\$ 1,616,120</b>	<b>\$ 430,769</b>	<b>\$ 757,024</b>	<b>\$ 104,018</b>	<b>\$ 2,907,931</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 19,178	\$ 0	\$ 0	\$ 0	\$ 19,178
Due to Primary Government	26,463	0	0	0	26,463
Deferred Revenue - Current Property Taxes	591,338	0	147,835	0	739,173
Deferred Revenue - Delinquent Property Taxes	12,970	0	3,242	0	16,212
Other Deferred Revenues	89,307	0	0	60,024	149,331
<b>Total Liabilities</b>	<b>\$ 739,256</b>	<b>\$ 0</b>	<b>\$ 151,077</b>	<b>\$ 60,024</b>	<b>\$ 950,357</b>
<b>Fund Balances</b>					
Reserved for Capital Outlay	\$ 0	\$ 0	\$ 441,930	\$ 0	\$ 441,930
Reserved for Career Ladder - Extended Contract	22,150	0	0	0	22,150
Reserved for Special Education - Grants to States	0	0	0	49,696	49,696
Other Federal Reserves	0	0	0	3,169	3,169
Unreserved, Reported In:					
General Fund	854,714	0	0	0	854,714
Special Revenue Funds (Deficit)	0	430,769	164,017	(8,871)	585,915
<b>Total Fund Balances</b>	<b>\$ 876,864</b>	<b>\$ 430,769</b>	<b>\$ 605,947</b>	<b>\$ 43,994</b>	<b>\$ 1,957,574</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,616,120</b>	<b>\$ 430,769</b>	<b>\$ 757,024</b>	<b>\$ 104,018</b>	<b>\$ 2,907,931</b>

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

Exhibit C-2

Stewart County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Stewart County School Department  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 1,957,574	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,104,110		
Add: buildings and improvements net of accumulated depreciation	28,944,083		
Add: other capital assets net of accumulated depreciation	<u>1,856,383</u>	31,904,576	
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>165,543</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 34,027,693</u>

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

Exhibit C-3

Stewart County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Stewart County School Department  
For the Year Ended June 30, 2007

	Major Funds			Nonmajor	Total
	General Purpose School	Central Cafeteria	School Transpor - tation	Fund School Federal Projects	
<u>Revenues</u>					
Local Taxes	\$ 1,332,441	\$ 0	\$ 150,712	\$ 0	\$ 1,483,153
Licenses and Permits	506	0	0	0	506
Charges for Current Services	51,440	500,490	0	0	551,930
Other Local Revenues	94,438	17,436	0	0	111,874
State of Tennessee	11,928,915	11,932	0	0	11,940,847
Federal Government	261,099	570,571	0	885,588	1,717,258
Other Governments and Citizens Groups	0	0	650,000	0	650,000
Total Revenues	\$ 13,668,839	\$ 1,100,429	\$ 800,712	\$ 885,588	\$ 16,455,568
<u>Expenditures</u>					
Current:					
Instruction	\$ 7,545,326	\$ 0	\$ 0	\$ 809,539	\$ 8,354,865
Support Services	5,474,024	0	211,070	111,823	5,796,917
Operation of Non-Instructional Services	382,199	1,069,744	0	0	1,451,943
Capital Outlay	48,869	0	0	0	48,869
Debt Service:					
Other Debt Service	187,470	0	0	0	187,470
Total Expenditures	\$ 13,637,888	\$ 1,069,744	\$ 211,070	\$ 921,362	\$ 15,840,064
Excess (Deficiency) of Revenues Over Expenditures	\$ 30,951	\$ 30,685	\$ 589,642	\$ (35,774)	\$ 615,504
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 2,650	\$ 0	\$ 0	\$ 0	\$ 2,650
Transfers In	0	13,544	0	0	13,544
Transfers Out	(13,544)	0	0	0	(13,544)
Total Other Financing Sources (Uses)	\$ (10,894)	\$ 13,544	\$ 0	\$ 0	\$ 2,650
Net Change in Fund Balances	\$ 20,057	\$ 44,229	\$ 589,642	\$ (35,774)	\$ 618,154
Fund Balance, July 1, 2006	856,807	386,540	16,305	79,768	1,339,420
Fund Balance, June 30, 2007	\$ 876,864	\$ 430,769	\$ 605,947	\$ 43,994	\$ 1,957,574

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

Exhibit C-4

Stewart County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Stewart County School Department  
For the Year Ended June 30, 2007

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)		\$ 618,154
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 225,260	
Less: current year depreciation expense	<u>(1,138,474)</u>	(913,214)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2006	\$ (269,481)	
Add: deferred delinquent property taxes and other deferred June 30, 2007	<u>165,543</u>	<u>(103,938)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (398,998)</u>

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

**STEWART COUNTY SCHOOL DEPARTMENT**  
**A COMPONENT UNIT OF STEWART COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Stewart County School Department'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 the School Department:

**A. Reporting Entity**

The School Department operates the public school system in the county, and the voters of Stewart County elect its seven-member board. The School Department is a component unit of Stewart County, the primary government. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School Department. 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 School Department does not have any business-type activities to report.

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.

Stewart County issues all debt for the discretely presented School Department. Net debt issues (\$650,000) were contributed by the county to the School Department during the year ended June 30, 2007.

Separate financial statements are provided for governmental funds. 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. 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 the School Department are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. The School Department has no proprietary or fiduciary funds to report.

Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds of the School Department are aggregated into a single column on the fund financial statements.

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 School Department 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. The School Department 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.

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 and state-shared excise taxes 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 School Department receives cash.

The School Department reports the following major governmental funds:

**General Purpose School Fund** – This is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

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

**School Transportation Fund** – This fund is used to account for financial resources used for the acquisition of school buses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

State statutes authorize Stewart County, the School Department's primary government, to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds of Stewart County and the School

Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Purpose School Fund. Stewart County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held by the county at the balance sheet date.

## **2. Receivables and Payables**

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.6 percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for

uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

**3. 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, and equipment are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the School Department as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. 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, and equipment 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

**4. Compensated Absences**

There is no liability for unpaid accumulated vacation leave benefits for employees of the School Department since those benefits do not vest or accumulate and must be used within the year earned or lost. There is also 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 government.

**5. Net Assets and Fund Equity**

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

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

As of June 30, 2007, Stewart County had \$28,866,723 in outstanding debt for capital purposes for the School Department. This debt is a liability of Stewart County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, the School Department received assets significantly increasing its unrestricted net assets with no corresponding increase in the School Department's liabilities.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

**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**

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 changes in net assets of governmental activities reported in the government-wide statement of activities.

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. 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 Stewart County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Purpose School Fund major categories: Regular Instruction Program, Alternative Instruction Program, Special Education Program, Vocational Education Program, etc.). Management may make revisions within major categories, but only the Stewart County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The School Department'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 the GAAP basis is presented on the face of each budgetary schedule.

**B. Fund Deficit**

The School Federal Projects Fund had a fund deficit of \$8,871 at June 30, 2007. This fund deficit resulted from the deferral of certain revenues under the School Department's revenue recognition policy. The deficit was liquidated when these revenues were recognized after June 30, 2007.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Stewart County and the School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of Stewart 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 its balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

##### Deposits

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

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

##### Investments

**Legal Provisions.** Stewart County, the School Department's primary government, is authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements

must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2007.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2007, was as follows:

**Governmental Activities:**

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 1,104,110	\$ 0	\$ 1,104,110
Total Capital Assets Not Depreciated	<u>\$ 1,104,110</u>	<u>\$ 0</u>	<u>\$ 1,104,110</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 34,994,284	\$ 0	\$ 34,994,284
Other Capital Assets	3,536,801	225,260	3,762,061
Total Capital Assets Depreciated	<u>\$ 38,531,085</u>	<u>\$ 225,260</u>	<u>\$ 38,756,345</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 5,181,950	\$ 868,251	\$ 6,050,201
Other Capital Assets	1,635,455	270,223	1,905,678
Total Accumulated Depreciation	<u>\$ 6,817,405</u>	<u>\$ 1,138,474</u>	<u>\$ 7,955,879</u>
Total Capital Assets Depreciated, Net	<u>\$ 31,713,680</u>	<u>\$ (913,214)</u>	<u>\$ 30,800,466</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 32,817,790</u></u>	<u><u>\$ (913,214)</u></u>	<u><u>\$ 31,904,576</u></u>

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$ 778,070
Support Services	264,520
Operation of Non-Instructional Services	<u>95,884</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,138,474</u></u>

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

The composition of interfund balances as of June 30, 2007, is as follows:

**Due to/from primary government and component units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General Debt Service	Component Unit: General Purpose School	\$ 26,463
Component Unit: General Purpose School	Primary Government: General	1,581

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007, consisted of the following amount:

<u>Transfers Out</u>	<u>Transfers In</u> Central Cafeteria Fund
General Purpose School Fund	<u>\$ 13,544</u>
Total	<u><u>\$ 13,544</u></u>

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. Short-term Debt**

During the year, Stewart County issued tax anticipation notes in advance of property tax collections and deposited these proceeds in the School Transportation Fund (\$132,922). These notes were necessary because funds were not available for general operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06		Issued		Redeemed		Balance 6-30-07
Tax Anticipation Notes	\$ 0		\$ 132,922		\$ (132,922)		\$ 0

**E. Contributions to Primary Government's Debt Service Fund**

During the year, the School Department contributed \$187,470 from the General Purpose School Fund to the primary government's General Debt Service Fund to be applied toward the retirement of general obligation debt that was issued by the county for school capital purposes.

**V. OTHER INFORMATION**

**A. Risk Management**

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, Tennessee Code Annotated (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.

The School Department participates in the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT for its workers' compensation and general liability, property, and casualty insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

**B. Contingent Liabilities**

The School Department's attorney advised that there were no pending lawsuits, unasserted claims, or assessments involving the School Department that would materially affect the School Department's financial statements.

**C. Jointly Governed Organization**

The School Department is a member of the Volunteer State Cooperative (VOLCO). The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Manchester City, Maury County, Stewart County, and Sumner County. The cooperative was authorized through Chapter 49 of Tennessee Code Annotated. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Bedford County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, including one representative from each of the member districts and an Executive Council, consisting of the chair, vice-chair, secretary, treasurer, and a member-at-large from the Representative Committee.

**D. Retirement Commitments**

**Employees**

**Plan Description**

Employees of Stewart County, including the School Department, are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Stewart County participate in the TCRS as individual entities and are liable for all costs associated with

the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Since the Stewart County School Department participates in Stewart County's plan, retirement information for the Stewart County School Department is not available separately from the retirement information provided for the county. Complete disclosure for the county's participation in the TCRS is described in footnote IV.F. of the Annual Financial Report of Stewart County, Tennessee.

### **School Teachers**

#### **Plan Description**

The Stewart County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department,

Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.treasury.state.tn.us>.

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Stewart County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Stewart County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were \$419,080, \$367,214, and \$350,663, respectively, equal to the required contributions for each year.

### **E. Purchasing Law**

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the Stewart 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 estimated to exceed \$10,000.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit D-1

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Stewart County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,332,441	\$ 1,593,050	\$ 1,255,121	\$ 77,320
Licenses and Permits	506	500	500	6
Charges for Current Services	51,440	53,600	53,600	(2,160)
Other Local Revenues	94,438	65,000	65,632	28,806
State of Tennessee	11,928,915	11,613,527	11,875,840	53,075
Federal Government	261,099	223,920	223,920	37,179
<b>Total Revenues</b>	<b>\$ 13,668,839</b>	<b>\$ 13,549,597</b>	<b>\$ 13,474,613</b>	<b>\$ 194,226</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 5,916,447	\$ 5,893,700	\$ 5,920,801	\$ 4,354
Alternative Instruction Program	66,647	65,220	68,315	1,668
Special Education Program	832,845	873,400	838,720	5,875
Vocational Education Program	613,756	627,580	614,280	524
Adult Education Program	115,631	120,468	123,488	7,857
<u>Support Services</u>				
Attendance	90,166	90,755	90,755	589
Health Services	354,425	220,875	381,665	27,240
Other Student Support	291,003	301,435	296,195	5,192
Regular Instruction Program	515,177	532,800	524,980	9,803
Special Education Program	120,386	123,925	123,183	2,797
Vocational Education Program	5,095	8,000	8,000	2,905
Adult Programs	74,273	83,306	81,285	7,012
Board of Education	275,617	284,850	289,300	13,683
Director of Schools	205,233	207,855	207,855	2,622
Office of the Principal	726,670	732,350	731,060	4,390
Fiscal Services	89,544	94,300	94,300	4,756
Operation of Plant	1,297,499	1,243,920	1,306,102	8,603
Maintenance of Plant	461,611	381,100	463,714	2,103
Transportation	886,633	929,700	910,737	24,104
Central and Other	80,692	110,640	110,640	29,948
<u>Operation of Non-Instructional Services</u>				
Food Service	8,086	8,500	8,500	414
Community Services	32,992	33,300	33,300	308
Early Childhood Education	341,121	325,846	380,464	39,343
<u>Capital Outlay</u>				
Regular Capital Outlay	48,869	62,000	62,000	13,131
<u>Other Debt Service</u>				
Education	187,470	403,800	187,470	0
<b>Total Expenditures</b>	<b>\$ 13,637,888</b>	<b>\$ 13,759,625</b>	<b>\$ 13,857,109</b>	<b>\$ 219,221</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 30,951</b>	<b>\$ (210,028)</b>	<b>\$ (382,496)</b>	<b>\$ 413,447</b>

(Continued)

Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,650	\$ 0	\$ 0	\$ 2,650
Transfers Out	(13,544)	(16,500)	(16,500)	2,956
Total Other Financing Sources (Uses)	\$ (10,894)	\$ (16,500)	\$ (16,500)	\$ 5,606
Net Change in Fund Balance	\$ 20,057	\$ (226,528)	\$ (398,996)	\$ 419,053
Fund Balance, July 1, 2006	856,807	838,327	838,327	18,480
Fund Balance, June 30, 2007	\$ 876,864	\$ 611,799	\$ 439,331	\$ 437,533

## Exhibit D-2

Stewart County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual and Budget  
 Stewart County School Department  
 Central Cafeteria Fund  
 For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 500,490	\$ 438,000	\$ 438,000	\$ 62,490
Other Local Revenues	17,436	10,000	10,000	7,436
State of Tennessee	11,932	11,500	11,500	432
Federal Government	570,571	506,000	506,000	64,571
Total Revenues	<u>\$ 1,100,429</u>	<u>\$ 965,500</u>	<u>\$ 965,500</u>	<u>\$ 134,929</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,069,744	\$ 1,011,786	\$ 1,069,744	\$ 0
Total Expenditures	<u>\$ 1,069,744</u>	<u>\$ 1,011,786</u>	<u>\$ 1,069,744</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,685</u>	<u>\$ (46,286)</u>	<u>\$ (104,244)</u>	<u>\$ 134,929</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 13,544	\$ 6,683	\$ 6,683	\$ 6,861
Total Other Financing Sources (Uses)	<u>\$ 13,544</u>	<u>\$ 6,683</u>	<u>\$ 6,683</u>	<u>\$ 6,861</u>
Net Change in Fund Balance	\$ 44,229	\$ (39,603)	\$ (97,561)	\$ 141,790
Fund Balance, July 1, 2006	386,540	385,787	385,787	753
Fund Balance, June 30, 2007	<u>\$ 430,769</u>	<u>\$ 346,184</u>	<u>\$ 288,226</u>	<u>\$ 142,543</u>

Exhibit D-3

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
 Stewart County School Department  
 School Transportation Fund  
 For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 150,712	\$ 144,476	\$ 144,476	\$ 6,236
Other Governments and Citizens Groups	650,000	0	650,000	0
Total Revenues	<u>\$ 800,712</u>	<u>\$ 144,476</u>	<u>\$ 794,476</u>	<u>\$ 6,236</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 3,000	\$ 2,900	\$ 3,200	\$ 200
Transportation	208,070	135,000	784,700	576,630
Total Expenditures	<u>\$ 211,070</u>	<u>\$ 137,900</u>	<u>\$ 787,900</u>	<u>\$ 576,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 589,642</u>	<u>\$ 6,576</u>	<u>\$ 6,576</u>	<u>\$ 583,066</u>
Net Change in Fund Balance	\$ 589,642	\$ 6,576	\$ 6,576	\$ 583,066
Fund Balance, July 1, 2006	16,305	14,711	14,711	1,594
Fund Balance, June 30, 2007	<u>\$ 605,947</u>	<u>\$ 21,287</u>	<u>\$ 21,287</u>	<u>\$ 584,660</u>

**STEWART COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF STEWART COUNTY, TENNESSEE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2007**

**BUDGETARY INFORMATION**

The School Department 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 Stewart County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Purpose School Fund major categories: Regular Instruction Program, Alternative Instruction Program, Special Education Program, Vocational Education Program, etc.). Management may make revisions within major categories, but only the Stewart County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The School Department's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

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**INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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# Nonmajor Governmental Fund

## Special Revenue Fund

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

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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.

Exhibit E

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Stewart County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 885,588	\$ 970,896	\$ 1,195,439	\$ (309,851)
Total Revenues	<u>\$ 885,588</u>	<u>\$ 970,896</u>	<u>\$ 1,195,439</u>	<u>\$ (309,851)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 321,901	\$ 332,574	\$ 397,329	\$ 75,428
Special Education Program	464,424	454,037	583,664	119,240
Vocational Education Program	23,214	21,087	23,214	0
<u>Support Services</u>				
Health Services	0	1,500	0	0
Other Student Support	24,262	19,400	28,297	4,035
Regular Instruction Program	83,515	137,799	158,888	75,373
Vocational Education Program	4,046	4,500	4,046	0
Total Expenditures	<u>\$ 921,362</u>	<u>\$ 970,897</u>	<u>\$ 1,195,438</u>	<u>\$ 274,076</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,774)</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ (35,775)</u>
Net Change in Fund Balance	\$ (35,774)	\$ (1)	\$ 1	\$ (35,775)
Fund Balance, July 1, 2006	<u>79,768</u>	<u>81,793</u>	<u>81,793</u>	<u>(2,025)</u>
Fund Balance, June 30, 2007	<u>\$ 43,994</u>	<u>\$ 81,792</u>	<u>\$ 81,794</u>	<u>\$ (37,800)</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit F-1

Stewart County, Tennessee  
Schedule of Transfers  
Stewart County School Department  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Purpose School	Central Cafeteria	To provide funds for deferred compensation and insurance match	\$ 13,544
Total			<u>\$ 13,544</u>

Exhibit F-2

Stewart County, Tennessee  
Schedule of Salary and Official Bond of Principal Official  
Stewart County School Department  
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and County Board of Education	\$ 85,798 (1) \$	100,000	State Automobile Mutual Insurance Company
Employee Blanket Bond:				
Director of Schools:				
All Employees				
			150,000	Tennessee School Boards Risk Management Trust

(1) Includes chief executive officer training supplement of \$1,000.

Exhibit F-3

Stewart County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Stewart County School Department  
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 572,686	\$ 0	\$ 0	\$ 143,176	\$ 715,862
Trustee's Collections - Prior Year	15,620	0	0	3,861	19,481
Trustee's Collections - Bankruptcy	115	0	0	29	144
Circuit/Clerk & Master Collections - Prior Years	9,106	0	0	2,545	11,651
Interest and Penalty	3,505	0	0	846	4,351
Payments in-Lieu-of Taxes - T.V.A.	217	0	0	54	271
Payments in-Lieu-of Taxes - Other	15,509	0	0	0	15,509
<u>County Local Option Taxes</u>					
Local Option Sales Tax	676,250	0	0	0	676,250
Business Tax	36,579	0	0	0	36,579
<u>Statutory Local Taxes</u>					
Bank Excise Tax	806	0	0	201	1,007
Interstate Telecommunications Tax	2,048	0	0	0	2,048
Total Local Taxes	\$ 1,332,441	\$ 0	\$ 0	\$ 150,712	\$ 1,483,153
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 506	\$ 0	\$ 0	\$ 0	\$ 506
Total Licenses and Permits	\$ 506	\$ 0	\$ 0	\$ 0	\$ 506
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 1,623	\$ 0	\$ 0	\$ 0	\$ 1,623
Lunch Payments - Children	0	0	226,790	0	226,790
Lunch Payments - Adults	0	0	33,560	0	33,560
Income from Breakfast	0	0	43,599	0	43,599
A la carte Sales	0	0	195,591	0	195,591
Receipts from Individual Schools	17,031	0	950	0	17,981
<u>Other Charges for Services</u>					
Other Charges for Services	32,786	0	0	0	32,786
Total Charges for Current Services	\$ 51,440	\$ 0	\$ 500,490	\$ 0	\$ 551,930
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 86,966	\$ 0	\$ 8,636	\$ 0	\$ 95,602
Miscellaneous Refunds	5,347	0	8,800	0	14,147
<u>Nonrecurring Items</u>					
Sale of Property	1,380	0	0	0	1,380
Contributions & Gifts	632	0	0	0	632
<u>Other Local Revenues</u>					
Other Local Revenues	113	0	0	0	113
Total Other Local Revenues	\$ 94,438	\$ 0	\$ 17,436	\$ 0	\$ 111,874
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 9,615,174	\$ 0	\$ 0	\$ 0	\$ 9,615,174
Early Childhood Education	357,701	0	0	0	357,701
School Food Service	0	0	11,932	0	11,932

(Continued)

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	\$ 149,814	\$ 0	\$ 0	\$ 0	\$ 149,814
Career Ladder Program	115,185	0	0	0	115,185
Career Ladder - Extended Contract	81,741	0	0	0	81,741
<u>Other State Revenues</u>					
Mixed Drink Tax	1,777	0	0	0	1,777
State Revenue Sharing - T.V.A.	1,395,709	0	0	0	1,395,709
Other State Grants	178,963	0	0	0	178,963
Other State Revenues	32,851	0	0	0	32,851
Total State of Tennessee	\$ 11,928,915	\$ 0	\$ 11,932	\$ 0	\$ 11,940,847
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 404,949	\$ 0	\$ 404,949
Breakfast	0	0	165,622	0	165,622
Adult Education State Grant Program	81,596	0	0	0	81,596
Vocational Education - Basic Grants to States	0	39,987	0	0	39,987
Title I Grants to Local Education Agencies	0	289,140	0	0	289,140
Innovative Education Program Strategies	0	3,421	0	0	3,421
Special Education - Grants to States	0	435,609	0	0	435,609
Special Education Preschool Grants	0	15,415	0	0	15,415
Eisenhower Professional Development State Grants	0	93,222	0	0	93,222
Other Federal through State	30,947	8,794	0	0	39,741
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	148,556	0	0	0	148,556
Total Federal Government	\$ 261,099	\$ 885,588	\$ 570,571	\$ 0	\$ 1,717,258
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 650,000	\$ 650,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 650,000	\$ 650,000
Total	\$ 13,668,839	\$ 885,588	\$ 1,100,429	\$ 800,712	\$ 16,455,568

Exhibit F-4

Stewart County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Stewart County School Department  
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	3,980,310	
Career Ladder Program		58,500	
Career Ladder Extended Contracts		62,500	
Homebound Teachers		13,470	
Educational Assistants		183,004	
Other Salaries & Wages		2,000	
Non-certified Substitute Teachers		132,058	
Social Security		269,226	
State Retirement		250,069	
Medical Insurance		526,464	
Unemployment Compensation		4,249	
Employer Medicare		62,968	
Other Fringe Benefits		2,853	
Maintenance & Repair Services - Equipment		2,827	
Other Contracted Services		1,500	
Instructional Supplies and Materials		61,964	
Textbooks		148,934	
Other Supplies and Materials		20,689	
Fee Waivers		1,882	
Other Charges		1,800	
Regular Instruction Equipment		129,180	
Total Regular Instruction Program			\$ 5,916,447

Alternative Instruction Program

Teachers	\$	40,414	
Educational Assistants		23,113	
Social Security		1,868	
Unemployment Compensation		31	
Employer Medicare		437	
Other Fringe Benefits		386	
Other Supplies and Materials		398	
Total Alternative Instruction Program			66,647

Special Education Program

Teachers	\$	626,601
Career Ladder Program		14,000
Homebound Teachers		170
Non-certified Substitute Teachers		14,596
Social Security		38,708

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	38,284	
Medical Insurance		90,914	
Unemployment Compensation		519	
Employer Medicare		9,053	
Total Special Education Program			\$ 832,845

Vocational Education Program

Teachers	\$	432,109	
Career Ladder Program		8,000	
Educational Assistants		11,776	
Social Security		25,472	
State Retirement		25,740	
Medical Insurance		63,621	
Unemployment Compensation		285	
Employer Medicare		5,957	
Maintenance & Repair Services - Equipment		100	
Instructional Supplies and Materials		21,394	
Vocational Instruction Equipment		19,302	
Total Vocational Education Program			613,756

Adult Education Program

Teachers	\$	56,731	
Other Salaries & Wages		31,860	
Social Security		5,659	
State Retirement		2,366	
Medical Insurance		12,590	
Unemployment Compensation		99	
Employer Medicare		1,323	
Other Fringe Benefits		584	
Instructional Supplies and Materials		4,419	
Total Adult Education Program			115,631

Support Services

Attendance

Supervisor/Director	\$	56,410	
Career Ladder Program		1,000	
Social Security		3,395	
State Retirement		3,519	
Medical Insurance		9,346	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Unemployment Compensation	\$	28	
Employer Medicare		794	
Travel		2,385	
Other Contracted Services		2,311	
Other Supplies and Materials		5,653	
In Service/Staff Development		1,666	
Attendance Equipment		3,659	
Total Attendance			\$ 90,166

Health Services

Medical Personnel	\$	138,267	
Other Salaries & Wages		18,051	
Social Security		9,324	
State Retirement		8,476	
Medical Insurance		22,428	
Unemployment Compensation		190	
Employer Medicare		2,181	
Other Fringe Benefits		539	
Travel		3,537	
Other Contracted Services		134,902	
Drugs and Medical Supplies		2,785	
In Service/Staff Development		2,661	
Other Charges		560	
Health Equipment		10,524	
Total Health Services			354,425

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		198,167	
Secretary(ies)		15,775	
Other Salaries & Wages		8,807	
Social Security		12,488	
State Retirement		10,898	
Medical Insurance		4,213	
Unemployment Compensation		187	
Employer Medicare		3,259	
Other Fringe Benefits		477	
Evaluation and Testing		10,874	
Other Contracted Services		6,000	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Supplies and Materials	\$ 16,003	
Other Equipment	855	
Total Other Student Support	\$ 16,858	\$ 291,003

Regular Instruction Program

Supervisor/Director	\$ 125,292	
Career Ladder Program	6,000	
Librarians	177,116	
Secretary(ies)	28,173	
Educational Assistants	42,360	
Social Security	22,770	
State Retirement	18,905	
Medical Insurance	54,513	
Unemployment Compensation	326	
Employer Medicare	5,325	
Other Fringe Benefits	1,965	
Consultants	1,185	
Travel	6,215	
Other Contracted Services	90	
Library Books/Media	8,703	
Other Supplies and Materials	324	
In Service/Staff Development	15,350	
Other Charges	399	
Other Equipment	166	
Total Regular Instruction Program	\$ 515,177	515,177

Special Education Program

Supervisor/Director	\$ 36,923	
Career Ladder Program	3,000	
Psychological Personnel	38,850	
Secretary(ies)	21,321	
Social Security	6,154	
State Retirement	4,829	
Medical Insurance	4,092	
Unemployment Compensation	68	
Employer Medicare	1,439	
Other Fringe Benefits	636	
Travel	2,329	
Other Supplies and Materials	745	
Total Special Education Program	\$ 120,386	120,386

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Travel	\$ 5,095	
Total Vocational Education Program		\$ 5,095

Adult Programs

Supervisor/Director	\$ 52,122	
Social Security	3,161	
Medical Insurance	9,316	
Unemployment Compensation	28	
Employer Medicare	739	
Other Fringe Benefits	1,558	
Travel	351	
In Service/Staff Development	4,710	
Other Charges	2,288	
Total Adult Programs		74,273

Board of Education

Secretary to Board	\$ 2,000	
Board and Committee Members Fees	19,980	
Social Security	1,363	
Employer Medicare	319	
Audit Services	3,400	
Dues and Memberships	11,799	
Legal Services	14,447	
Travel	4,436	
Other Contracted Services	3,830	
Other Supplies and Materials	1,534	
Liability Insurance	28,395	
Premiums on Corporate Surety Bonds	1,456	
Trustee's Commission	55,906	
Workers' Compensation Insurance	120,358	
In Service/Staff Development	1,965	
Other Charges	4,429	
Total Board of Education		275,617

Director of Schools

County Official/Administrative Officer	\$ 84,798
Career Ladder Program	1,000
Secretary(ies)	21,448
Clerical Personnel	18,068

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Social Security	\$	7,535	
State Retirement		5,259	
Medical Insurance		6,974	
Unemployment Compensation		84	
Employer Medicare		1,762	
Other Fringe Benefits		1,180	
Communication		20,202	
Postal Charges		6,032	
Travel		3,493	
Other Contracted Services		1,030	
Office Supplies		6,063	
Other Charges		18,786	
Administration Equipment		1,519	
Total Director of Schools			\$ 205,233

Office of the Principal

Principals	\$	237,299	
Career Ladder Program		5,000	
Accountants/Bookkeepers		84,441	
Assistant Principals		166,187	
Secretary(ies)		86,775	
Social Security		35,225	
State Retirement		25,040	
Medical Insurance		61,409	
Unemployment Compensation		422	
Employer Medicare		8,238	
Other Fringe Benefits		4,007	
Data Processing Services		111	
Other Supplies and Materials		1,371	
Other Charges		7,537	
Administration Equipment		3,608	
Total Office of the Principal			726,670

Fiscal Services

Accountants/Bookkeepers	\$	62,161
Social Security		3,612
Medical Insurance		7,625
Unemployment Compensation		56
Employer Medicare		845

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Other Fringe Benefits	\$	1,176	
Data Processing Services		9,061	
Maintenance & Repair Services - Equipment		167	
Travel		579	
Data Processing Supplies		2,379	
Office Supplies		1,333	
Administration Equipment		550	
Total Fiscal Services			\$ 89,544

Operation of Plant

Guards	\$	18,190	
Custodial Personnel		343,070	
Social Security		22,325	
Medical Insurance		10,494	
Unemployment Compensation		874	
Employer Medicare		5,221	
Other Fringe Benefits		5,541	
Maintenance & Repair Services - Equipment		202	
Disposal Fees		13,867	
Other Contracted Services		2,455	
Custodial Supplies		63,298	
Electricity		539,934	
Natural Gas		115,359	
Water and Sewer		55,000	
Other Supplies and Materials		2,444	
Boiler Insurance		4,660	
Building and Contents Insurance		81,982	
Other Charges		2,043	
Plant Operation Equipment		10,540	
Total Operation of Plant			1,297,499

Maintenance of Plant

Supervisor/Director	\$	41,746	
Maintenance Personnel		174,724	
Social Security		13,388	
Medical Insurance		26,258	
Unemployment Compensation		207	
Employer Medicare		3,131	
Other Fringe Benefits		5,822	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance & Repair Services - Buildings	\$	44,606	
Maintenance & Repair Services - Equipment		50,574	
Other Contracted Services		2,640	
General Construction Materials		8,170	
Other Supplies and Materials		82,487	
Other Charges		1,488	
Maintenance Equipment		6,370	
Total Maintenance of Plant			\$ 461,611

Transportation

Mechanic(s)	\$	51,595	
Bus Drivers		410,340	
Social Security		29,347	
Medical Insurance		14,501	
Unemployment Compensation		988	
Employer Medicare		6,863	
Other Fringe Benefits		8,346	
Contracts with Private Agencies		2,662	
Maintenance & Repair Services - Vehicles		28,196	
Medical and Dental Services		2,460	
Rentals		324	
Travel		1,096	
Other Contracted Services		225	
Diesel Fuel		177,787	
Gasoline		22,849	
Lubricants		6,929	
Tires and Tubes		37,632	
Vehicle Parts		36,449	
Other Supplies and Materials		3,414	
Vehicle and Equipment Insurance		26,211	
In Service/Staff Development		875	
Other Charges		3,394	
Administration Equipment		1,702	
Transportation Equipment		12,448	
Total Transportation			886,633

Central and Other

Supervisor/Director	\$	29,988	
Other Salaries & Wages		30,527	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Social Security	\$	3,519	
Medical Insurance		6,988	
Unemployment Compensation		56	
Employer Medicare		823	
Other Fringe Benefits		903	
Maintenance & Repair Services - Equipment		148	
Travel		1,250	
Other Contracted Services		3,761	
Data Processing Supplies		20	
Other Supplies and Materials		2,709	
Total Central and Other			\$ 80,692

Operation of Non-Instructional Services

Food Service

Food Supplies	\$	8,086	
Total Food Service			8,086

Community Services

Supervisor/Director	\$	19,411	
Clerical Personnel		9,004	
Social Security		1,720	
Unemployment Compensation		42	
Employer Medicare		402	
Other Fringe Benefits		805	
Travel		175	
Other Supplies and Materials		1,433	
Total Community Services			32,992

Early Childhood Education

Teachers	\$	159,242	
Educational Assistants		44,905	
Non-certified Substitute Teachers		7,980	
Social Security		11,976	
State Retirement		9,762	
Medical Insurance		28,936	
Unemployment Compensation		234	
Employer Medicare		2,801	
Other Fringe Benefits		700	
Travel		136	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$ 69,291	
Other Charges	3,380	
Other Equipment	1,778	
Total Early Childhood Education		\$ 341,121

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 20,654	
Site Development	5,850	
Other Capital Outlay	22,365	
Total Regular Capital Outlay		48,869

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 187,470	
Total Education		187,470

Total General Purpose School Fund \$ 13,637,888

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 129,293	
Educational Assistants	39,230	
Other Salaries & Wages	14,720	
Certified Substitute Teachers	11,000	
Social Security	11,735	
State Retirement	8,644	
Medical Insurance	19,575	
Unemployment Compensation	236	
Employer Medicare	2,745	
Other Fringe Benefits	1,173	
Instructional Supplies and Materials	74,508	
Other Supplies and Materials	4,750	
Other Charges	1,360	
Regular Instruction Equipment	2,932	
Total Regular Instruction Program		\$ 321,901

(Continued)

Exhibit F-4

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	87,957	
Homebound Teachers		6,300	
Educational Assistants		233,301	
Social Security		19,820	
State Retirement		5,778	
Medical Insurance		19,575	
Unemployment Compensation		741	
Employer Medicare		4,635	
Other Fringe Benefits		2,774	
Contracts with Private Agencies		51,933	
Other Contracted Services		5,026	
Instructional Supplies and Materials		5,239	
Other Charges		3,149	
Special Education Equipment		18,196	
Total Special Education Program			\$ 464,424

Vocational Education Program

Instructional Supplies and Materials	\$	11,131	
Vocational Instruction Equipment		12,083	
Total Vocational Education Program			23,214

Support Services

Other Student Support

Travel	\$	7,528	
Other Supplies and Materials		11,535	
In Service/Staff Development		4,758	
Other Charges		441	
Total Other Student Support			24,262

Regular Instruction Program

Supervisor/Director	\$	24,615	
Other Salaries & Wages		2,250	
Social Security		1,508	
State Retirement		1,509	
Medical Insurance		10,165	
Unemployment Compensation		16	
Employer Medicare		353	
Travel		1,984	
Other Supplies and Materials		9,736	

(Continued)

Exhibit F-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$ 30,018	
Other Charges	1,361	
Total Regular Instruction Program		\$ 83,515

Vocational Education Program

Travel	\$ 776	
Other Supplies and Materials	146	
In Service/Staff Development	1,839	
Other Charges	1,285	
Total Vocational Education Program		4,046

Total School Federal Projects Fund \$ 921,362

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 46,475	
Clerical Personnel	22,891	
Cafeteria Personnel	336,722	
Social Security	25,320	
Medical Insurance	6,988	
Unemployment Compensation	952	
Employer Medicare	5,922	
Other Fringe Benefits	9,158	
Communication	2,375	
Maintenance & Repair Services - Equipment	17,284	
Travel	3,372	
Other Contracted Services	7,745	
Food Preparation Supplies	22,503	
Food Supplies	498,056	
Office Supplies	13,560	
Uniforms	4,210	
Other Supplies and Materials	10,434	
In Service/Staff Development	2,321	
Other Charges	32,750	
Food Service Equipment	706	
Total Food Service		\$ 1,069,744

Total Central Cafeteria Fund 1,069,744

(Continued)

Exhibit F-4

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

<u>School Transportation Fund</u>		
<u>Support Services</u>		
<u>Board of Education</u>		
Trustee's Commission	\$ 3,000	
Total Board of Education		\$ 3,000
 <u>Transportation</u>		
Transportation Equipment	\$ 208,070	
Total Transportation		<u>208,070</u>
 Total School Transportation Fund		 <u>\$ 211,070</u>
 Total Governmental Funds - Stewart County School Department		 <u><u>\$ 15,840,064</u></u>

**SINGLE AUDIT REPORT**  
**STEWART COUNTY, TENNESSEE**  
**AND**  
**STEWART COUNTY SCHOOL DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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

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

*JAMES R. ARNETTE*  
*Director*

*NORM R. NORMENT, CGFM*  
*Audit Manager*

*NOLAN R. BRADFORD, CPA, CGFM*  
*Auditor 4*

*TIFFANY NOLEN, CFE*  
*WENDY HEATH, CFE*  
*State Auditors*

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

November 13, 2007

Stewart County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education  
Stewart County, Tennessee

To the County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education:

We have audited the financial statements of each major fund and the aggregate remaining fund information of Stewart County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Stewart County School Department as of and for the year ended June 30, 2007, which collectively comprise a portion of Stewart County's and the Stewart County School Department's basic financial statements and have issued our reports thereon dated November 13, 2007. Our report on the financial statements of Stewart County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Stewart County School Department is unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stewart County's and the Stewart County's School Department's internal control over financial reporting as a basis for

designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stewart County's and the Stewart County School Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Stewart County's and the Stewart County School Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.04, 07.05, and 07.10.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Stewart County's and the Stewart County School Department's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be significant weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stewart County's and the Stewart County School Department's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 07.01, 07.02, 07.03, 07.06, 07.07, and 07.08.

We consider item 07.09 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Stewart County and the Stewart County School Department in separate communications.

Stewart County's and the Stewart County School Department's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Stewart County's and the Stewart County School Department's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, county engineer, County Commission, Board of Education, others within Stewart County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan  
Comptroller of the Treasury

JGM/rc



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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 13, 2007

Stewart County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education  
Stewart County, Tennessee

To the County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education:

Compliance

We have audited the compliance of Stewart County and the Stewart County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2007. Stewart County's and the Stewart County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Stewart County's and the Stewart County School Department's management. Our responsibility is to express an opinion on Stewart County's and the Stewart County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stewart County's and the Stewart County School Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Stewart County's and the Stewart County School Department's compliance with those requirements.

In our opinion, Stewart County and the Stewart County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2007.

### Internal Control Over Compliance

The management of Stewart County and the Stewart County School Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Stewart County's and the Stewart County School Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stewart County's and the Stewart County School Department's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Stewart County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Stewart County School Department as of and for the year ended June 30, 2007, and have issued our reports thereon dated November 13, 2007. Our report on the financial statements of Stewart County expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Stewart County School Department is unqualified. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Stewart County's and the Stewart County School Department's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county mayor, director of schools, county engineer, County Commission, Board of Education, others within Stewart County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,



John G. Morgan  
Comptroller of the Treasury

JGM/rc

Stewart County, Tennessee, and the Stewart County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2007

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 65,839
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	165,622
National School Lunch Program	10.555	N/A	404,949
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	03-47-30044-00-1	3,116
Total U.S. Department of Agriculture			\$ 639,526
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic & Community Development:			
Community Development Block Grants/State's Program	14.228	GG0511668	\$ 31,201
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	151,114
Total U.S. Department of Housing and Urban Development			\$ 182,315
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z07036583-00	\$ 9,500
Total U.S. Department of Justice			\$ 9,500
U.S. Department of Education:			
Direct Programs:			
Impact Aid	84.041	N/A	\$ 148,556
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	134,338
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z07033736-00	81,596
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	314,682
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	449,010
Special Education - Preschool Grants	84.173	N/A	15,415
Vocational Education - Basic Grants to States	84.048	N/A	39,987
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	8,794
State Grants for Innovative Programs	84.298	N/A	3,421
Education Technology State Grants	84.318	(2)	3,910
Improving Teacher Quality State Grants	84.367	N/A	86,143
Total U.S. Department of Education			\$ 1,285,852
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(3)	\$ 137,920
Total U.S. Elections Assistance Commission			\$ 137,920

(Continued)

Stewart County, Tennessee, and the Stewart County School Department  
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 Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z070342570	\$ 30,947
Passed-through State Department of Health:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	U87/CCU422724	10,000
Total U.S. Department of Health and Human Services			<u>\$ 40,947</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z0402295-01	\$ 2,847
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z03017825-00	9,024
Buffer Zone Protection Plan	97.078	Z05031031-00	49,902
Total U.S. Department of Homeland Security			<u>\$ 61,773</u>
Total Expenditures of Federal Awards			<u>\$ 2,357,833</u>

State Grants:		Contract Number	Expenditures
Litter Program - State Department of Transportation	N/A	(4)	\$ 20,835
Lottery for Education Afterschool Program - State Department of Education	N/A	Z07034303-00	52,638
Library Services and Technology Act Direct Service Grant - Tennessee Secretary of State's Office	N/A	(2)	14,000
Local Archives Development - Tennessee Secretary of State	N/A	Z0736614-00	2,600
Local Health Services - State Department of Health	N/A	(5)	127,864
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	7,287
Juvenile Justice and Delinquency Prevention - State Department of Children's Services	N/A	GG0712589-00	19,476
Adult Education - State Department of Labor and Workforce Development	N/A	Z07033736-00	27,199
Families First - State Department of Labor and Workforce Development	N/A	Z070342570	15,453
Family Resource Center - State Department of Education	N/A	(2)	19,172
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	13,345
Coordinated School Health - State Department of Education	N/A	(2)	63,431
Total State Grants			<u>\$ 383,300</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) Z06032966-00: \$59,542; Z06033017-00: \$72,858; Z07037387-00: \$5,520.  
(4) Z06028011-00: \$950; Z07033849-00: \$19,885.  
(5) Z06026021-00: \$14,443; Z07031585-00: \$113,421.

Stewart County, Tennessee, and the Stewart County School Department  
Schedule of Audit Findings Not Corrected  
June 30, 2007

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Stewart County, Tennessee, and the Stewart County School Department for the year ended June 30, 2006, which have not been corrected.

**STEWART COUNTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	13	General Fund expenditures exceeded appropriations at the major category level of control

**OFFICE OF COUNTY ENGINEER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.04	14	Purchase orders were not completed properly
06.05	14	The Highway Department did not maintain a system to account for the use of road materials

**OFFICE OF ASSESSOR OF PROPERTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.07	15	Assessment records were changed during the year as property transfers were made

Stewart County, Tennessee, and the Stewart County School Department  
Schedule of Audit Findings Not Corrected (Cont.)

**OFFICE OF SHERIFF**

Finding Number	Page Number	Subject
06.08	16	Funds were not deposited within three days of collection

**OTHER FINDINGS**

Finding Number	Page Number	Subject
06.09	17	A central system of accounting, budgeting, and purchasing had not been adopted
06.10	17	Duties were not segregated adequately in the Offices of Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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**STEWART COUNTY, TENNESSEE, AND THE  
STEWART COUNTY SCHOOL DEPARTMENT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2007**

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

1. An adverse opinion was issued on the financial statements of Stewart County, and an unqualified opinion was issued on the financial statements of the Stewart County School Department.
2. The audit of the financial statements of Stewart County and the Stewart County School Department disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed three instances of noncompliance that are material to the financial statements of Stewart County. The Stewart County School Department did not have any material instances of noncompliance.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Stewart County and the Stewart County School Department did not qualify as low-risk auditees.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor, director of schools, and assessor of property have been paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### STEWART COUNTY

**FINDING 07.01      GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
(Material Noncompliance Under Government Auditing Standards)

Stewart County did not identify and determine the historical value of its capital assets and the related depreciation amounts of these assets. Therefore, Stewart County was unable to provide the information necessary to prepare government-wide financial statements for all of its activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. As a result of this omission, Stewart County’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued an adverse opinion on the county’s financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement No. 34 to issue a financial report in compliance with Financial Reporting Standards for County Governments, Component Units of County Governments, and Special School Districts That Do Not Implement Governmental Accounting Standards Board Statement No. 34, established by the Comptroller of the Treasury. Stewart County’s financial statements are presented in compliance with these requirements.

### RECOMMENDATION

Stewart County should present government-wide financial statements in conformity with generally accepted accounting principles, and should compile and maintain records that properly account for its capital assets. These records should document the historical costs of the county’s capital assets and the related depreciation amounts of these assets. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Stewart County is in the process of complying with GASB 34 and will present government-wide financial statements in accordance with generally accepted accounting principles.

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FINDING 07.02      **STEWART COUNTY HAS NOT COMPLETED THE STEPS SET FORTH IN THE IMPLEMENTATION PLAN FOR GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 34 FILED WITH THE COMPTROLLER OF THE TREASURY**

(Material Noncompliance Under Government Auditing Standards)

As noted in finding 07.01, Stewart County has not taken the necessary steps to present their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. To encourage local governments to comply with GASB Statement No. 34, the Tennessee General Assembly passed legislation (Sections 9-3-401 through 9-3-405, Tennessee Code Annotated) requiring local governments that were not in compliance with GASB Statement No. 34 to file an implementation plan with the Comptroller of the Treasury showing the steps and the timeline the local government would follow to implement the standard no later than June 30, 2008. An examination of the plan Stewart County filed with the Comptroller's Office shows that the county has failed to perform the steps in accordance with the timeline set out in their plan. If Stewart County does not comply with GASB Statement No. 34 by June 30, 2008, the statutes further provide that the state may withhold certain state funds from the county.

RECOMMENDATION

Stewart County should take the necessary steps to ensure compliance with GASB Statement No. 34 by June 30, 2008.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Stewart County has not followed the plan submitted to the Comptroller due to a lack of time and personnel to complete the task. Stewart County does plan to be compliant by June 30, 2008.

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**OFFICE OF COUNTY MAYOR**

**FINDING 07.03      AN INTERFUND LOAN WAS NOT AUTHORIZED IN ACCORDANCE WITH STATE STATUTES**  
(Material Noncompliance Under Government Auditing Standards)

During the year, the School Transportation Fund borrowed \$132,922 from the General Debt Service Fund to provide cash for operations. This interfund loan was not approved by the state director of Local Finance as required by Section 9-21-801, Tennessee Code Annotated.

**RECOMMENDATION**

All interfund loans should be approved by the state director of Local Finance as required by state statute.

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

The interfund loan made to the School Transportation Fund was not submitted to the state director of Local Finance for approval as it should have been. This was an oversight and will not recur.

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**OFFICE OF COUNTY ENGINEER**

**FINDING 07.04      PURCHASE ORDERS WERE NOT COMPLETED PROPERLY**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of purchase orders disclosed that descriptions and dollar amounts of purchases were not listed on purchase orders until the invoices were received from the vendors. The dollar amounts and descriptions of items on purchase orders are necessary to quantify purchasing commitments and to identify the items purchased.

**RECOMMENDATION**

The office should improve purchasing procedures by including the dollar amounts and descriptions of items on purchase orders.

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**FINDING 07.05      THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR THE USE OF SOME ROAD MATERIALS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Highway Department had a system to determine the use of materials, such as bridge lumber and rock for state-aid road projects. However, the department did not have a

system to account for materials used on other types of road projects. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

**RECOMMENDATION**

The Highway Department should develop and implement a system to account for materials used on all types of road projects.

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**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 07.06**      **THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT  
IN THE TITLE I PROGRAM**  
(Noncompliance Under Government Auditing Standards)

The School Federal Projects Fund had a deficit in the Title I program of \$8,871 at June 30, 2007. This deficit occurred because School Department personnel had not requested reimbursements for grant funds on a timely basis. The Title I receivable of \$30,000 reflected on the financial statements at June 30, 2007, was not received within the department's 60-day availability period after year end. Therefore, that receivable has been deferred on the financial statements creating the Title I program deficit. The program deficit was liquidated when funds were received subsequent to the 60-day availability period.

**RECOMMENDATION**

Requests for reimbursements of grant funds should be filed on a timely basis.

**MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

The School Federal Projects Program is a 15 month program (begins July 1 and ends September 30). Because of this, the supervisor understood that the federal books must be finalized and balanced by September 30 of the ending program year. Requests for reimbursements were ordered, and funds were received by September 30 which corrected the deficit reflected at June 30. In the future, the supervisor will run an account analysis report the 20<sup>th</sup> of each month to determine if additional monies need to be requested prior to the end of the month to prevent any deficits. Also, requests for reimbursement of grant funds will be filed on a timely basis.

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**OFFICE OF ASSESSOR OF PROPERTY**

**FINDING 07.07      ASSESSMENT RECORDS WERE CHANGED DURING THE YEAR AS PROPERTY TRANSFERS WERE MADE  
(Noncompliance Under Government Auditing Standards)**

The assessor updated the assessment records as property transfers were made during the year to reflect the current property owners. Section 67-5-502, Tennessee Code Annotated (TCA), requires all property to be assessed “to the person or persons owning or claiming to own the same on January 1 for the year the assessment is made.”

**RECOMMENDATION**

Property should be assessed to the person or persons owning the property as of January 1 in compliance with state statute.

**MANAGEMENT’S RESPONSE – ASSESSOR OF PROPERTY**

As assessor of property for Stewart County, I have found that updating the assessment records as sales occur accommodates the public in providing the most recent ownership and tax information. By making the updates, new property owners receive the assessment change notice and have the option to appeal the value for the current year. The majority of the deeds recorded in Stewart County requests that the property tax notice be sent to the new owner. Therefore, I am following the wishes of the parties in the legal document. Bankers, realtors, appraisers, lawyers, and property owners in Stewart County have also stated they prefer updating the property ownership as the transfers occur. Records in my office stay current and serve the public’s wishes.

**REBUTTAL TO ASSESSOR OF PROPERTY’S MANAGEMENT’S RESPONSE**

As stated above, updating the assessment records as property transfers occur clearly violates the provisions of Section 67-5-502, TCA, which requires all property to be assessed to the person owning the property as of January 1 for the year the assessment is made.

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**OFFICE OF SHERIFF**

**FINDING 07.08      FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION  
(Noncompliance Under Government Auditing Standards)**

The Sheriff’s Department did not deposit collections to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. This statute requires that county officials deposit all funds within three days of collection. During the period under examination, as many as ten days lapsed between the date funds were received and the date funds were deposited to the bank. Failure to deposit collections

within three days weakens internal controls over funds and increases the potential for loss or theft.

**RECOMMENDATION**

To strengthen internal controls over cash collections and deposits, the department should deposit funds to the office bank account within three days of collection as required by state statute.

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**OTHER FINDINGS AND RECOMMENDATIONS**

**FINDING 07.09**      **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

**RECOMMENDATION**

County officials should consider adopting the County Financial Management System of 1981 or a private act that would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**MANAGEMENT’S RESPONSE – COUNTY MAYOR**

It is the desire of Stewart County, at some point in time, to have a centralized system of accounting, budgeting, and purchasing. We will continue to work toward achieving that goal.

**MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS**

Stewart County School System, in conjunction with the Stewart County Mayor’s Office, is presently in the process of studying the feasibility, including the advantages and disadvantages, of adopting a system of central accounting, budgeting, and purchasing.

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FINDING 07.10

**DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, reconciling bank statements, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

**STEWART COUNTY, TENNESSEE, AND THE  
STEWART COUNTY SCHOOL DEPARTMENT  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2007**

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