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# ANNUAL FINANCIAL REPORT STEWART COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT**  
**STEWART COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*DEPARTMENT OF AUDIT*  
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*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
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*KATINA VALENTINE*  
*WENDY HEATH, CFE*  
*State Auditors*

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

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***Audit Highlights***  
Annual Financial Report  
Stewart County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Stewart County as of and for the year ended June 30, 2010.

***Results***

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

Our audit resulted in 15 findings and recommendations, which we have reviewed with Stewart County management. Detailed findings, recommendations and management's responses are included in the Single Audit section of this report.

***Findings and Best Practice***

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

**OFFICE OF COUNTY MAYOR**

- ◆ General Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Tourism major appropriation category (the legal level of control) by \$176,189.

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**OFFICE OF COUNTY ENGINEER**

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
  - ◆ The office did not list the descriptions and dollar amounts of purchases on purchase orders until the invoices were received from the vendors.
  - ◆ The Highway Department did not maintain a system to account for the use of some road materials.
  - ◆ A part-time employee received benefits that are not provided in the department's personnel policy.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Department does not have the resources to produce financial statements and notes to the financial statements.
  - ◆ The School Department purchased a school bus from another county's bid without verifying the validity of the bid, and bids were not solicited for computers.
- 

## **OFFICE OF ASSESSOR OF PROPERTY**

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

## **OFFICE OF COUNTY CLERK**

- ◆ Separate cash drawers were not maintained for each employee handling cash.
- 

## **OFFICE OF SHERIFF**

- ◆ Funds were not deposited to the office bank account within three days of collection as required by state statute.
  - ◆ The office had deficiencies in the remittance of revenue collections.
  - ◆ Cash bonds were not deposited to the official bank account and disbursed by prenumbered check.
  - ◆ A theft occurred at the Sheriff's Department and was not reported to the Comptroller of the Treasury.
- 

## **OTHER FINDINGS**

- ◆ Stewart County has a material recurring audit finding.
  - ◆ Duties were not segregated adequately among officials and employees in the Offices of Director of Schools; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
- 

## **BEST PRACTICE**

Stewart County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Stewart County.

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## INTRODUCTORY SECTION

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# Stewart County Officials

## June 30, 2010

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### **Officials**

Rick Joiner, County Mayor  
Jerry Cunningham, County Engineer  
Dr. Phillip Wallace, Director of Schools  
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, County Mayor, Chairman	Marty Grasty
Roger Allen	Andy Luton
Jerry Barnes	Jimmie Mullins
Marty Blane	Randall Redmon
Randy Blane	Neal Bruce Wallace
Don Cherry	Eric Watkins
Mark Dortch	
Terry Fitzhugh	

### **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 37243-1402  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

December 3, 2010

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 the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Stewart County's basic financial statements as listed in the table of contents. 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 auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Stewart County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the

Stewart County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Stewart County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Stewart County, Tennessee, at June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, 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 Stewart County, Tennessee, as of June 30, 2010, 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 December 3, 2010, 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.

As described in Note V.B., Stewart County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

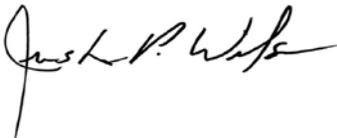
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 54 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, combining and individual fund financial statements of the Stewart County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Stewart County School Department (a discretely presented component unit), 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Stewart County, Tennessee  
Statement of Net Assets  
June 30, 2010

	Primary Governmental Activities	Component Unit Stewart County School Department
<u>ASSETS</u>		
Cash	\$ 1,211	\$ 714
Equity in Pooled Cash and Investments	3,286,508	2,515,727
Accounts Receivable	867,502	1,831
Allowance for Uncollectibles	(327,907)	0
Due from Other Governments	512,126	170,587
Due from Primary Government	0	12,617
Due from Component Units	100,000	0
Property Taxes Receivable	4,605,957	844,880
Allowance for Uncollectible Property Taxes	(181,769)	(33,343)
Accrued Interest Receivable	0	10,794
Capital Assets:		
Assets Not Depreciated:		
Land	963,163	1,104,110
Construction in Progress	1,061,533	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,378,013	26,371,151
Infrastructure	887,947	0
Other Capital Assets	859,831	1,716,028
Total Assets	<u>\$ 15,014,115</u>	<u>\$ 32,715,096</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 41,975	\$ 5,425
Payroll Deductions Payable	60,258	0
Contracts Payable	198,795	0
Due to Component Units	12,617	0
Accrued Interest Payable	253,087	0
Deferred Revenue - Current Property Taxes	4,302,778	789,267
Noncurrent Liabilities:		
Due Within One Year	1,669,111	0
Due in More Than One Year	24,295,124	97,662
Total Liabilities	<u>\$ 30,833,745</u>	<u>\$ 892,354</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 4,823,940	\$ 0
Invested in Capital Assets	0	29,191,289
Restricted for:		
Capital Outlay	683,390	0
ARRA Grant No. 3 - Stewart County Medical Center	307,175	
Highway/Public Works	360,086	0
Debt Service	774,793	0
Central Cafeteria	0	530,836
School Transportation	0	434,905
Capital Projects	148,228	0
Other Purposes	115,658	35,841
Unrestricted	(23,032,900)	1,629,871
Total Net Assets (Deficit)	<u>\$ (15,819,630)</u>	<u>\$ 31,822,742</u>

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

Exhibit B

Stewart County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities		Stewart County School Department
Primary Government:							
Governmental Activities:							
General Government	\$ 780,199	\$ 71,574	\$ 29,507	\$ 0	\$ (679,118)	\$ 0	
Finance	679,668	320,006	5,945	0	(353,717)	0	
Administration of Justice	611,744	230,632	22,460	0	(358,652)	0	
Public Safety	2,290,935	83,896	199,394	6,155	(2,001,490)	0	
Public Health and Welfare	1,645,460	730,385	284,220	349,575	(281,280)	0	
Social, Cultural, and Recreational Services	302,226	0	71,117	0	(231,109)	0	
Agriculture and Natural Resources	83,719	0	0	0	(83,719)	0	
Other Operations	232,260	0	72,011	849,680	689,431	0	
Highway/Public Works	2,076,930	19,415	1,551,100	202,567	(303,848)	0	
Interest on Long-term Debt	1,019,492	0	279,197	0	(740,295)	0	
Other Debt Service	40,579	0	0	0	(40,579)	0	
Total Primary Government	\$ 9,763,212	\$ 1,455,908	\$ 2,514,951	\$ 1,407,977	\$ (4,384,376)	\$ 0	
Component Unit:							
Stewart County School Department	\$ 19,037,591	\$ 482,925	\$ 3,468,819	\$ 0	\$ 0	\$ (15,085,847)	
Total Component Unit	\$ 19,037,591	\$ 482,925	\$ 3,468,819	\$ 0	\$ 0	\$ (15,085,847)	

(Continued)

Exhibit B

Stewart County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component	
				Primary Government Total Governmental Activities	Stewart County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,800,073	\$ 795,255
Property Taxes Levied for Debt Service				1,539,270	0
Local Option Sales Taxes				384,993	721,532
Wheel Tax				418,887	0
Wholesale Beer Tax				118,627	0
Litigation Taxes				134,911	0
Other Local Taxes				37,173	37,707
Grants and Contributions Not Restricted to Specific Programs				1,067,704	12,823,548
Unrestricted Investment Income				0	50,582
Miscellaneous				50,943	61,934
Total General Revenues				\$ 6,552,081	\$ 14,490,558
Change in Net Assets				\$ 2,167,705	\$ (595,289)
Net Assets (Deficit), July 1, 2009				(17,936,222)	32,418,031
Prior-period Adjustment				(51,113)	0
Net Assets (Deficit), June 30, 2010				\$ (15,819,630)	\$ 31,822,742

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

Exhibit C-1

Stewart County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2010

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,211	\$ 1,211
Equity in Pooled Cash and Investments	2,063,284	115,151	944,334	163,739	3,286,508
Accounts Receivable	867,502	0	0	0	867,502
Allowance for Uncollectibles	(327,907)	0	0	0	(327,907)
Due from Other Governments	236,439	275,687	0	0	512,126
Due from Other Funds	1,211	0	39,022	0	40,233
Due from Component Units	100,000	0	0	0	100,000
Property Taxes Receivable	2,779,927	190,779	1,635,251	0	4,605,957
Allowance for Uncollectible Property Taxes	(109,707)	(7,529)	(64,533)	0	(181,769)
<b>Total Assets</b>	<b>\$ 5,610,749</b>	<b>\$ 574,088</b>	<b>\$ 2,554,074</b>	<b>\$ 164,950</b>	<b>\$ 8,903,861</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 41,585	\$ 390	\$ 0	\$ 0	\$ 41,975
Payroll Deductions Payable	60,258	0	0	0	60,258
Contracts Payable	198,795	0	0	0	198,795
Due to Other Funds	39,022	0	0	1,211	40,233
Due to Component Units	12,617	0	0	0	12,617
Deferred Revenue - Current Property Taxes	2,596,943	178,221	1,527,614	0	4,302,778
Deferred Revenue - Delinquent Property Taxes	65,585	4,501	38,580	0	108,666
Other Deferred Revenues	536,975	125,828	20,000	0	682,803
<b>Total Liabilities</b>	<b>\$ 3,551,780</b>	<b>\$ 308,940</b>	<b>\$ 1,586,194</b>	<b>\$ 1,211</b>	<b>\$ 5,448,125</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 289,932	\$ 0	\$ 0	\$ 0	\$ 289,932
Reserved for Resort District	14,609	0	0	0	14,609
Reserved for Purchase of Electronic Fingerprint Imaging System	0	0	0	8,432	8,432
Reserved for Alcohol and Drug Treatment	42,649	0	0	0	42,649
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	76,542	76,542
Reserved for Sexual Offender Registration	6,200	0	0	0	6,200
Reserved for Computer System - Register	12,233	0	0	0	12,233
Reserved for Automation Purposes - General Sessions Court	8,473	0	0	0	8,473
Reserved for Automation Purposes - Sheriff	11,175	0	0	0	11,175
Reserved for Automation Purposes - County Clerk	704	0	0	0	704
Reserved for Capital Outlay	683,390	0	0	0	683,390
Reserved for Technology	500	0	0	0	500
Reserved for ARRA Grant No. 3	307,175	0	0	0	307,175
Reserved for Other General Purposes	3,604	0	0	0	3,604
Unreserved, Reported In:					
General Fund	678,325	0	0	0	678,325
Special Revenue Funds	0	265,148	0	7,079	272,227
Debt Service Funds	0	0	967,880	0	967,880
Capital Projects Funds	0	0	0	71,686	71,686
<b>Total Fund Balances</b>	<b>\$ 2,058,969</b>	<b>\$ 265,148</b>	<b>\$ 967,880</b>	<b>\$ 163,739</b>	<b>\$ 3,455,736</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,610,749</b>	<b>\$ 574,088</b>	<b>\$ 2,554,074</b>	<b>\$ 164,950</b>	<b>\$ 8,903,861</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  
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 3,455,736
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 963,163	
Add: construction in progress	1,061,533	
Add: buildings and improvements net of accumulated depreciation	2,378,013	
Add: infrastructure net of accumulated depreciation	887,947	
Add: other capital assets net of accumulated depreciation	<u>859,831</u>	6,150,487
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,502,133)	
Less: capital leases payable	(231)	
Less: bonds payable	(24,060,000)	
Less: other long-term liabilities	(216,683)	
Less: compensated absences payable	(136,497)	
Less: other postemployment benefits liability	(48,691)	
Less: accrued interest on notes and bonds	<u>(253,087)</u>	(26,217,322)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>791,469</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (15,819,630)</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  
For the Year Ended June 30, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,320,359	\$ 182,100	\$ 2,013,330	\$ 70,002	\$ 5,585,791
Licenses and Permits	5,571	0	0	0	5,571
Fines, Forfeitures, and Penalties	56,844	0	0	3,857	60,701
Charges for Current Services	728,484	3,551	0	0	732,035
Other Local Revenues	54,545	46,540	219	0	101,304
Fees Received from County Officials	556,001	0	0	0	556,001
State of Tennessee	1,429,586	1,839,907	0	0	3,269,493
Federal Government	1,265,563	0	0	0	1,265,563
Other Governments and Citizens Groups	179,810	0	279,197	0	459,007
<b>Total Revenues</b>	<b>\$ 7,596,763</b>	<b>\$ 2,072,098</b>	<b>\$ 2,292,746</b>	<b>\$ 73,859</b>	<b>\$ 12,035,466</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 642,202	\$ 0	\$ 0	\$ 0	\$ 642,202
Finance	681,622	0	0	0	681,622
Administration of Justice	607,724	0	0	0	607,724
Public Safety	2,188,238	0	0	0	2,188,238
Public Health and Welfare	1,624,076	0	0	0	1,624,076
Social, Cultural, and Recreational Services	283,030	0	0	0	283,030
Agriculture and Natural Resources	81,646	0	0	0	81,646
Other Operations	1,390,789	0	0	18	1,390,807
Highways	0	2,054,630	0	0	2,054,630
Debt Service:					
Principal on Debt	0	66,667	1,516,000	0	1,582,667
Interest on Debt	0	9,716	1,022,307	0	1,032,023
Other Debt Service	0	0	40,579	0	40,579
Capital Projects	0	0	0	18,883	18,883
<b>Total Expenditures</b>	<b>\$ 7,499,327</b>	<b>\$ 2,131,013</b>	<b>\$ 2,578,886</b>	<b>\$ 18,901</b>	<b>\$ 12,228,127</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 97,436	\$ (58,915)	\$ (286,140)	\$ 54,958	\$ (192,661)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 118,800	\$ 0	\$ 0	\$ 0	\$ 118,800
Insurance Recovery	26,763	0	0	0	26,763
Transfers In	0	0	212,842	0	212,842
Transfers Out	(212,842)	0	0	0	(212,842)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (67,279)</b>	<b>\$ 0</b>	<b>\$ 212,842</b>	<b>\$ 0</b>	<b>\$ 145,563</b>
Net Change in Fund Balances	\$ 30,157	\$ (58,915)	\$ (73,298)	\$ 54,958	\$ (47,098)
Fund Balance, July 1, 2009	2,054,402	324,063	1,041,178	108,781	3,528,424
Prior-period Adjustment	(25,590)	0	0	0	(25,590)
<b>Fund Balance, June 30, 2010</b>	<b>\$ 2,058,969</b>	<b>\$ 265,148</b>	<b>\$ 967,880</b>	<b>\$ 163,739</b>	<b>\$ 3,455,736</b>

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  
For the Year Ended June 30, 2010

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)		\$	(47,098)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,412,554	
Less: current year depreciation expense		<u>(436,510)</u>	976,044
(2) The net effect of various miscellaneous transactions involving capital assets (sales) is to decrease net assets.			
Less: proceeds received from the disposal of capital assets	\$	(25,193)	
Less: loss on disposal of capital assets		<u>(81,657)</u>	(106,850)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	791,469	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(870,825)</u>	(79,356)
(4) The issuance of long-term debt (e.g. notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Less: note proceeds	\$	(118,800)	
Add: principal payments on notes		186,667	
Add: principal payments on capital leases		1,309	
Add: principal payments on bonds		<u>1,396,000</u>	1,465,176
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	12,531	
Change in other long-term liabilities		2,564	
Change in compensated absences payable		(14,021)	
Change in other postemployment benefits liability		<u>(41,285)</u>	<u>(40,211)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 2,167,705</u>

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

Exhibit D

Stewart County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 537,476
Due from Other Governments	<u>47,047</u>
Total Assets	<u><u>\$ 584,523</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 47,047
Due to Litigants, Heirs, and Others	<u>537,476</u>
Total Liabilities	<u><u>\$ 584,523</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, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Stewart County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

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

**A. Reporting Entity**

Stewart County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Stewart County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

**Discretely Presented Component Units** – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The 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 financial statements of the Stewart County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Stewart County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the

Stewart County Emergency Communications District were not available in time for inclusion, as previously mentioned. 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. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Stewart County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Stewart County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Stewart County issues all debt for the discretely presented Stewart County School Department.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. 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, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

The discretely presented Stewart County School Department reports the following major governmental funds:

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Stewart County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the School Department's 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 at the balance sheet date.

## **2. Receivables and Payables**

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

All ambulance and property taxes receivables 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 2.1 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, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 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, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Other Capital Assets	5-20
Infrastructure:	
Roads	8-20
Bridges	15-30

**4. Compensated Absences**

It is the county's policy to permit full-time employees to accumulate a limited amount of earned but unused vacation, 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. All vacation pay and compensatory time is accrued when incurred in the government-wide financial statements of the county. 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.

There is no liability for unpaid accumulated vacation leave benefits for employees of the discretely presented Stewart County 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. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

**6. 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.

The government-wide Statement of Net Assets reports \$2,389,330 of restricted net assets, of which \$14,609 is restricted by enabling legislation.

As of June 30, 2010, Stewart County had \$24,452,500 in outstanding debt for capital purposes for the discretely presented Stewart County 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, Stewart County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

In the fund financial statements, governmental funds report 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.

**7. Prior-period Adjustments**

Capital assets were decreased \$25,523 from the prior-year because an emergency dispatch tower had been reflected twice, and some roads had been omitted.

The fund equity of the General Fund was reduced \$25,590 due to an error in recording prior-year receivables.

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

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

### **Primary Government**

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

### **Discretely Presented Stewart County School Department**

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to the government-wide Statement of Net Assets.

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

### **Primary Government**

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

### **Discretely Presented Stewart County School Department**

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

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

### **A. Budgetary Information**

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

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

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

General Fund expenditures exceeded appropriations approved by the County Commission in the Tourism major appropriation category (the legal level of control) by \$176,189.

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

**IV. 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 county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool

may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

**Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2010.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Restated*			
	Balance			Balance
	7-1-09	Increases	Decreases	6-30-10
Capital Assets Not Depreciated:				
Land	\$ 941,490	\$ 21,673	\$ 0	\$ 963,163
Construction in Progress	0	1,061,533	0	1,061,533
Total Capital Assets Not Depreciated	\$ 941,490	\$ 1,083,206	\$ 0	\$ 2,024,696

**Governmental Activities: (Cont.)**

	Restated*			Balance
	Balance	Increases	Decreases	Balance
	7-1-09			6-30-10
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 3,736,828	\$ 17,421	\$ (91,694)	\$ 3,662,555
Infrastructure	928,911	129,081	0	1,057,992
Other Capital Assets	2,951,666	182,846	(92,445)	3,042,067
Total Capital Assets				
Depreciated	<u>\$ 7,617,405</u>	<u>\$ 329,348</u>	<u>\$ (184,139)</u>	<u>\$ 7,762,614</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 1,205,627	\$ 82,354	\$ (3,439)	\$ 1,284,542
Infrastructure	101,381	68,664	0	170,045
Other Capital Assets	1,970,594	285,492	(73,850)	2,182,236
Total Accumulated				
Depreciation	<u>\$ 3,277,602</u>	<u>\$ 436,510</u>	<u>\$ (77,289)</u>	<u>\$ 3,636,823</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 4,339,803</u>	<u>\$ (107,162)</u>	<u>\$ (106,850)</u>	<u>\$ 4,125,791</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 5,281,293</u>	<u>\$ 976,044</u>	<u>\$ (106,850)</u>	<u>\$ 6,150,487</u>

\* The balance on July 1, 2009, was restated because an emergency dispatch tower had been reflected twice, and some roads had been omitted.

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

**Governmental Activities:**

General Government	\$ 19,625
Finance	315
Administration of Justice	860
Public Safety	124,924
Public Health and Welfare	126,949
Social, Cultural, and Recreational Services	10,401
Agriculture and Natural Resources	84
Highway/Public Works	<u>153,352</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 436,510</u>

**Discretely Presented Stewart County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
	<hr/>			<hr/>
Capital Assets				
Not Depreciated:				
Land	\$ 1,104,110	\$ 0	\$ 0	\$ 1,104,110
Total Capital Assets	<hr/>			<hr/>
Not Depreciated	\$ 1,104,110	\$ 0	\$ 0	\$ 1,104,110
	<hr/>			<hr/>
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 35,018,085	\$ 0	\$ 0	\$ 35,018,085
Other Capital Assets	3,897,147	195,269	(12,365)	4,080,051
Total Capital Assets	<hr/>			<hr/>
Depreciated	\$ 38,915,232	\$ 195,269	\$ (12,365)	\$ 39,098,136
	<hr/>			<hr/>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 7,782,256	\$ 864,678	\$ 0	\$ 8,646,934
Other Capital Assets	2,096,689	275,371	(8,037)	2,364,023
Total Accumulated	<hr/>			<hr/>
Depreciation	\$ 9,878,945	\$ 1,140,049	\$ (8,037)	\$ 11,010,957
	<hr/>			<hr/>
Total Capital Assets				
Depreciated, Net	\$ 29,036,287	\$ (944,780)	\$ (4,328)	\$ 28,087,179
	<hr/>			<hr/>
Governmental Activities				
Capital Assets, Net	\$ 30,140,397	\$ (944,780)	\$ (4,328)	\$ 29,191,289
	<hr/>			<hr/>

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

**Governmental Activities:**

Instruction	\$ 767,419
Support Services	279,030
Operation of Non-Instructional Services	<hr/>
	93,600
	<hr/>
Total Depreciation Expense -	
Governmental Activities	<hr/>
	\$ 1,140,049
	<hr/>

**C. Construction Commitments**

At June 30, 2010, the General Fund had uncompleted construction contracts of approximately \$277,607 for a visitor's center and \$12,325 for an addition to the medical center. Funding for these future expenditures is expected to be received from state grants.

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

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,211
General Debt Service	General	39,022

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.

**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	\$ 100,000
Component Unit: School Department: General Purpose School	Primary Government: General	12,617

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

**Primary Government**

	Transfer In
Transfer Out	General Debt Service Fund
General Fund	\$ 212,842

**Discretely Presented Stewart County  
School Department**

	Transfer In
Transfer Out	Central Cafeteria Fund
General Purpose School Fund	\$ 51,278

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.

**E. Capital Leases**

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, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 234
Total Minimum Lease Payments	\$ 234
Less: Amount Representing Interest	<u>(3)</u>
Present Value of Minimum Lease Payments	<u>\$ 231</u>

**F. Long-term Debt**

**Primary Government**

**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, 2010, will be retired from the Highway/Public Works and General Debt Service funds.

General obligation bonds, capital outlay notes, and the capital lease outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rates	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	3 to 5%	\$ 12,754,000	\$ 4,190,000
General Obligation Bonds - Refunding	2.5 to 4.55	24,090,000	19,870,000
Capital Outlay Notes	4.3 to 4.566	1,918,800	1,502,133
Capital Lease	9.87	5,519	231

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2010, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 1,446,000	\$ 915,066	\$ 2,361,066
2012	1,491,000	864,972	2,355,972
2013	1,561,000	812,266	2,373,266
2014	1,611,000	755,060	2,366,060
2015	1,676,000	693,437	2,369,437
2016-2020	7,405,000	2,571,041	9,976,041
2021-2025	6,245,000	1,181,764	7,426,764
2026-2029	2,625,000	266,262	2,891,262
<b>Total</b>	<b>\$ 24,060,000</b>	<b>\$ 8,059,868</b>	<b>\$ 32,119,868</b>

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 213,379	\$ 65,196	\$ 278,575
2012	219,359	55,801	275,160
2013	153,707	46,151	199,858
2014	154,785	39,482	194,267
2015	160,903	32,774	193,677
2016-2019	600,000	66,005	666,005
Total	\$ 1,502,133	\$ 305,409	\$ 1,807,542

There is \$967,880 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,945, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$2,066, based on the 2000 federal census.

### **Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2010, was as follows:

#### Governmental Activities:

	Bonds	Notes
Balance, July 1, 2009	\$ 25,456,000	\$ 1,570,000
Additions	0	118,800
Deductions	(1,396,000)	(186,667)
Balance, June 30, 2010	\$ 24,060,000	\$ 1,502,133
Balance Due Within One Year	\$ 1,446,000	\$ 213,379

	Capital Lease	Other Long-term Liabilities
Balance, July 1, 2009	\$ 1,540	\$ 219,247
Deductions	(1,309)	(2,564)
Balance, June 30, 2010	\$ 231	\$ 216,683
Balance Due Within One Year	\$ 231	\$ 2,675

Governmental Activities: (Cont.)

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 122,476	\$ 7,406
Additions	157,883	54,018
Deductions	(143,862)	(12,733)
Balance, June 30, 2010	<u>\$ 136,497</u>	<u>\$ 48,691</u>
Balance Due Within One Year	<u>\$ 6,826</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 25,964,235
Less: Balance Due Within One Year	<u>(1,669,111)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,295,124</u>

Other long-term liabilities represent the county's share of the debt incurred by the City of Dover on the Senior Citizens Center and will be paid from the General Fund. Other compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Defeasance of Prior Debt

In a prior year, Stewart County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled until the defeased bonds are called. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2010, the following outstanding bonds are considered defeased:

	<u>Amount</u>	<u>Call Date</u>
School Bonds, Series 2004	\$ 5,005,000	3-1-14
School Bonds, Series 2005	430,000	3-1-13

**Discretely Presented Stewart County School Department**

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Stewart County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2009	\$ 91,930
Additions	118,219
Deductions	<u>(112,487)</u>
Balance, June 30, 2010	<u>\$ 97,662</u>
Balance Due Within One Year	<u>\$ 0</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

**G. On-Behalf Payments – Discretely Presented Stewart County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Stewart County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$42,923 and \$8,860, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**H. 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, 2010, was as follows:

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
Tax Anticipation Notes	\$ 0	\$ 100,000	\$ (100,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

**Employee Health Insurance**

**Primary Government**

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 (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

**Discretely Presented Stewart County School Department**

The discretely presented Stewart County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

**Workers' Compensation, General Liability, Property, and Casualty Insurance**

Stewart County and the discretely presented Stewart County School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the School Department pay annual premiums to the TN-RMT for their workers' compensation, general liability, property, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance, nonfinancial in nature, and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Stewart County and the Stewart County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Stewart County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Stewart County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Stewart County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Stewart County may enter into derivative transactions in subsequent years.

**C. Subsequent Events**

On July 9, 2010, the General Capital Projects Fund loaned \$100,000 to the Highway/Public Works Fund for temporary operating funds.

On August 31, 2010, Ruth Mathis left the Office of Register and was succeeded by Derek Earhart, and John Vinson left the Office of Sheriff and was succeeded by Deryk Wyatt.

**D. Contingent Liabilities**

The county is involved in several pending lawsuits. 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. The county attorney has advised that any potential claim resulting from the other lawsuits should not materially affect the county's financial statements.

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.

**E. Jointly Governed Organizations**

**Primary Government**

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 and Houston counties. 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.

**Discretely Presented Stewart County School Department**

The discretely presented School Department participates in the Volunteer State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between

the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Humphreys County, Manchester City, Marshall County, Maury County, Robertson County, and Stewart 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 (Stewart County School Department) and a service provider to offer these services. The cooperative is governed by a Representative Committee, comprising 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.

Complete financial statements for the Volunteer State Cooperative can be obtained from its administrative office at the following address:

Administrative Office:

Volunteer State Cooperative  
P.O. Box 433  
110 Natcor Drive  
Dover, TN 37058

## **F. Retirement Commitments**

### **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 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.tn.gov/treasury/tcrs/PS/>.

### **Funding Policy**

Stewart County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 11.27 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2010, the county's annual pension cost of \$599,430 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was zero years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### **Trend Information**

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6-30-10	\$599,430	100%	\$0
6-30-09	596,083	100	0
6-30-08	223,454	100	0

## **Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 67.87 percent funded. The actuarial accrued liability for benefits was \$5.51 million, and the actuarial value of assets was \$3.74 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.77 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.96 million, and the ratio of the UAAL to the covered payroll was 35.69 percent.

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

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

## **School Teachers**

### **Plan Description**

The 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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is

granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$494,671, \$491,451, and \$454,915, respectively, equal to the required contributions for each year.

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

### **Plan Description**

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

### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The

employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a partial subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2010, Stewart County and the Stewart County School Department contributed \$12,733 and \$112,487, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 54,000	\$ 118,000
Interest on the NPO	333	4,137
Adjustment to the ARC	(315)	(3,918)
Annual OPEB cost	<u>\$ 54,018</u>	<u>\$ 118,219</u>
Less: Amount of contribution	(12,733)	(112,487)
Increase/decrease in NPO	<u>\$ 41,285</u>	<u>\$ 5,732</u>
Net OPEB obligation, 7-1-09	<u>7,406</u>	<u>91,930</u>
Net OPEB obligation, 6-30-10	<u><u>\$ 48,691</u></u>	<u><u>\$ 97,662</u></u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 20,559	70 %	\$ 6,110
6-30-09	"	18,120	93	7,406
6-30-10	"	54,018	24	48,691
6-30-08	Local Education Group	122,530	68	39,594
6-30-09	"	121,489	57	91,930
6-30-10	"	118,219	95	97,662

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 416,000	\$ 1,202,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 416,000	\$ 1,202,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 2,311,961	\$ 5,929,963
UAAL as a % of covered payroll	18%	20%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Group Plan was three percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

## H. Purchasing Laws

### Office of County Mayor

Purchasing procedures for the 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 \$10,000 (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.

### Office of Director of Schools

Purchasing procedures for the discretely presented Stewart County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, 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 E-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, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Local Taxes	\$ 3,320,359	\$ 0	\$ 3,320,359	\$ 3,128,896	\$ 3,341,739	\$ (21,380)
Licenses and Permits	5,571	0	5,571	12,000	12,000	(6,429)
Fines, Forfeitures, and Penalties	56,844	0	56,844	56,830	56,830	14
Charges for Current Services	728,484	0	728,484	715,850	715,850	12,634
Other Local Revenues	54,545	0	54,545	37,250	37,250	17,295
Fees Received from County Officials	556,001	0	556,001	540,000	540,000	16,001
State of Tennessee	1,429,586	0	1,429,586	1,052,982	1,102,653	326,933
Federal Government	1,265,563	0	1,265,563	1,323,893	1,678,438	(412,875)
Other Governments and Citizens Groups	179,810	0	179,810	150,287	187,884	(8,074)
<b>Total Revenues</b>	<b>\$ 7,596,763</b>	<b>\$ 0</b>	<b>\$ 7,596,763</b>	<b>\$ 7,017,988</b>	<b>\$ 7,672,614</b>	<b>\$ (75,881)</b>
<b>Expenditures</b>						
<b>General Government</b>						
County Commission	\$ 26,444	\$ 0	\$ 26,444	\$ 27,861	\$ 27,861	\$ 1,417
County Mayor/Executive	144,515	0	144,515	139,525	145,324	809
Election Commission	91,477	0	91,477	95,095	97,096	5,619
Register of Deeds	118,489	0	118,489	128,755	125,795	7,306
Geographical Information Systems	10,851	0	10,851	10,891	10,891	40
County Buildings	208,303	0	208,303	210,542	210,541	2,238
Other General Administration	37,593	0	37,593	35,999	37,799	206
Preservation of Records	4,530	0	4,530	1,300	4,531	1
<b>Finance</b>						
Accounting and Budgeting	62,465	0	62,465	44,422	62,465	0
Property Assessor's Office	160,770	0	160,770	167,201	165,801	5,031
Reappraisal Program	52,345	0	52,345	55,083	55,083	2,738
County Trustee's Office	200,348	0	200,348	204,000	203,998	3,650
County Clerk's Office	205,694	0	205,694	209,122	209,122	3,428

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	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	\$ 129,898	\$ 0	\$ 129,898	\$ 140,661	\$ 138,862	\$ 8,964
General Sessions Judge	98,613	0	98,613	102,949	102,949	4,336
General Sessions Court Clerk	96,533	0	96,533	107,597	102,396	5,863
Chancery Court	123,766	0	123,766	128,333	127,833	4,067
Juvenile Court	112,175	0	112,175	118,708	117,424	5,249
District Attorney General	2,585	0	2,585	2,585	2,585	0
Other Administration of Justice	44,154	0	44,154	52,460	47,460	3,306
<u>Public Safety</u>						
Sheriff's Department	1,367,818	0	1,367,818	1,451,883	1,472,810	104,992
Jail	588,005	0	588,005	616,295	616,294	28,289
Fire Prevention and Control	75,000	0	75,000	75,000	75,000	0
Rescue Squad	6,000	0	6,000	6,000	6,000	0
Other Emergency Management	113,818	0	113,818	79,087	115,613	1,795
County Coroner/Medical Examiner	30,391	0	30,391	30,275	30,530	139
Other Public Safety	7,206	0	7,206	7,207	7,207	1
<u>Public Health and Welfare</u>						
Local Health Center	54,638	0	54,638	32,000	59,742	5,104
Ambulance/Emergency Medical Services	1,281,925	0	1,281,925	1,287,173	1,292,816	10,891
Waste Pickup	44,539	0	44,539	41,737	44,813	274
Other Public Health and Welfare	242,974	0	242,974	250,869	291,769	48,795
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	12,000	0	12,000	12,000	12,000	0
Libraries	201,162	0	201,162	211,272	205,470	4,308
Other Social, Cultural, and Recreational	69,868	0	69,868	65,645	70,248	380

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	\$ 55,330	\$ 0	\$ 55,330	\$ 56,165	\$ 55,665	\$ 335
Soil Conservation	26,316	0	26,316	26,898	26,898	582
<u>Other Operations</u>						
Tourism	182,813	96,685	279,498	1,076,100	103,309	(176,189)
Housing and Urban Development	0	0	0	100,000	100,000	100,000
Other Economic and Community Development	2,858	0	2,858	4,200	4,200	1,342
Veterans' Services	64,119	0	64,119	66,412	65,708	1,589
Other Charges	175,450	0	175,450	184,380	178,064	2,614
ARRA Grant No. 1	844,079	180,921	1,025,000	0	1,025,000	0
ARRA Grant No. 2	403	0	403	0	403	0
ARRA Grant No. 3	30,074	12,326	42,400	0	42,400	0
Miscellaneous	90,993	0	90,993	90,994	90,994	1
Total Expenditures	\$ 7,499,327	\$ 289,932	\$ 7,789,259	\$ 7,754,681	\$ 7,988,769	\$ 199,510
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 97,436	\$ (289,932)	\$ (192,496)	\$ (736,693)	\$ (316,125)	\$ 123,629
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 118,800	\$ 0	\$ 118,800	\$ 118,800	\$ 118,800	\$ 0
Insurance Recovery	26,763	0	26,763	10,000	25,615	1,148
Transfers In	0	0	0	37,597	0	0
Transfers Out	(212,842)	0	(212,842)	0	(212,843)	1
Total Other Financing Sources (Uses)	\$ (67,279)	\$ 0	\$ (67,279)	\$ 166,397	\$ (68,428)	\$ 1,149
Net Change in Fund Balance	\$ 30,157	\$ (289,932)	\$ (259,775)	\$ (570,296)	\$ (384,553)	\$ 124,778
Fund Balance, July 1, 2009	2,054,402	0	2,054,402	2,160,484	2,160,484	(106,082)
Prior-period Adjustment	(25,590)	0	(25,590)	0	0	(25,590)
Fund Balance, June 30, 2010	\$ 2,058,969	\$ (289,932)	\$ 1,769,037	\$ 1,590,188	\$ 1,775,931	\$ (6,894)

Exhibit E-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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive I (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 182,100	\$ 0	\$ 182,100	\$ 175,778	\$ 180,162	\$ 1,938
Charges for Current Services	3,551	0	3,551	5,000	3,551	0
Other Local Revenues	46,540	0	46,540	23,500	46,481	59
State of Tennessee	1,839,907	0	1,839,907	1,839,639	1,822,897	17,010
Federal Government	0	0	0	25,590	0	0
Total Revenues	\$ 2,072,098	\$ 0	\$ 2,072,098	\$ 2,069,507	\$ 2,053,091	\$ 19,007
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 121,628	\$ 0	\$ 121,628	\$ 131,686	\$ 121,610	\$ (18)
Highway and Bridge Maintenance	975,314	0	975,314	994,500	976,027	713
Operation and Maintenance of Equipment	267,522	0	267,522	257,400	267,542	20
Other Charges	111,779	0	111,779	109,571	111,867	88
Employee Benefits	340,245	0	340,245	347,100	339,332	(913)
Capital Outlay	238,142	(20,080)	218,062	321,872	234,842	16,780
<u>Principal on Debt</u>						
Highways and Streets	66,667	0	66,667	66,667	66,667	0
Interest on Debt	9,716	0	9,716	9,728	9,716	0
Highways and Streets	2,131,013	(20,080)	2,110,933	2,238,524	2,127,603	16,670
Total Expenditures	\$ (58,915)	\$ 20,080	\$ (38,835)	\$ (169,017)	\$ (74,512)	\$ 35,677
Excess (Deficiency) of Revenues Over Expenditures	\$ (58,915)	\$ 20,080	\$ (38,835)	\$ (169,017)	\$ (74,512)	\$ 35,677
Net Change in Fund Balance Fund Balance, July 1, 2009	324,063	(20,080)	303,983	267,326	267,326	36,657
Fund Balance, June 30, 2010	\$ 265,148	\$ 0	\$ 265,148	\$ 98,309	\$ 192,814	\$ 72,334

Exhibit E-3

Stewart County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Stewart County School Department  
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 3,742	\$ 5,513	\$ 1,771	67.87	\$ 4,963	35.69
7-1-07	0	0	0	0	0	0

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. Stewart County started contributing into the Tennessee Consolidated Retirement System during the 2007-08 fiscal year. Therefore, there were no plan assets or unfunded liability at June 30, 2007, the actuarial valuation date.

Exhibit E-4

Stewart County, Tennessee  
 Schedule of Funding Progress – Other Postemployment Benefits Plans  
 Primary Government and Discretely Presented Stewart County School Department  
 June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 137	\$ 137	0%	\$ 2,158	6%
"	7-1-09	0	416	416	0	2,312	18
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	1,208	1,208	0	5,266	23
"	7-1-09	0	1,202	1,202	0	5,930	20

\*Data only available for two actuarial valuations.

**STEWART COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**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 County Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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 Tourism major appropriation category (the legal level of control) of the General Fund by \$176,189.

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 was used to account for financial resources used for the improvement of Eagles Rest Road. The project has been completed and the fund was closed during the year.

Exhibit F-1

Stewart County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects	Fund	
\$	0 \$	1,211 \$	1,211 \$	0 \$		1,211
	15,511	0	15,511	148,228		163,739
\$	15,511 \$	1,211 \$	16,722 \$	148,228 \$		164,950

ASSETS

Cash  
 Equity in Pooled Cash and Investments

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Due to Other Funds

Total Liabilities

Fund Balances

Reserved for Purchase of Electronic Fingerprint Imaging System

Reserved for Litigation Tax - Jail, Workhouse, or Courthouse

Unreserved

Total Fund Balances

Total Liabilities and Fund Balances

\$	0 \$	1,211 \$	1,211 \$	0 \$		1,211
\$	0 \$	1,211 \$	1,211 \$	0 \$		1,211
\$	8,432 \$	0 \$	8,432 \$	0 \$		8,432
	0	0	0	76,542		76,542
	7,079	0	7,079	71,686		78,765
\$	15,511 \$	0 \$	15,511 \$	148,228 \$		163,739
\$	15,511 \$	1,211 \$	16,722 \$	148,228 \$		164,950

Exhibit F-2

Stewart County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

	Special Revenue Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
		General Capital Projects	Highway Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 69,382	\$ 620	\$ 70,002	\$ 70,002
Fines, Forfeitures, and Penalties	1,387	2,470	0	2,470	3,857
Total Revenues	\$ 1,387	\$ 71,852	\$ 620	\$ 72,472	\$ 73,859
<u>Expenditures</u>					
Current:					
Other Operations	\$ 14	\$ 0	\$ 4	\$ 4	\$ 18
Capital Projects	0	18,883	0	18,883	18,883
Total Expenditures	\$ 14	\$ 18,883	\$ 4	\$ 18,887	\$ 18,901
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,373	\$ 52,969	\$ 616	\$ 53,585	\$ 54,958
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ 1,373	\$ 52,969	\$ 616	\$ 53,585	\$ 54,958
	14,138	95,259	(616)	94,643	108,781
Fund Balance, June 30, 2010	\$ 15,511	\$ 148,228	\$ 0	\$ 148,228	\$ 163,739

Exhibit F-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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 1,387	\$ 1,100	\$ 1,100	\$ 287
Total Revenues	\$ 1,387	\$ 1,100	\$ 1,100	\$ 287
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 0	\$ 9,000	\$ 9,000	\$ 9,000
<u>Other Operations</u>				
Other Charges	14	20	20	6
Total Expenditures	\$ 14	\$ 9,020	\$ 9,020	\$ 9,006
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,373	\$ (7,920)	\$ (7,920)	\$ 9,293
Net Change in Fund Balance	\$ 1,373	\$ (7,920)	\$ (7,920)	\$ 9,293
Fund Balance, July 1, 2009	14,138	14,138	14,138	0
Fund Balance, June 30, 2010	\$ 15,511	\$ 6,218	\$ 6,218	\$ 9,293

# **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 G

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,013,330	\$ 2,321,212	\$ 1,971,212	\$ 42,118
Other Local Revenues	219	0	0	219
Other Governments and Citizens Groups	279,197	205,540	279,813	(616)
Total Revenues	<u>\$ 2,292,746</u>	<u>\$ 2,526,752</u>	<u>\$ 2,251,025</u>	<u>\$ 41,721</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 87,250	\$ 116,900	\$ 116,900	\$ 29,650
Education	1,428,750	1,428,750	1,428,750	0
<u>Interest on Debt</u>				
General Government	41,778	43,113	43,113	1,335
Education	980,529	980,530	980,530	1
<u>Other Debt Service</u>				
General Government	38,729	40,000	40,000	1,271
Education	1,850	2,000	2,000	150
Total Expenditures	<u>\$ 2,578,886</u>	<u>\$ 2,611,293</u>	<u>\$ 2,611,293</u>	<u>\$ 32,407</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (286,140)</u>	<u>\$ (84,541)</u>	<u>\$ (360,268)</u>	<u>\$ 74,128</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 212,842	\$ 0	\$ 275,727	\$ (62,885)
Total Other Financing Sources (Uses)	<u>\$ 212,842</u>	<u>\$ 0</u>	<u>\$ 275,727</u>	<u>\$ (62,885)</u>
Net Change in Fund Balance	\$ (73,298)	\$ (84,541)	\$ (84,541)	\$ 11,243
Fund Balance, July 1, 2009	1,041,178	1,041,177	1,041,177	1
Fund Balance, June 30, 2010	<u>\$ 967,880</u>	<u>\$ 956,636</u>	<u>\$ 956,636</u>	<u>\$ 11,244</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 H-1

Stewart County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 537,476	\$ 537,476
Due from Other Governments	47,047	0	47,047
Total Assets	<u>\$ 47,047</u>	<u>\$ 537,476</u>	<u>\$ 584,523</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 47,047	\$ 0	\$ 47,047
Due to Litigants, Heirs, and Others	0	537,476	537,476
Total Liabilities	<u>\$ 47,047</u>	<u>\$ 537,476</u>	<u>\$ 584,523</u>

Exhibit H-2

Stewart County, Tennessee

Combining Statement of Changes in Assets and Liabilities - All Agency Funds

For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 260,676	\$ 260,676	\$ 0
Due from Other Governments	52,109	47,047	52,109	47,047
Total Assets	<u>\$ 52,109</u>	<u>\$ 307,723</u>	<u>\$ 312,785</u>	<u>\$ 47,047</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 52,109	\$ 307,723	\$ 312,785	\$ 47,047
Total Liabilities	<u>\$ 52,109</u>	<u>\$ 307,723</u>	<u>\$ 312,785</u>	<u>\$ 47,047</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 581,487	\$ 2,633,755	\$ 2,677,766	\$ 537,476
Total Assets	<u>\$ 581,487</u>	<u>\$ 2,633,755</u>	<u>\$ 2,677,766</u>	<u>\$ 537,476</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 581,487	\$ 2,633,755	\$ 2,677,766	\$ 537,476
Total Liabilities	<u>\$ 581,487</u>	<u>\$ 2,633,755</u>	<u>\$ 2,677,766</u>	<u>\$ 537,476</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 581,487	\$ 2,633,755	\$ 2,677,766	\$ 537,476
Equity in Pooled Cash and Investments	0	260,676	260,676	0
Due from Other Governments	52,109	47,047	52,109	47,047
Total Assets	<u>\$ 633,596</u>	<u>\$ 2,941,478</u>	<u>\$ 2,990,551</u>	<u>\$ 584,523</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 52,109	\$ 307,723	\$ 312,785	\$ 47,047
Due to Litigants, Heirs, and Others	581,487	2,633,755	2,677,766	537,476
Total Liabilities	<u>\$ 633,596</u>	<u>\$ 2,941,478</u>	<u>\$ 2,990,551</u>	<u>\$ 584,523</u>

# Stewart County School Department

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

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

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

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

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

Exhibit I-1

Stewart County, Tennessee  
Statement of Activities  
Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues		Charges for Services	Expenses	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Operating Grants and Contributions				
Governmental Activities:					
Instruction	\$ 10,419,036	\$ 1,728,371	\$ 1,090	\$	\$ (8,689,575)
Support Services	6,492,637	517,859	53,785		(5,920,993)
Operation of Non-Instructional Services	1,846,721	1,222,589	428,050		(196,082)
Other Debt Service	279,197	0	0		(279,197)
Total Governmental Activities	\$ 19,037,591	\$ 3,468,819	\$ 482,925	\$	\$ (15,085,847)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 795,255
Local Option Sales Taxes					721,532
Other Local Taxes					37,707
Grants and Contributions Not Restricted for Specific Programs					12,823,548
Unrestricted Investment Income					50,582
Miscellaneous					61,934
Total General Revenues					\$ 14,490,558
Change in Net Assets					\$ (595,289)
Net Assets, July 1, 2009					32,418,031
Net Assets, June 30, 2010					\$ 31,822,742

Exhibit I-2

Stewart County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Stewart County School Department  
June 30, 2010

	Major Funds			Nonmajor	Total Govern- mental Funds
	General Purpose School	Central Cafeteria	School Transpor - tation	Fund School Federal Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 714	\$ 0	\$ 0	\$ 714
Equity in Pooled Cash and Investments	1,536,338	528,583	434,905	15,901	2,515,727
Accounts Receivable	292	1,539	0	0	1,831
Due from Other Governments	170,469	0	0	118	170,587
Due from Primary Government	12,617	0	0	0	12,617
Property Taxes Receivable	844,880	0	0	0	844,880
Allowance for Uncollectible Property Taxes	(33,343)	0	0	0	(33,343)
Accrued Interest Receivable	10,794	0	0	0	10,794
Total Assets	<u>\$ 2,542,047</u>	<u>\$ 530,836</u>	<u>\$ 434,905</u>	<u>\$ 16,019</u>	<u>\$ 3,523,807</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 5,425	\$ 0	\$ 0	\$ 0	\$ 5,425
Deferred Revenue - Current Property Taxes	789,267	0	0	0	789,267
Deferred Revenue - Delinquent Property Taxes	19,932	0	0	0	19,932
Other Deferred Revenues	71,053	1,468	0	0	72,521
Total Liabilities	<u>\$ 885,677</u>	<u>\$ 1,468</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 887,145</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 25,375	\$ 0	\$ 0	\$ 0	\$ 25,375
Reserved for Career Ladder - Extended Contract	19,822	0	0	0	19,822
Reserved for Title I Grants to Local Education Agencies	0	0	0	69	69
Reserved for Special Education - Grants to States	0	0	0	950	950
Unreserved, Reported In:					
General Fund	1,611,173	0	0	0	1,611,173
Special Revenue Funds	0	529,368	434,905	15,000	979,273
Total Fund Balances	<u>\$ 1,656,370</u>	<u>\$ 529,368</u>	<u>\$ 434,905</u>	<u>\$ 16,019</u>	<u>\$ 2,636,662</u>
Total Liabilities and Fund Balances	<u>\$ 2,542,047</u>	<u>\$ 530,836</u>	<u>\$ 434,905</u>	<u>\$ 16,019</u>	<u>\$ 3,523,807</u>

Exhibit I-3

Stewart County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Stewart County School Department  
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	2,636,662
(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		26,371,151	
Add: other capital assets net of accumulated depreciation		<u>1,716,028</u>	29,191,289
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(97,662)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>92,453</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>31,822,742</u></u>

Exhibit I-4

Stewart County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2010

	Major Funds			Nonmajor	Total Governmental Funds
	General Purpose School	Central Cafeteria	School Transpor - tation	School Federal Projects	
<u>Revenues</u>					
Local Taxes	\$ 1,536,738	\$ 0	\$ 7,828	\$ 0	\$ 1,544,566
Licenses and Permits	625	0	0	0	625
Charges for Current Services	55,075	426,382	0	0	481,457
Other Local Revenues	108,712	29,480	0	0	138,192
State of Tennessee	13,540,095	12,552	0	0	13,552,647
Federal Government	412,964	640,940	0	1,601,261	2,655,165
Total Revenues	\$ 15,654,209	\$ 1,109,354	\$ 7,828	\$ 1,601,261	\$ 18,372,652
<u>Expenditures</u>					
Current:					
Instruction	\$ 8,204,166	\$ 0	\$ 0	\$ 1,288,246	\$ 9,492,412
Support Services	6,184,290	0	128	324,627	6,509,045
Operation of Non-Instructional Services	503,159	1,120,232	0	0	1,623,391
Capital Outlay	130,269	0	0	0	130,269
Debt Service:					
Other Debt Service	279,197	0	0	0	279,197
Total Expenditures	\$ 15,301,081	\$ 1,120,232	\$ 128	\$ 1,612,873	\$ 18,034,314
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 353,128	\$ (10,878)	\$ 7,700	\$ (11,612)	\$ 338,338
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 21,083	\$ 620	\$ 0	\$ 0	\$ 21,703
Transfers In	0	51,278	0	0	51,278
Transfers Out	(51,278)	0	0	0	(51,278)
Total Other Financing Sources (Uses)	\$ (30,195)	\$ 51,898	\$ 0	\$ 0	\$ 21,703
Net Change in Fund Balances					
Fund Balance, July 1, 2009	\$ 1,333,437	\$ 488,348	\$ 427,205	\$ 27,631	\$ 2,276,621
Fund Balance, June 30, 2010	\$ 1,656,370	\$ 529,368	\$ 434,905	\$ 16,019	\$ 2,636,662

Exhibit I-5

Stewart County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	360,041
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	195,269	
Less: current year depreciation expense		<u>(1,140,049)</u>	(944,780)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins donations) is to decrease net assets.			
Less: proceeds received from the disposal of capital assets	\$	(10,875)	
Add: gain on disposal of capital assets		<u>6,547</u>	(4,328)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	92,453	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(92,943)</u>	(490)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			<u>(5,732)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>(595,289)</u></u>

Exhibit I-6

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Stewart County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,536,738	\$ 0	\$ 1,536,738	\$ 1,396,224	\$ 1,470,497	\$ 66,241
Licenses and Permits	625	0	625	400	400	225
Charges for Current Services	55,075	0	55,075	47,850	47,850	7,225
Other Local Revenues	108,712	0	108,712	89,000	89,000	19,712
State of Tennessee	13,540,095	0	13,540,095	13,393,068	13,451,951	88,144
Federal Government	412,964	0	412,964	574,521	574,521	(161,557)
<b>Total Revenues</b>	<b>\$ 15,654,209</b>	<b>\$ 0</b>	<b>\$ 15,654,209</b>	<b>\$ 15,501,063</b>	<b>\$ 15,634,219</b>	<b>\$ 19,990</b>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 6,860,788	\$ 0	\$ 6,860,788	\$ 6,881,891	\$ 6,934,810	\$ 74,022
Alternative Instruction Program	60,901	0	60,901	66,944	66,944	6,043
Special Education Program	607,836	0	607,836	626,310	626,310	18,474
Vocational Education Program	613,434	0	613,434	660,425	661,425	47,991
Adult Education Program	61,207	0	61,207	79,166	79,166	17,959
<u>Support Services</u>						
Attendance	79,387	0	79,387	96,040	96,040	16,653
Health Services	510,817	0	510,817	643,995	679,996	169,179
Other Student Support	418,249	0	418,249	443,645	443,645	25,396
Regular Instruction Program	551,194	0	551,194	598,100	598,100	46,906
Special Education Program	135,005	0	135,005	138,083	138,083	3,078
Vocational Education Program	4,379	0	4,379	8,000	8,000	3,621
Adult Programs	78,031	0	78,031	80,979	80,979	2,948
Other Programs	51,783	0	51,783	0	51,783	0
Board of Education	300,624	0	300,624	304,360	304,360	3,736
Director of Schools	218,923	0	218,923	251,600	251,600	32,677
Office of the Principal	798,637	0	798,637	829,350	829,350	30,713

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Fiscal Services	\$ 104,272	\$ 0	\$ 104,272	\$ 118,170	\$ 118,170	\$ 13,898
Operation of Plant	1,364,918	0	1,364,918	1,598,500	1,555,900	190,982
Maintenance of Plant	457,361	25,375	482,736	535,385	535,385	52,649
Transportation	966,205	0	966,205	1,096,600	1,089,535	123,330
Central and Other	144,505	0	144,505	187,530	209,279	64,774
<u>Operation of Non-Instructional Services</u>						
Food Service	3,866	0	3,866	7,000	7,000	3,134
Community Services	33,777	0	33,777	33,729	33,795	18
Early Childhood Education	465,516	0	465,516	496,184	496,184	30,668
<u>Capital Outlay</u>						
Regular Capital Outlay	130,269	0	130,269	157,000	157,000	26,731
Other Debt Service	0	0	0	144,924	0	0
Highways and Streets	279,197	0	279,197	60,000	279,197	0
Education	0	0	0	0	0	0
Total Expenditures	\$ 15,301,081	\$ 25,375	\$ 15,326,456	\$ 16,143,910	\$ 16,332,036	\$ 1,005,580
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 353,128	\$ (25,375)	\$ 327,753	\$ (642,847)	\$ (697,817)	\$ 1,025,570
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 21,083	\$ 0	\$ 21,083	\$ 25,000	\$ 25,000	\$ (3,917)
Transfers Out	(51,278)	0	(51,278)	(42,000)	(51,280)	2
Total Other Financing Sources (Uses)	\$ (30,195)	\$ 0	\$ (30,195)	\$ (17,000)	\$ (26,280)	\$ (3,915)
Net Change in Fund Balance	\$ 322,933	\$ (25,375)	\$ 297,558	\$ (659,847)	\$ (724,097)	\$ 1,021,655
Fund Balance, July 1, 2009	1,333,437	0	1,333,437	1,305,681	1,305,681	27,756
Fund Balance, June 30, 2010	\$ 1,656,370	\$ (25,375)	\$ 1,630,995	\$ 645,834	\$ 581,584	\$ 1,049,411

Exhibit I-7

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Stewart County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,601,261	\$ 2,015,082	\$ 2,010,936	\$ (409,675)
Total Revenues	\$ 1,601,261	\$ 2,015,082	\$ 2,010,936	\$ (409,675)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 420,042	\$ 532,979	\$ 534,804	\$ 114,762
Special Education Program	846,220	952,476	952,477	106,257
Vocational Education Program	21,984	20,862	21,984	0
<u>Support Services</u>				
Other Student Support	19,681	75,176	78,373	58,692
Regular Instruction Program	130,631	239,008	232,253	101,622
Vocational Education Program	1,045	4,581	1,045	0
Transportation	173,270	190,000	190,000	16,730
Total Expenditures	\$ 1,612,873	\$ 2,015,082	\$ 2,010,936	\$ 398,063
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,612)	\$ 0	\$ 0	\$ (11,612)
Net Change in Fund Balance	\$ (11,612)	\$ 0	\$ 0	\$ (11,612)
Fund Balance, July 1, 2009	27,631	0	0	27,631
Fund Balance, June 30, 2010	\$ 16,019	\$ 0	\$ 0	\$ 16,019

Exhibit I-8

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Stewart County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 426,382	\$ 530,700	\$ 530,700	\$ (104,318)
Other Local Revenues	29,480	53,000	53,000	(23,520)
State of Tennessee	12,552	13,000	13,000	(448)
Federal Government	640,940	674,000	674,000	(33,060)
Total Revenues	<u>\$ 1,109,354</u>	<u>\$ 1,270,700</u>	<u>\$ 1,270,700</u>	<u>\$ (161,346)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,120,232	\$ 1,337,669	\$ 1,337,669	\$ 217,437
Total Expenditures	<u>\$ 1,120,232</u>	<u>\$ 1,337,669</u>	<u>\$ 1,337,669</u>	<u>\$ 217,437</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,878)</u>	<u>\$ (66,969)</u>	<u>\$ (66,969)</u>	<u>\$ 56,091</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 620	\$ 0	\$ 0	\$ 620
Transfers In	51,278	69,500	69,500	(18,222)
Total Other Financing Sources (Uses)	<u>\$ 51,898</u>	<u>\$ 69,500</u>	<u>\$ 69,500</u>	<u>\$ (17,602)</u>
Net Change in Fund Balance	\$ 41,020	\$ 2,531	\$ 2,531	\$ 38,489
Fund Balance, July 1, 2009	<u>488,348</u>	<u>488,348</u>	<u>488,348</u>	<u>0</u>
Fund Balance, June 30, 2010	<u>\$ 529,368</u>	<u>\$ 490,879</u>	<u>\$ 490,879</u>	<u>\$ 38,489</u>

Exhibit I-9

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Stewart County School Department  
School Transportation Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,828	\$ 0	\$ 6,100	\$ 1,728
Total Revenues	\$ 7,828	\$ 0	\$ 6,100	\$ 1,728
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 128	\$ 0	\$ 200	\$ 72
Total Expenditures	\$ 128	\$ 0	\$ 200	\$ 72
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,700	\$ 0	\$ 5,900	\$ 1,800
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ 0	\$ (100,000)	\$ 100,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (100,000)	\$ 100,000
Net Change in Fund Balance	\$ 7,700	\$ 0	\$ (94,100)	\$ 101,800
Fund Balance, July 1, 2009	427,205	427,205	427,205	0
Fund Balance, June 30, 2010	\$ 434,905	\$ 427,205	\$ 333,105	\$ 101,800

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Stewart County, Tennessee  
Schedule of Changes in Long-term Notes, Capital Lease, and Bonds  
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Capital Outlay Notes, Series 2007	\$ 1,600,000	4.3 %	2-16-07	2-1-19	\$ 1,370,000	\$ 0	\$ 120,000	\$ 1,250,000
Ambulance	118,800	4.45	11-5-09	11-5-14	0	118,800	0	118,800
Total Payable through General Debt Service Fund					\$ 1,370,000	\$ 118,800	\$ 120,000	\$ 1,368,800
<u>Payable through Highway/Public Works Fund</u>								
Capital Outlay Notes, Series 2009	65,888	4.5	2-18-09	4-30-12	\$ 65,888	\$ 0	\$ 21,963	\$ 43,925
Capital Outlay Notes, Series 2009	134,112	4.566	4-28-09	4-28-12	134,112	0	44,704	89,408
Total Payable through Highway/Public Works Fund					\$ 200,000	\$ 0	\$ 66,667	\$ 133,333
Total Notes Payable					\$ 1,570,000	\$ 118,800	\$ 186,667	\$ 1,502,133
<u>CAPITAL LEASE PAYABLE</u>								
<u>Payable through General Fund</u>								
Defibrillators	5,519	9.87	4-21-05	8-25-10	\$ 1,540	\$ 0	\$ 1,309	\$ 231
Total Capital Lease Payable					\$ 1,540	\$ 0	\$ 1,309	\$ 231
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park Development (FmHA)	454,000	5	10-15-1977	10-1-16	\$ 136,000	\$ 0	\$ 16,000	\$ 120,000
School Bonds, Series 2001	1,200,000	4 to 5	3-6-01	3-1-13	230,000	0	55,000	175,000
School Refunding, Series 2003	6,035,000	3.4	5-11-03	9-1-16	4,190,000	0	460,000	3,730,000
School Refunding, Series 2003A	8,255,000	2.5 to 4.55	12-1-03	12-1-23	7,425,000	0	375,000	7,050,000
School Bonds, Series 2004	9,500,000	3 to 4.75	8-1-04	3-1-19	3,240,000	0	275,000	2,965,000
School Bonds, Series 2005	1,600,000	3 to 4.65	1-1-05	3-1-24	980,000	0	50,000	930,000
School Refunding, Series 2005	3,470,000	3.79	3-3-05	6-1-24	2,940,000	0	150,000	2,790,000
School Refunding, Series 2007	6,330,000	3.98	1-26-07	3-1-29	6,315,000	0	15,000	6,300,000
Total Bonds Payable					\$ 25,456,000	\$ 0	\$ 1,396,000	\$ 24,060,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 213,379	\$ 65,196	\$ 278,575
2012	219,359	55,801	275,160
2013	153,707	46,151	199,858
2014	154,785	39,482	194,267
2015	160,903	32,774	193,677
2016	140,000	25,800	165,800
2017	145,000	19,780	164,780
2018	155,000	13,545	168,545
2019	160,000	6,880	166,880
Total	\$ 1,502,133	\$ 305,409	\$ 1,807,542

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2011	\$ 231	\$ 3	\$ 234
Total	\$ 231	\$ 3	\$ 234

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 1,446,000	\$ 915,066	\$ 2,361,066
2012	1,491,000	864,972	2,355,972
2013	1,561,000	812,266	2,373,266
2014	1,611,000	755,060	2,366,060
2015	1,676,000	693,437	2,369,437
2016	1,735,000	631,411	2,366,411
2017	1,805,000	566,615	2,371,615
2018	1,235,000	508,963	1,743,963
2019	1,290,000	458,685	1,748,685
2020	1,340,000	405,367	1,745,367
2021	1,400,000	350,427	1,750,427
2022	1,360,000	292,341	1,652,341
2023	1,415,000	235,334	1,650,334
2024	1,475,000	175,506	1,650,506
2025	595,000	128,156	723,156
2026	620,000	104,475	724,475
2027	640,000	79,799	719,799
2028	670,000	54,327	724,327
2029	695,000	27,661	722,661
Total	\$ 24,060,000	\$ 8,059,868	\$ 32,119,868

Exhibit J-3

Stewart County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ <u>212,842</u>
Total Transfers Primary Government			\$ <u>212,842</u>
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Deferred compensation, insurance, and retirement match	\$ <u>51,278</u>
Total Transfers Discretely Presented Stewart County School Department			\$ <u>51,278</u>

Exhibit J-4

Stewart County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 70,739	\$ 25,000	State Automobile Mutual Insurance Company
County Engineer	Section 8-24-102, <u>TCA</u>	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	89,644 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	57,751	888,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	57,751	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	57,751	25,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <u>TCA</u>	57,751	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,751	45,000	"
Register	Section 8-24-102, <u>TCA</u>	57,751	15,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	63,527 (2)	25,000	"
Employee Blanket Bonds:				
County Mayor and County Engineer:				
All Employees			150,000	Tennessee Risk Management Trust
Director of Schools:				
All Employees			150,000	"

(1) Includes chief executive officer training supplement of \$1,000.  
(2) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Stewart County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

	Special Revenue Funds			Debt Service Fund		Capital Projects Funds			Total
	General	Drug Control	Highway/ Public Works	Fund		General Capital Projects	Highway Capital Projects		
				General	Debt Service				
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 2,520,485	\$ 0	\$ 172,881	\$ 1,481,786	\$ 0	\$ 0	\$ 0	\$ 4,175,152	
Trustee's Collections - Prior Year	82,481	0	5,691	48,673	632	538	0	138,015	
Trustee's Collections - Bankruptcy	503	0	35	296	0	0	0	834	
Circuit/Clerk & Master Collections - Prior Years	34,966	0	2,320	19,526	263	0	0	57,075	
Interest and Penalty	14,887	0	1,026	8,780	84	82	0	24,859	
Payments in-Lieu-of Taxes - T.V.A.	892	0	61	525	0	0	0	1,478	
Payments in-Lieu-of Taxes - Other	62,332	0	0	34,172	465	0	0	96,969	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	384,743	0	0	0	0	0	0	384,743	
Hotel/Motel Tax	19,159	0	0	0	0	0	0	19,159	
Wheel Tax	0	0	0	418,387	0	0	0	418,387	
Litigation Tax - General	45,592	0	0	0	0	0	0	45,592	
Litigation Tax - Special Purpose	21,381	0	0	0	0	0	0	21,381	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	67,938	0	0	67,938	
Business Tax	12,141	0	0	450	0	0	0	12,591	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	1,249	0	86	735	0	0	0	2,070	
Wholesale Beer Tax	118,627	0	0	0	0	0	0	118,627	
Interstate Telecommunications Tax	921	0	0	0	0	0	0	921	
Total Local Taxes	\$ 3,320,359	\$ 0	\$ 182,100	\$ 2,013,330	\$ 69,382	\$ 620	\$ 0	\$ 5,585,791	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 2,626	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,626	
<u>Permits</u>									
Beer Permits	2,945	0	0	0	0	0	0	2,945	
Total Licenses and Permits	\$ 5,571	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,571	

(Continued)

Exhibit J-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	Highway/ Public Works	General	Debt Service	General	Capital Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 1,653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,653
Officers Costs	1,513	0	0	0	0	0	0	0	0	1,513
Jail Fees	3,600	0	0	0	0	0	0	0	0	3,600
Data Entry Fee - Circuit Court	142	0	0	0	0	0	0	0	0	142
<u>Criminal Court</u>										
Drug Control Fines	0	95	0	0	0	0	0	0	0	95
DUI Treatment Fines	806	0	0	0	0	0	0	0	0	806
<u>General Sessions Court</u>										
Fines	10,959	0	0	0	0	0	0	0	0	10,959
Officers Costs	19,701	0	0	0	0	0	0	0	0	19,701
Game and Fish Fines	527	0	0	0	0	0	0	0	0	527
Drug Control Fines	0	1,292	0	0	0	0	0	0	0	1,292
Jail Fees	3,671	0	0	0	0	0	2,470	0	0	6,141
DUI Treatment Fines	2,932	0	0	0	0	0	0	0	0	2,932
Data Entry Fee - General Sessions Court	2,935	0	0	0	0	0	0	0	0	2,935
Courtroom Security Fee	8	0	0	0	0	0	0	0	0	8
<u>Juvenile Court</u>										
Fines	144	0	0	0	0	0	0	0	0	144
Officers Costs	1,478	0	0	0	0	0	0	0	0	1,478
<u>Chancery Court</u>										
Officers Costs	510	0	0	0	0	0	0	0	0	510
Data Entry Fee - Chancery Court	728	0	0	0	0	0	0	0	0	728
Courtroom Security Fee	19	0	0	0	0	0	0	0	0	19
<u>Other Fines, Forfeitures, and Penalties</u>										
Other Fines, Forfeitures, and Penalties	5,518	0	0	0	0	0	0	0	0	5,518
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 56,844</b>	<b>\$ 1,387</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,470</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 60,701</b>

(Continued)

Exhibit J-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		
				General	Debt Service				
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	\$ 714,289	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 714,289
Work Release Charges for Board Fees	195	0	0	0	0	0	0	0	195
Copy Fees	71	0	0	0	0	0	0	0	71
Telephone Commissions	4,910	0	0	0	0	0	0	0	4,910
Data Processing Fee - Register	4,882	0	0	0	0	0	0	0	4,882
Probation Fees	270	0	0	0	0	0	0	0	270
Data Processing Fee - Sheriff	2,163	0	0	0	0	0	0	0	2,163
Sexual Offender Registration Fees - Sheriff	1,000	0	0	0	0	0	0	0	1,000
Data Processing Fee - County Clerk	704	0	0	0	0	0	0	0	704
Other Charges for Services	0	0	3,551	0	0	0	0	0	3,551
Other Charges for Current Services	\$ 728,484	\$ 0	\$ 3,551	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 732,035
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Lease/Rentals	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000
Sale of Materials and Supplies	823	0	0	0	0	0	0	0	823
Commissary Sales	2,981	0	0	0	0	0	0	0	2,981
Sale of Gasoline	0	0	15,864	0	0	0	0	0	15,864
Miscellaneous Refunds	8,746	0	30,676	219	0	0	0	0	39,641
<u>Nonrecurring Items</u>									
Sale of Equipment	18,462	0	0	0	0	0	0	0	18,462
Sale of Property	18,000	0	0	0	0	0	0	0	18,000
Damages Recovered from Individuals	33	0	0	0	0	0	0	0	33
Performance Bond Forfeitures	2,500	0	0	0	0	0	0	0	2,500
Total Other Local Revenues	\$ 54,545	\$ 0	\$ 46,540	\$ 219	\$ 0	\$ 0	\$ 0	\$ 0	\$ 101,304

(Continued)

Exhibit J-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>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$ 118,760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 118,760
Circuit Court Clerk	30,007	0	0	0	0	0	0	0	30,007
General Sessions Court Clerk	93,249	0	0	0	0	0	0	0	93,249
Clerk and Master	51,923	0	0	0	0	0	0	0	51,923
Register	57,227	0	0	0	0	0	0	0	57,227
Sheriff	4,293	0	0	0	0	0	0	0	4,293
Trustee	200,542	0	0	0	0	0	0	0	200,542
<b>Total Fees Received from County Officials</b>	<b>\$ 556,001</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 556,001</b>

<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 22,057	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,057
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	8,400	0	0	0	0	0	0	0	8,400
<u>Health and Welfare Grants</u>									
Health Department Programs	243,010	0	0	0	0	0	0	0	243,010
<u>Public Works Grants</u>									
State Aid Program	0	0	202,567	0	0	0	0	0	202,567
Litter Program	41,210	0	0	0	0	0	0	0	41,210
<u>Other State Revenues</u>									
Flood Control	1,220	0	0	0	0	0	0	0	1,220
Income Tax	23,090	0	0	0	0	0	0	0	23,090
Resort District Sales Tax	124,022	0	0	0	0	0	0	0	124,022
Beer Tax	17,778	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	33,467	0	0	0	0	0	0	0	33,467
Mixed Drink Tax	1,682	0	0	0	0	0	0	0	1,682
State Revenue Sharing - T.V.A.	793,202	0	71,238	0	0	0	0	0	864,440
Contracted Prisoner Boarding	31,045	0	0	0	0	0	0	0	31,045

(Continued)

Exhibit J-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		General Capital Projects	Highway Capital Projects		
				Debt Service					
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues (Cont.)</u>									
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 1,556,168	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,556,168	
Petroleum Special Tax	0	0	9,934	0	0	0	0	9,934	
Reappraisal Program Reimbursement	5,945	0	0	0	0	0	0	5,945	
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380	
Other State Grants	6,378	0	0	0	0	0	0	6,378	
Other State Revenues	60,700	0	0	0	0	0	0	60,700	
Total State of Tennessee	\$ 1,429,586	\$ 0	\$ 1,839,907	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,269,493	
<u>Federal Government</u>									
<u>Federal Through State</u>									
ARRA Grant No. 1	\$ 749,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 749,680	
ARRA Grant No. 2	403	0	0	0	0	0	0	403	
ARRA Grant No. 3	349,575	0	0	0	0	0	0	349,575	
Other Federal through State	106,408	0	0	0	0	0	0	106,408	
<u>Direct Federal Revenue</u>									
Police Service (Lake Area)	10,504	0	0	0	0	0	0	10,504	
Forest Service	47,993	0	0	0	0	0	0	47,993	
Other Direct Federal Revenue	1,000	0	0	0	0	0	0	1,000	
Total Federal Government	\$ 1,265,563	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,265,563	
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 152,384	\$ 0	\$ 0	\$ 279,197	\$ 0	\$ 0	\$ 0	\$ 431,581	
Contracted Services	21,531	0	0	0	0	0	0	21,531	
<u>Citizens Groups</u>									
Donations	5,895	0	0	0	0	0	0	5,895	
Total Other Governments and Citizens Groups	\$ 179,810	\$ 0	\$ 0	\$ 279,197	\$ 0	\$ 0	\$ 0	\$ 459,007	
Total	\$ 7,596,763	\$ 1,387	\$ 2,072,098	\$ 2,292,746	\$ 71,852	\$ 620	\$ 12,035,466		

Exhibit J-6

Stewart County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 765,598	\$ 0	\$ 0	\$ 0	\$ 765,598
Trustee's Collections - Prior Year	20,234	0	0	5,059	25,293
Trustee's Collections - Bankruptcy	153	0	0	0	153
Circuit/Clerk & Master Collections - Prior Years	7,951	0	0	2,095	10,046
Interest and Penalty	3,882	0	0	674	4,556
Payments in-Lieu-of Taxes - T.V.A.	271	0	0	0	271
Payments in-Lieu-of Taxes - Other	12,339	0	0	0	12,339
<u>County Local Option Taxes</u>					
Local Option Sales Tax	688,277	0	0	0	688,277
Business Tax	36,579	0	0	0	36,579
<u>Statutory Local Taxes</u>					
Bank Excise Tax	380	0	0	0	380
Interstate Telecommunications Tax	1,074	0	0	0	1,074
Total Local Taxes	\$ 1,536,738	\$ 0	\$ 0	\$ 7,828	\$ 1,544,566
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 625	\$ 0	\$ 0	\$ 0	\$ 625
Total Licenses and Permits	\$ 625	\$ 0	\$ 0	\$ 0	\$ 625
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 1,090	\$ 0	\$ 0	\$ 0	\$ 1,090
Lunch Payments - Children	0	0	194,202	0	194,202
Lunch Payments - Adults	0	0	23,835	0	23,835
Income from Breakfast	0	0	21,195	0	21,195
A la carte Sales	0	0	142,997	0	142,997
Receipts from Individual Schools	17,488	0	44,153	0	61,641
<u>Other Charges for Services</u>					
Other Charges for Services	36,497	0	0	0	36,497
Total Charges for Current Services	\$ 55,075	\$ 0	\$ 426,382	\$ 0	\$ 481,457
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 72,379	\$ 0	\$ 3,879	\$ 0	\$ 76,258
Miscellaneous Refunds	36,271	0	25,601	0	61,872
<u>Other Local Revenues</u>					
Other Local Revenues	62	0	0	0	62
Total Other Local Revenues	\$ 108,712	\$ 0	\$ 29,480	\$ 0	\$ 138,192
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 51,783	\$ 0	\$ 0	\$ 0	\$ 51,783
<u>State Education Funds</u>					
Basic Education Program	10,572,100	0	0	0	10,572,100
Basic Education Program - ARRA	410,900	0	0	0	410,900
Early Childhood Education	465,657	0	0	0	465,657
School Food Service	0	0	12,552	0	12,552

(Continued)

Exhibit J-6

Stewart County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented 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	\$ 26,528	\$ 0	\$ 0	\$ 0	\$ 26,528
Coordinated School Health - ARRA	130,000	0	0	0	130,000
Internet Connectivity - ARRA	6,439	0	0	0	6,439
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	5,624	0	0	0	5,624
Career Ladder Program	104,932	0	0	0	104,932
Career Ladder - Extended Contract - ARRA	51,841	0	0	0	51,841
<u>Other State Revenues</u>					
Mixed Drink Tax	1,682	0	0	0	1,682
State Revenue Sharing - T.V.A.	1,672,209	0	0	0	1,672,209
Safe Schools - ARRA	7,100	0	0	0	7,100
Total State of Tennessee	\$ 13,540,095	\$ 0	\$ 12,552	\$ 0	\$ 13,552,647
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 447,041	\$ 0	\$ 447,041
Breakfast	0	0	193,899	0	193,899
Adult Education State Grant Program	76,787	0	0	0	76,787
Vocational Education - Basic Grants to States	0	34,009	0	0	34,009
Title I Grants to Local Education Agencies	0	440,724	0	0	440,724
Special Education - Grants to States	0	991,224	0	0	991,224
Special Education Preschool Grants	0	26,901	0	0	26,901
Safe and Drug-free Schools - State Grants	0	6,847	0	0	6,847
Eisenhower Professional Development State Grants	0	101,556	0	0	101,556
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	121,736	0	0	0	121,736
Other Direct Federal Revenue	214,441	0	0	0	214,441
Total Federal Government	\$ 412,964	\$ 1,601,261	\$ 640,940	\$ 0	\$ 2,655,165
Total	\$ 15,654,209	\$ 1,601,261	\$ 1,109,354	\$ 7,828	\$ 18,372,652

Exhibit J-7

Stewart County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	19,539	
Social Security		1,211	
Employer Medicare		283	
Audit Services		3,711	
Dues and Memberships		1,700	
Total County Commission			\$ 26,444

County Mayor/Executive

County Official/Administrative Officer	\$	70,739	
Secretary(ies)		23,225	
Longevity Pay		400	
Overtime Pay		2,736	
Social Security		6,020	
State Retirement		10,898	
Life Insurance		185	
Unemployment Compensation		72	
Employer Medicare		1,408	
Communication		3,639	
Data Processing Services		9,432	
Dues and Memberships		1,655	
Maintenance Agreements		190	
Postal Charges		2,514	
Rentals		77	
Travel		4,244	
Office Supplies		3,484	
Premiums on Corporate Surety Bonds		114	
Other Charges		439	
Office Equipment		3,044	
Total County Mayor/Executive			144,515

Election Commission

County Official/Administrative Officer	\$	51,976	
Part-time Personnel		8,879	
Election Commission		800	
Social Security		3,773	
State Retirement		6,484	
Life Insurance		95	
Unemployment Compensation		55	
Employer Medicare		882	
Communication		2,348	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Data Processing Services	\$	8,950	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		772	
Maintenance and Repair Services - Office Equipment		160	
Medical and Dental Services		48	
Postal Charges		616	
Printing, Stationery, and Forms		1,157	
Rentals		462	
Travel		1,295	
Office Supplies		380	
Office Equipment		295	
Voting Machines		2,000	
Total Election Commission			\$ 91,477

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Accountants/Bookkeepers		26,072	
Temporary Personnel		180	
Longevity Pay		900	
Social Security		5,130	
State Retirement		9,447	
Employee and Dependent Insurance		4,740	
Life Insurance		189	
Medical Insurance		63	
Dental Insurance		261	
Unemployment Compensation		74	
Employer Medicare		1,200	
Communication		1,758	
Dues and Memberships		598	
Operating Lease Payments		6,262	
Postal Charges		410	
Travel		643	
Duplicating Supplies		1,448	
Office Supplies		1,363	
Total Register of Deeds			118,489

Geographical Information Systems

Part-time Personnel	\$	10,000
Social Security		620
Unemployment Compensation		86

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Employer Medicare	\$ 145	
Total Geographical Information Systems		\$ 10,851

County Buildings

Custodial Personnel	\$ 36,137	
Maintenance Personnel	30,187	
Longevity Pay	1,000	
Social Security	4,034	
State Retirement	3,402	
Employee and Dependent Insurance	4,737	
Life Insurance	251	
Medical Insurance	149	
Dental Insurance	259	
Unemployment Compensation	204	
Employer Medicare	943	
Communication	1,499	
Contracts with Private Agencies	2,855	
Janitorial Services	3,234	
Maintenance Agreements	10,270	
Maintenance and Repair Services - Buildings	34,063	
Maintenance and Repair Services - Vehicles	2,280	
Medical and Dental Services	48	
Pest Control	2,334	
Rentals	455	
Permits	100	
Custodial Supplies	4,286	
Electricity	45,159	
Gasoline	2,569	
Road Signs	100	
Water and Sewer	4,651	
Other Charges	72	
Principal on Notes	2,564	
Interest on Notes	9,268	
Maintenance Equipment	1,193	
Total County Buildings		208,303

Other General Administration

Accounting Services	\$ 285
Contracts with Private Agencies	150
Operating Lease Payments	8,464

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Legal Services	\$	13,200	
Legal Notices, Recording, and Court Costs		6,602	
Medical and Dental Services		48	
Penalties		1,207	
Duplicating Supplies		450	
Other Charges		7,187	
Total Other General Administration			\$ 37,593

Preservation of Records

Operating Lease Payments	\$	299	
Maintenance Agreements		190	
Postal Charges		186	
Office Supplies		2,085	
Office Equipment		1,770	
Total Preservation of Records			4,530

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	46,060	
Longevity Pay		550	
Overtime Pay		207	
Social Security		2,730	
State Retirement		5,025	
Employee and Dependent Insurance		6,987	
Life Insurance		59	
Dental Insurance		65	
Unemployment Compensation		144	
Employer Medicare		638	
Total Accounting and Budgeting			62,465

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		27,534	
Clerical Personnel		26,072	
Longevity Pay		1,950	
Board and Committee Members Fees		470	
Social Security		6,775	
State Retirement		12,550	
Employee and Dependent Insurance		9,479	
Life Insurance		284	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Medical Insurance	\$	132	
Dental Insurance		392	
Unemployment Compensation		144	
Employer Medicare		1,584	
Communication		2,107	
Contracts with Private Agencies		4,900	
Data Processing Services		3,660	
Dues and Memberships		1,058	
Operating Lease Payments		522	
Postal Charges		597	
Travel		1,986	
Office Supplies		647	
Office Equipment		176	
Total Property Assessor's Office			\$ 160,770

Reappraisal Program

Assessment Personnel	\$	22,074	
Part-time Personnel		8,160	
Longevity Pay		450	
Social Security		1,637	
State Retirement		2,637	
Employee and Dependent Insurance		11,833	
Life Insurance		95	
Medical Insurance		63	
Unemployment Compensation		129	
Employer Medicare		383	
Data Processing Services		2,063	
Maintenance and Repair Services - Vehicles		1,044	
Postal Charges		491	
Printing, Stationery, and Forms		530	
Travel		193	
Gasoline		348	
Office Supplies		196	
Other Charges		19	
Total Reappraisal Program			52,345

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		65,817	
Longevity Pay		1,400	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Overtime Pay	\$	708	
Social Security		7,424	
State Retirement		10,862	
Employee and Dependent Insurance		16,572	
Life Insurance		378	
Medical Insurance		190	
Dental Insurance		248	
Unemployment Compensation		217	
Local Retirement		865	
Employer Medicare		1,736	
Communication		2,966	
Data Processing Services		12,373	
Dues and Memberships		393	
Operating Lease Payments		2,367	
Postal Charges		4,800	
Rentals		45	
Travel		1,568	
Data Processing Supplies		1,640	
Office Supplies		1,761	
Office Equipment		8,267	
Total County Trustee's Office			\$ 200,348

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		94,400	
Longevity Pay		2,650	
Social Security		9,354	
State Retirement		17,148	
Employee and Dependent Insurance		9,479	
Life Insurance		440	
Medical Insurance		161	
Dental Insurance		301	
Unemployment Compensation		288	
Employer Medicare		2,188	
Communication		2,645	
Dues and Memberships		483	
Postal Charges		3,500	
Travel		484	
Office Supplies		2,914	
Office Equipment		1,508	
Total County Clerk's Office			205,694

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		25,058	
Longevity Pay		800	
Jury and Witness Expense		12,576	
Social Security		5,093	
State Retirement		9,333	
Employee and Dependent Insurance		4,494	
Life Insurance		183	
Unemployment Compensation		131	
Employer Medicare		1,191	
Communication		2,414	
Data Processing Services		3,470	
Dues and Memberships		443	
Operating Lease Payments		2,211	
Maintenance and Repair Services - Equipment		108	
Maintenance and Repair Services - Office Equipment		237	
Postal Charges		1,484	
Printing, Stationery, and Forms		824	
Food Supplies		84	
Office Supplies		1,761	
Office Equipment		252	
Total Circuit Court			\$ 129,898

General Sessions Judge

Judge(s)	\$	79,312	
Social Security		4,917	
State Retirement		8,939	
Life Insurance		95	
Employer Medicare		1,150	
Communication		6	
Dues and Memberships		830	
Maintenance and Repair Services - Office Equipment		386	
Travel		2,787	
Office Supplies		191	
Total General Sessions Judge			98,613

General Sessions Court Clerk

Deputy(ies)	\$	61,747
Longevity Pay		1,950
Overtime Pay		3,023

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court Clerk (Cont.)

Other Per Diem and Fees	\$	8,447	
Social Security		4,673	
State Retirement		4,103	
Employee and Dependent Insurance		245	
Life Insurance		263	
Dental Insurance		223	
Unemployment Compensation		299	
Local Retirement		724	
Employer Medicare		1,093	
Communication		1,901	
Data Processing Services		2,276	
Operating Lease Payments		903	
Postal Charges		1,532	
Printing, Stationery, and Forms		414	
Travel		64	
Office Supplies		1,198	
Other Charges		15	
Office Equipment		1,440	
Total General Sessions Court Clerk			\$ 96,533

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,225	
Longevity Pay		550	
Social Security		4,787	
State Retirement		9,126	
Employee and Dependent Insurance		11,833	
Life Insurance		189	
Medical Insurance		63	
Dental Insurance		131	
Unemployment Compensation		72	
Employer Medicare		1,120	
Communication		1,803	
Data Processing Services		6,179	
Dues and Memberships		463	
Postal Charges		3,058	
Travel		626	
Office Supplies		2,344	
Office Equipment		446	
Total Chancery Court			123,766

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Probation Officer(s)	\$	24,253	
Youth Service Officer(s)		35,007	
Longevity Pay		450	
Social Security		3,242	
State Retirement		6,679	
Employee and Dependent Insurance		16,765	
Life Insurance		189	
Medical Insurance		63	
Dental Insurance		131	
Unemployment Compensation		144	
Employer Medicare		758	
Communication		4,847	
Contracts with Government Agencies		4,309	
Contracts with Private Agencies		1,320	
Dues and Memberships		60	
Operating Lease Payments		3,459	
Maintenance Agreements		190	
Maintenance and Repair Services - Equipment		75	
Maintenance and Repair Services - Vehicles		670	
Postal Charges		300	
Travel		1,634	
Food Supplies		85	
Office Supplies		3,693	
Other Charges		63	
Office Equipment		3,789	
Total Juvenile Court			\$ 112,175

District Attorney General

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

Other Administration of Justice

Youth Service Officer(s)	\$	26,021	
Longevity Pay		250	
Overtime Pay		829	
Social Security		1,361	
State Retirement		3,026	
Employee and Dependent Insurance		11,833	
Life Insurance		95	
Medical Insurance		63	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Dental Insurance	\$	131	
Unemployment Compensation		72	
Employer Medicare		318	
Dues and Memberships		30	
Travel		125	
Total Other Administration of Justice			\$ 44,154

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527
Supervisor/Director		37,710
Deputy(ies)		274,363
Investigator(s)		28,475
Lieutenant(s)		31,970
Sergeant(s)		60,112
Salary Supplements		8,400
Dispatchers/Radio Operators		164,733
Part-time Personnel		21,262
School Resource Officer		74,526
Longevity Pay		6,650
Overtime Pay		41,631
Other Salaries and Wages		8,136
In-Service Training		1,104
Social Security		46,464
State Retirement		58,224
Employee and Dependent Insurance		167,959
Life Insurance		2,311
Medical Insurance		664
Dental Insurance		2,075
Unemployment Compensation		2,540
Employer Medicare		10,916
Communication		9,074
Contracts with Private Agencies		1,750
Data Processing Services		3,320
Dues and Memberships		1,734
Operating Lease Payments		2,603
Licenses		35
Maintenance Agreements		495
Maintenance and Repair Services - Buildings		2,019
Maintenance and Repair Services - Equipment		1,535

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Office Equipment	\$	4	
Maintenance and Repair Services - Vehicles		47,300	
Medical and Dental Services		767	
Postal Charges		1,318	
Tow-in Services		1,445	
Travel		3,655	
Custodial Supplies		1,725	
Diesel Fuel		22	
Electricity		8,787	
Gasoline		57,202	
Law Enforcement Supplies		5,244	
Office Supplies		4,739	
Propane Gas		1,450	
Tires and Tubes		6,459	
Uniforms		7,031	
Water and Sewer		994	
Other Charges		3,840	
Law Enforcement Equipment		5,968	
Motor Vehicles		49,000	
Office Equipment		13,297	
Other Equipment		11,254	
Total Sheriff's Department			\$ 1,367,818

Jail

Supervisor/Director	\$	33,197
Guards		250,971
Longevity Pay		2,100
Overtime Pay		9,815
In-Service Training		290
Social Security		17,409
State Retirement		15,696
Employee and Dependent Insurance		37,882
Life Insurance		973
Medical Insurance		261
Dental Insurance		924
Unemployment Compensation		1,048
Employer Medicare		4,071
Contracts with Private Agencies		50,658
Operating Lease Payments		959
Maintenance Agreements		1,620

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance and Repair Services - Buildings	\$	4,799	
Maintenance and Repair Services - Equipment		1,296	
Medical and Dental Services		12,891	
Travel		1,240	
Custodial Supplies		3,225	
Drugs and Medical Supplies		1,886	
Electricity		14,820	
Food Supplies		94,990	
Office Supplies		2,197	
Prisoners Clothing		956	
Uniforms		2,437	
Water and Sewer		8,828	
Other Charges		3,669	
Office Equipment		3,842	
Other Equipment		3,055	
Total Jail			\$ 588,005

Fire Prevention and Control

Contributions	\$	75,000	
Total Fire Prevention and Control			75,000

Rescue Squad

Contributions	\$	6,000	
Total Rescue Squad			6,000

Other Emergency Management

Supervisor/Director	\$	31,076	
Part-time Personnel		2,000	
Longevity Pay		450	
Overtime Pay		1,479	
Social Security		1,903	
State Retirement		3,894	
Employee and Dependent Insurance		11,833	
Life Insurance		95	
Unemployment Compensation		77	
Employer Medicare		445	
Communication		2,328	
Licenses		181	
Maintenance and Repair Services - Buildings		1,602	
Maintenance and Repair Services - Equipment		5,022	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Maintenance and Repair Services - Vehicles	\$	2,413	
Rentals		431	
Travel		224	
Other Contracted Services		2,085	
Crushed Stone		3,960	
Food Supplies		1,828	
Gasoline		1,544	
Riprap		2,811	
Office Supplies		178	
Pipe		10,012	
Tires and Tubes		625	
Uniforms		454	
Other Charges		6,728	
Communication Equipment		325	
Maintenance Equipment		1,348	
Office Equipment		2,007	
Other Equipment		14,460	
Total Other Emergency Management			\$ 113,818

County Coroner/Medical Examiner

Other Salaries and Wages	\$	2,887	
Social Security		178	
State Retirement		325	
Unemployment Compensation		4	
Employer Medicare		42	
Medical and Dental Services		21,955	
Other Contracted Services		5,000	
Total County Coroner/Medical Examiner			30,391

Other Public Safety

Remittance of Revenue Collected	\$	7,206	
Total Other Public Safety			7,206

Public Health and Welfare

Local Health Center

Advertising	\$	89	
Communication		1,558	
Dues and Memberships		235	
Engineering Services		1,500	
Maintenance and Repair Services - Buildings		33,527	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Postal Charges	\$	76	
Rentals		2,050	
Other Contracted Services		9,245	
Drugs and Medical Supplies		2,094	
Food Supplies		158	
Office Supplies		1,891	
Uniforms		527	
Office Equipment		<u>1,688</u>	
Total Local Health Center	\$		54,638

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,089
Medical Personnel		449,162
Secretary(ies)		24,750
Longevity Pay		4,650
Overtime Pay		224,685
Other Salaries and Wages		3,600
In-Service Training		530
Social Security		43,301
State Retirement		47,730
Employee and Dependent Insurance		133,064
Life Insurance		1,730
Medical Insurance		562
Dental Insurance		1,711
Unemployment Compensation		2,565
Employer Medicare		10,127
Communication		9,894
Dues and Memberships		285
Janitorial Services		90
Operating Lease Payments		3,009
Licenses		2,052
Maintenance Agreements		3,940
Maintenance and Repair Services - Buildings		4,457
Maintenance and Repair Services - Equipment		1,500
Maintenance and Repair Services - Vehicles		14,219
Medical and Dental Services		1,098
Postal Charges		3,112
Printing, Stationery, and Forms		1,314
Tow-in Services		1,255
Travel		1,963

(Continued)

Exhibit J-7

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.)

Disposal Fees	\$	4,766	
Custodial Supplies		425	
Diesel Fuel		27,890	
Drugs and Medical Supplies		36,540	
Electricity		15,926	
Gasoline		2,528	
Office Supplies		1,553	
Propane Gas		6,637	
Tires and Tubes		3,883	
Uniforms		4,420	
Water and Sewer		2,554	
Refunds		2,184	
Other Charges		1,007	
Principal on Capital Leases		1,309	
Interest on Capital Leases		94	
Communication Equipment		280	
Motor Vehicles		112,800	
Office Equipment		4,331	
Other Equipment		7,354	
Total Ambulance/Emergency Medical Services	\$		1,281,925

Waste Pickup

Temporary Personnel	\$	30,008	
Social Security		1,860	
Unemployment Compensation		209	
Employer Medicare		435	
Maintenance and Repair Services - Vehicles		118	
Medical and Dental Services		144	
Rentals		4,535	
Travel		288	
Disposal Fees		1,283	
Gasoline		913	
Instructional Supplies and Materials		4,274	
Other Supplies and Materials		472	
Total Waste Pickup			44,539

Other Public Health and Welfare

Data Processing Personnel	\$	12,956	
Medical Personnel		124,583	
Clerical Personnel		20,616	

(Continued)

Exhibit J-7

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.)

Custodial Personnel	\$	21,450	
Part-time Personnel		4,025	
Longevity Pay		800	
Overtime Pay		42	
Social Security		10,135	
State Retirement		10,375	
Employee and Dependent Insurance		20,536	
Life Insurance		410	
Medical Insurance		145	
Dental Insurance		287	
Unemployment Compensation		615	
Employer Medicare		2,370	
Advertising		57	
Contracts with Private Agencies		400	
Maintenance and Repair Services - Buildings		850	
Medical and Dental Services		96	
Travel		1,463	
Office Supplies		714	
Propane Gas		290	
Liability Insurance		1,368	
Heating and Air Conditioning Equipment		459	
Maintenance Equipment		5,418	
Health Equipment		<u>2,514</u>	
Total Other Public Health and Welfare			\$ 242,974

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	<u>12,000</u>	
Total Senior Citizens Assistance			12,000

Libraries

County Official/Administrative Officer	\$	36,588	
Assistant(s)		47,025	
Librarians		23,225	
Custodial Personnel		4,484	
Part-time Personnel		2,956	
Longevity Pay		2,550	
Overtime Pay		2,519	
Social Security		7,034	
State Retirement		8,338	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Employee and Dependent Insurance	\$	14,907	
Life Insurance		302	
Medical Insurance		222	
Dental Insurance		332	
Unemployment Compensation		434	
Employer Medicare		1,645	
Communication		4,754	
Contracts with Private Agencies		920	
Data Processing Services		1,170	
Dues and Memberships		465	
Janitorial Services		400	
Operating Lease Payments		7,280	
Maintenance Agreements		339	
Medical and Dental Services		96	
Postal Charges		2,200	
Travel		3,541	
Custodial Supplies		905	
Library Books/Media		10,339	
Office Supplies		5,412	
Periodicals		216	
Propane Gas		5,735	
Other Charges		130	
Office Equipment		4,699	
Total Libraries			\$ 201,162

Other Social, Cultural, and Recreational

Supervisor/Director	\$	19,868
Teachers		2,340
Paraprofessionals		28,264
Longevity Pay		550
Social Security		3,135
State Retirement		2,239
Life Insurance		95
Unemployment Compensation		329
Employer Medicare		733
Communication		331
Dues and Memberships		35
Travel		1,833
Food Supplies		3,402
Instructional Supplies and Materials		5,590

(Continued)

Exhibit J-7

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 (Cont.)

Liability Insurance	\$	362	
Workers' Compensation Insurance		500	
Other Charges		262	
		<hr/>	
Total Other Social, Cultural, and Recreational	\$		69,868

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	48,532	
Communication		1,798	
Contributions		2,500	
Dues and Memberships		500	
Office Equipment		2,000	
		<hr/>	
Total Agriculture Extension Service			55,330

Soil Conservation

Secretary(ies)	\$	21,450	
Longevity Pay		500	
Social Security		1,337	
State Retirement		2,418	
Life Insurance		95	
Dental Insurance		131	
Unemployment Compensation		72	
Employer Medicare		313	
		<hr/>	
Total Soil Conservation			26,316

Other Operations

Tourism

Supervisor/Director	\$	6,042	
Advertising		2,124	
Architects		12,342	
Consultants		2,500	
Contributions		16,000	
Engineering Services		27,863	
Legal Notices, Recording, and Court Costs		576	
Maintenance and Repair Services - Buildings		5,505	
Travel		2,256	
Food Supplies		220	
Liability Insurance		1,780	
Building Construction		92,300	
Office Equipment		13,305	
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Total Tourism			182,813

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Advertising	\$	147	
Travel		117	
Other Supplies and Materials		1,718	
Other Charges		876	
Total Other Economic and Community Development			\$ 2,858

Veterans' Services

Supervisor/Director	\$	33,166	
Part-time Personnel		13,539	
Longevity Pay		300	
Social Security		2,902	
State Retirement		3,738	
Life Insurance		189	
Medical Insurance		63	
Dental Insurance		131	
Unemployment Compensation		141	
Employer Medicare		679	
Communication		3,621	
Dues and Memberships		235	
Maintenance Agreements		672	
Maintenance and Repair Services - Office Equipment		250	
Postal Charges		484	
Travel		1,830	
Office Supplies		1,567	
Office Equipment		612	
Total Veterans' Services			64,119

Other Charges

Remittance of Revenue Collected	\$	1,684	
Liability Insurance		58,411	
Premiums on Corporate Surety Bonds		50	
Trustee's Commission		73,428	
Workers' Compensation Insurance		41,877	
Total Other Charges			175,450

ARRA Grant No. 1

Building Construction	\$	844,079	
Total ARRA Grant No. 1			844,079

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 2

Furniture and Fixtures	\$ 403	
Total ARRA Grant No. 2		\$ 403

ARRA Grant No. 3

Architects	\$ 15,674	
Health Equipment	14,400	
Total ARRA Grant No. 3		30,074

Miscellaneous

Contributions	\$ 84,431	
Dues and Memberships	6,562	
Total Miscellaneous		90,993

Total General Fund		\$ 7,499,327
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Drug Control Fund

Other Operations

Other Charges

Trustee's Commission	\$ 14	
Total Other Charges		\$ 14

Total Drug Control Fund		14
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527
Accountants/Bookkeepers	11,192
Secretary(ies)	29,079
Advertising	624
Communication	2,107
Data Processing Services	5,023
Dues and Memberships	2,486
Freight Expenses	26
Postal Charges	252
Printing, Stationery, and Forms	649
Travel	1,013
Other Contracted Services	414
Electricity	3,708
Office Supplies	943

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Water and Sewer	\$	236	
Other Charges		349	
Total Administration			\$ 121,628

Highway and Bridge Maintenance

Foremen	\$	99,652	
Equipment Operators - Heavy		222,200	
Equipment Operators - Light		69,975	
Truck Drivers		163,932	
Laborers		93,473	
Explosive and Drilling Services		1,335	
Freight Expenses		200	
Rentals		2,531	
Asphalt - Hot Mix		90,932	
Asphalt - Liquid		59,020	
Concrete		2,284	
Crushed Stone		140,852	
Ice		586	
Pipe - Metal		11,988	
Road Signs		2,071	
Salt		12,129	
Structural Steel		553	
Wood Products		1,601	
Total Highway and Bridge Maintenance			975,314

Operation and Maintenance of Equipment

Foremen	\$	41,455	
Laborers		32,996	
Freight Expenses		754	
Laundry Service		2,939	
Rentals		1,778	
Disposal Fees		3,452	
Other Contracted Services		500	
Diesel Fuel		66,547	
Equipment and Machinery Parts		39,377	
Garage Supplies		10,205	
Gasoline		41,027	
Lubricants		7,290	
Propane Gas		5,190	
Tires and Tubes		14,012	
Total Operation and Maintenance of Equipment			267,522

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Building and Contents Insurance	\$	1,905	
Liability Insurance		29,919	
Trustee's Commission		19,912	
Vehicle and Equipment Insurance		16,820	
Workers' Compensation Insurance		42,817	
Other Charges		406	
Total Other Charges			\$ 111,779

Employee Benefits

Longevity Pay	\$	21,700	
Social Security		49,009	
State Retirement		79,525	
Employee and Dependent Insurance		992	
Life Insurance		2,423	
Medical Insurance		163,222	
Dental Insurance		1,793	
Unemployment Compensation		8,709	
Local Retirement		1,410	
Employer Medicare		11,462	
Total Employee Benefits			340,245

Capital Outlay

Highway Equipment	\$	6,990	
Office Equipment		130	
State Aid Projects		231,022	
Total Capital Outlay			238,142

Principal on Debt

Highways and Streets

Principal on Notes	\$	66,667	
Total Highways and Streets			66,667

Interest on Debt

Highways and Streets

Interest on Notes	\$	9,716	
Total Highways and Streets			9,716

Total Highway/Public Works Fund \$ 2,131,013

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Bonds	\$	16,000	
Principal on Notes		<u>71,250</u>	
Total General Government	\$		87,250
<u>Education</u>			
Principal on Bonds	\$	1,380,000	
Principal on Notes		<u>48,750</u>	
Total Education			1,428,750
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	6,800	
Interest on Notes		<u>34,978</u>	
Total General Government			41,778
<u>Education</u>			
Interest on Bonds	\$	956,597	
Interest on Notes		<u>23,932</u>	
Total Education			980,529
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	<u>38,729</u>	
Total General Government			38,729
<u>Education</u>			
Other Debt Service	\$	<u>1,850</u>	
Total Education			<u>1,850</u>
Total General Debt Service Fund			\$ 2,578,886
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Trustee's Commission	\$	710	
Land		<u>18,173</u>	
Total Public Safety Projects			<u>\$ 18,883</u>
Total General Capital Projects Fund			18,883
<u>Highway Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>4</u>	
Total Other Charges			<u>\$ 4</u>
Total Highway Capital Projects Fund			<u>4</u>
Total Governmental Funds - Primary Government			<u>\$ 12,228,127</u>

Exhibit J-8

Stewart County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,392,800	
Career Ladder Program		49,000	
Career Ladder Extended Contracts		54,500	
Homebound Teachers		37,575	
Educational Assistants		237,025	
Other Salaries and Wages		11,150	
Non-certified Substitute Teachers		196,256	
Social Security		309,144	
State Retirement		338,856	
Medical Insurance		651,403	
Unemployment Compensation		4,396	
Employer Medicare		72,461	
Other Fringe Benefits		71	
Other Contracted Services		2,100	
Instructional Supplies and Materials		58,337	
Textbooks		192,518	
Other Supplies and Materials		94,298	
Fee Waivers		1,612	
Other Charges		1,890	
Regular Instruction Equipment		155,396	
Total Regular Instruction Program			\$ 6,860,788

Alternative Instruction Program

Teachers	\$	41,861	
Educational Assistants		12,402	
Social Security		769	
State Retirement		1,398	
Unemployment Compensation		52	
Employer Medicare		787	
Instructional Supplies and Materials		3,131	
Other Supplies and Materials		402	
Other Equipment		99	
Total Alternative Instruction Program			60,901

Special Education Program

Teachers	\$	438,939	
Career Ladder Program		14,000	
Educational Assistants		11,933	
Social Security		27,362	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)  
Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	29,079	
Medical Insurance		79,497	
Unemployment Compensation		269	
Employer Medicare		6,399	
Other Fringe Benefits		358	
Total Special Education Program			\$ 607,836

Vocational Education Program

Teachers	\$	441,212	
Career Ladder Program		7,000	
Educational Assistants		10,764	
Social Security		25,236	
State Retirement		27,929	
Medical Insurance		67,871	
Unemployment Compensation		278	
Employer Medicare		5,902	
Instructional Supplies and Materials		27,242	
Total Vocational Education Program			613,434

Adult Education Program

Teachers	\$	35,640	
Paraprofessionals		19,018	
Social Security		1,269	
State Retirement		191	
Medical Insurance		4,764	
Unemployment Compensation		28	
Employer Medicare		297	
Total Adult Education Program			61,207

Support Services

Attendance

Supervisor/Director	\$	53,460	
Career Ladder Program		1,000	
Social Security		3,231	
State Retirement		3,496	
Medical Insurance		9,380	
Unemployment Compensation		28	
Employer Medicare		756	
Travel		1,548	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Attendance (Cont.)

Other Supplies and Materials	\$	5,287	
In Service/Staff Development		791	
Attendance Equipment		410	
Total Attendance			\$ 79,387

Health Services

Supervisor/Director	\$	55,987	
Medical Personnel		101,208	
Other Salaries and Wages		61,424	
Social Security		13,015	
State Retirement		16,868	
Medical Insurance		25,272	
Unemployment Compensation		199	
Employer Medicare		3,044	
Travel		14,041	
Other Contracted Services		188,453	
Drugs and Medical Supplies		4,588	
Food Supplies		1,027	
Other Supplies and Materials		17,911	
In Service/Staff Development		220	
Other Charges		2,812	
Health Equipment		4,748	
Total Health Services			510,817

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		274,249	
Secretary(ies)		17,217	
School Resource Officer		26,494	
Other Salaries and Wages		11,620	
Social Security		14,125	
State Retirement		14,843	
Medical Insurance		4,876	
Unemployment Compensation		187	
Employer Medicare		3,724	
Evaluation and Testing		22,447	
Travel		36	
Other Contracted Services		5,400	
Other Supplies and Materials		19,971	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

In Service/Staff Development	\$ 60	
Total Other Student Support		\$ 418,249

Regular Instruction Program

Supervisor/Director	\$ 130,520	
Career Ladder Program	6,000	
Librarians	185,328	
Secretary(ies)	29,736	
Educational Assistants	46,461	
Social Security	23,382	
State Retirement	27,952	
Medical Insurance	60,187	
Unemployment Compensation	320	
Employer Medicare	5,468	
Other Fringe Benefits	115	
Consultants	2,575	
Travel	9,139	
Other Contracted Services	2,000	
Library Books/Media	11,489	
Other Supplies and Materials	179	
In Service/Staff Development	9,653	
Other Charges	690	
Total Regular Instruction Program		551,194

Special Education Program

Supervisor/Director	\$ 38,492	
Career Ladder Program	3,000	
Psychological Personnel	41,472	
Secretary(ies)	23,005	
Social Security	6,291	
State Retirement	7,919	
Medical Insurance	11,329	
Unemployment Compensation	69	
Employer Medicare	1,471	
Travel	1,137	
Other Supplies and Materials	820	
Total Special Education Program		135,005

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Vocational Education Program

Travel	\$ 4,379	
Total Vocational Education Program		\$ 4,379

Adult Programs

Supervisor/Director	\$ 54,370	
Social Security	3,183	
State Retirement	6,128	
Medical Insurance	10,350	
Unemployment Compensation	28	
Employer Medicare	744	
Other Supplies and Materials	839	
Other Charges	2,389	
Total Adult Programs		78,031

Other Programs

On-Behalf Payments to OPEB	\$ 51,783	
Total Other Programs		51,783

Board of Education

Secretary to Board	\$ 2,000	
Board and Committee Members Fees	19,560	
Social Security	1,337	
Employer Medicare	313	
Audit Services	5,000	
Dues and Memberships	12,854	
Legal Services	13,204	
Travel	1,763	
Other Contracted Services	3,075	
Other Supplies and Materials	1,390	
Liability Insurance	28,064	
Premiums on Corporate Surety Bonds	1,439	
Trustee's Commission	63,616	
Workers' Compensation Insurance	130,067	
In Service/Staff Development	12,677	
Criminal Investigation of Applicants - TBI	392	
Other Charges	3,873	
Total Board of Education		300,624

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	88,644	
Career Ladder Program		1,000	
Secretary(ies)		23,005	
Clerical Personnel		27,809	
Social Security		8,611	
State Retirement		11,482	
Medical Insurance		3,887	
Unemployment Compensation		84	
Employer Medicare		2,014	
Communication		27,758	
Postal Charges		1,401	
Travel		3,720	
Office Supplies		4,986	
Other Supplies and Materials		394	
Other Charges		14,128	
Total Director of Schools			\$ 218,923

Office of the Principal

Principals	\$	242,354	
Career Ladder Program		5,000	
Accountants/Bookkeepers		88,728	
Assistant Principals		177,004	
Secretary(ies)		90,211	
Social Security		32,722	
State Retirement		44,150	
Medical Insurance		67,616	
Unemployment Compensation		392	
Employer Medicare		7,653	
Communication		1,534	
Other Supplies and Materials		1,506	
In Service/Staff Development		600	
Other Charges		39,067	
Administration Equipment		100	
Total Office of the Principal			798,637

Fiscal Services

Accountants/Bookkeepers	\$	67,701
Social Security		4,009
State Retirement		5,064

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Fiscal Services (Cont.)

Medical Insurance	\$	11,336	
Unemployment Compensation		56	
Employer Medicare		938	
Data Processing Services		10,939	
Travel		386	
Data Processing Supplies		1,481	
Office Supplies		2,362	
Total Fiscal Services			\$ 104,272

Operation of Plant

Guards	\$	19,580	
Custodial Personnel		355,018	
Social Security		23,094	
State Retirement		17,454	
Medical Insurance		7,783	
Unemployment Compensation		814	
Employer Medicare		5,401	
Other Fringe Benefits		1,557	
Disposal Fees		17,698	
Other Contracted Services		5,432	
Custodial Supplies		65,739	
Electricity		584,718	
Natural Gas		102,213	
Water and Sewer		52,409	
Other Supplies and Materials		2,642	
Boiler Insurance		4,605	
Building and Contents Insurance		83,901	
Other Charges		3,679	
Plant Operation Equipment		11,181	
Total Operation of Plant			1,364,918

Maintenance of Plant

Supervisor/Director	\$	43,634	
Maintenance Personnel		205,616	
Social Security		14,714	
State Retirement		19,648	
Medical Insurance		29,672	
Unemployment Compensation		230	
Employer Medicare		3,441	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Fringe Benefits	\$	1,309	
Maintenance and Repair Services - Buildings		14,226	
Maintenance and Repair Services - Equipment		12,588	
Maintenance and Repair Services - Vehicles		4,533	
Rentals		2,217	
Other Contracted Services		13,380	
General Construction Materials		77	
Other Supplies and Materials		83,872	
Other Charges		3,639	
Maintenance Equipment		4,565	
Total Maintenance of Plant			\$ 457,361

Transportation

Mechanic(s)	\$	66,600	
Bus Drivers		468,415	
Social Security		33,201	
State Retirement		34,845	
Medical Insurance		8,472	
Unemployment Compensation		1,124	
Employer Medicare		7,765	
Other Fringe Benefits		1,396	
Contracts with Private Agencies		1,771	
Maintenance and Repair Services - Vehicles		5,456	
Medical and Dental Services		1,890	
Rentals		357	
Travel		215	
Other Contracted Services		450	
Diesel Fuel		157,043	
Gasoline		22,256	
Lubricants		5,670	
Tires and Tubes		19,632	
Vehicle Parts		81,864	
Other Supplies and Materials		2,903	
Vehicle and Equipment Insurance		25,904	
In Service/Staff Development		1,420	
Other Charges		7,026	
Transportation Equipment		10,530	
Total Transportation			966,205

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Central and Other

Supervisor/Director	\$	32,100	
Other Salaries and Wages		34,203	
Social Security		1,800	
State Retirement		3,739	
Medical Insurance		7,764	
Unemployment Compensation		56	
Employer Medicare		886	
Maintenance and Repair Services - Equipment		32,055	
Other Contracted Services		19,418	
Other Supplies and Materials		5,900	
Administration Equipment		459	
Data Processing Equipment		6,125	
Total Central and Other			\$ 144,505

Operation of Non-Instructional Services

Food Service

Food Supplies	\$	3,866	
Total Food Service			3,866

Community Services

Supervisor/Director	\$	20,297	
Clerical Personnel		9,443	
Social Security		1,882	
State Retirement		1,064	
Unemployment Compensation		42	
Employer Medicare		440	
Other Fringe Benefits		609	
Total Community Services			33,777

Early Childhood Education

Teachers	\$	224,275	
Educational Assistants		104,923	
Non-certified Substitute Teachers		11,708	
Social Security		17,666	
State Retirement		20,328	
Medical Insurance		35,831	
Unemployment Compensation		480	
Employer Medicare		4,132	
Travel		188	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$	20,852	
Other Supplies and Materials		23,148	
Other Equipment		1,985	
Total Early Childhood Education			\$ 465,516

Capital Outlay

Regular Capital Outlay

Building Construction	\$	114,874	
Building Improvements		12,644	
Site Development		2,751	
Total Regular Capital Outlay			130,269

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	279,197	
Total Education			<u>279,197</u>

Total General Purpose School Fund \$ 15,301,081

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	168,156	
Educational Assistants		54,211	
Other Salaries and Wages		63,900	
Non-certified Substitute Teachers		1,976	
Social Security		17,422	
State Retirement		20,196	
Medical Insurance		26,252	
Unemployment Compensation		416	
Employer Medicare		4,075	
Instructional Supplies and Materials		53,314	
Regular Instruction Equipment		10,124	
Total Regular Instruction Program			\$ 420,042

Special Education Program

Teachers	\$	331,192	
Educational Assistants		210,654	
Speech Pathologist		49,248	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	3,000	
Social Security		35,441	
State Retirement		43,163	
Medical Insurance		49,856	
Unemployment Compensation		850	
Employer Medicare		8,303	
Other Fringe Benefits		1,133	
Contracts with Private Agencies		61,832	
Instructional Supplies and Materials		7,115	
Other Charges		4,957	
Special Education Equipment		39,476	
Total Special Education Program			\$ 846,220

Vocational Education Program

Instructional Supplies and Materials	\$	6,503	
Other Supplies and Materials		396	
Vocational Instruction Equipment		15,085	
Total Vocational Education Program			21,984

Support Services

Other Student Support

Travel	\$	5,539	
Other Supplies and Materials		8,699	
In Service/Staff Development		5,443	
Total Other Student Support			19,681

Regular Instruction Program

Supervisor/Director	\$	25,660	
Other Salaries and Wages		35,475	
Social Security		1,979	
State Retirement		2,249	
Medical Insurance		11,292	
Unemployment Compensation		44	
Employer Medicare		797	
Travel		1,944	
Other Supplies and Materials		10,205	
In Service/Staff Development		39,600	
Other Charges		1,386	
Total Regular Instruction Program			130,631

(Continued)

Exhibit J-8

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

<u>School Federal Projects Fund (Cont.)</u>			
<u>Support Services (Cont.)</u>			
<u>Vocational Education Program</u>			
In Service/Staff Development	\$	1,045	
Total Vocational Education Program			\$ 1,045
<u>Transportation</u>			
Transportation Equipment	\$	173,270	
Total Transportation			<u>173,270</u>
Total School Federal Projects Fund			\$ 1,612,873
<u>Central Cafeteria Fund</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Food Service</u>			
Supervisor/Director	\$	52,632	
Clerical Personnel		25,391	
Cafeteria Personnel		331,143	
Other Salaries and Wages		30,642	
Social Security		26,564	
State Retirement		38,661	
Medical Insurance		19,770	
Unemployment Compensation		945	
Employer Medicare		6,213	
Other Fringe Benefits		676	
Communication		2,569	
Maintenance and Repair Services - Equipment		24,852	
Travel		3,768	
Other Contracted Services		4,264	
Food Preparation Supplies		24,358	
Food Supplies		478,568	
Office Supplies		14,492	
Uniforms		2,558	
Other Supplies and Materials		13,045	
In Service/Staff Development		86	
Other Charges		8,484	
Food Service Equipment		10,551	
Total Food Service		<u>10,551</u>	\$ <u>1,120,232</u>
Total Central Cafeteria Fund			1,120,232
<u>School Transportation Fund</u>			
<u>Support Services</u>			
<u>Board of Education</u>			
Trustee's Commission	\$	128	
Total Board of Education			\$ <u>128</u>
Total School Transportation Fund			<u>128</u>
Total Governmental Funds - Stewart County School Department			<u>\$ 18,034,314</u>

Exhibit J-9

Stewart County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2010

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 307,723
Total Cash Receipts	<u>\$ 307,723</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 304,646
Trustee's Commission	3,077
Total Cash Disbursements	<u>\$ 307,723</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>0</u>
Cash Balance, June 30, 2010	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

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

December 3, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Stewart County's basic financial statements and have issued our report thereon dated December 3, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Stewart County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stewart County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stewart County's internal control over financial

reporting. Accordingly, we do not express an opinion on the effectiveness of Stewart County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.02, 10.06, and 10.14.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.03, 10.04, 10.09, and 10.15.

#### Compliance and Other Matters

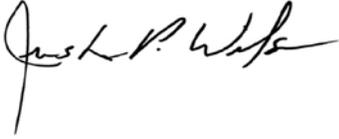
As part of obtaining reasonable assurance about whether Stewart County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.01, 10.05, 10.07, 10.08, 10.10, 10.11, 10.12, and 10.13.

We also noted certain matters that we reported to management of Stewart County in separate communications.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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

December 3, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Stewart County 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 its major federal programs for the year ended June 30, 2010. Stewart County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Stewart County's management. Our responsibility is to express an opinion on Stewart County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about Stewart County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Stewart County's compliance with those requirements.

As described in items 10.07 and 10.16 in the accompanying Schedule of Findings and Questioned Costs, Stewart County did not comply with requirements regarding procurement, suspension, and debarment that are applicable to its Special Education - Grants to States program (CFDA No. 84.027) and the Special Education - Grants to States, Recovery Act (CFDA No. 84.391) programs. Compliance with such requirements is necessary, in our opinion, for Stewart County to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Stewart County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

The management of Stewart County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Stewart County'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stewart County's internal control over compliance.

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

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

#### Schedule of Expenditures of Federal Awards

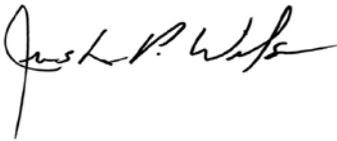
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund

information of Stewart County as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Stewart County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Stewart County'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.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Stewart County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 193,899
National School Lunch Program	10.555	N/A	447,041 (7)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	70,140 (7)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	3,607
Passed-through State Department of Finance and Administration:			
Schools and Roads - Grants to States	10.665	(2)	<u>100,253</u>
Total U.S. Department of Agriculture			<u>\$ 814,940</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23409	\$ 609
Passed-through State Administrative Office of the Courts:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(2)	<u>403</u>
Total U.S. Department of Justice			<u>\$ 1,012</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
ARRA - Highway Planning and Construction	20.205	(2)	<u>\$ 749,680</u>
Total U.S. Department of Transportation			<u>\$ 749,680</u>
U.S. Department of Education:			
Direct Programs:			
Impact Aid	84.041	N/A	\$ 121,736
Fund for the Improvement of Education	84.215	N/A	214,441
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(3)	76,787
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	346,690
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	97,080
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	523,434
Special Education - Preschool Grants	84.173	N/A	14,761
Special Education - Grants to States, Recovery Act	84.391	N/A	469,503
Special Education - Preschool Grants, Recovery Act	84.392	N/A	11,793
Career and Technical Education - Basic Grants to States	84.048	N/A	34,009
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	6,847
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	(2)	3,902
Education Technology State Grants, Recovery Act	84.386	N/A	9,597
Improving Teacher Quality State Grants	84.367	N/A	95,257
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	410,900
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	<u>234,304</u>
Total U.S. Department of Education			<u>\$ 2,671,041</u>

(Continued)

Stewart County, Tennessee  
 Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services: Passed-through State Department of Health: ARRA - Grants to Health Center Programs	93.703	(4)	\$ 107,516
Total U.S. Department of Health and Human Services			\$ 107,516
U.S. Department of Homeland Security: Passed-through State Department of Military: Emergency Management Performance Grants	97.042	(5)	\$ 6,155
Total U.S. Department of Homeland Security			\$ 6,155
Total Expenditures of Federal Awards			\$ 4,350,344
 <u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	Contract Number	\$ 29,210
Lottery for Education Afterschool Program - State Department of Education	N/A	Z1022038100 (6)	54,700
Local Health Services - State Department of Health	N/A	Z10219851	165,568
Archive Grant - Tennessee Secretary of State	N/A	(2)	2,271
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	5,945
State Supplement - State Department of Children's Services	N/A	(2)	6,750
Child and Family Intervention - State Department of Children's Services	N/A	(2)	14,607
Adult Education - State Department of Labor and Workforce Development	N/A	Z1021854900	24,996
Total State Grants			\$ 304,047

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) Z0921350700: \$1,800; Z1021854900: \$74,987.
- (4) Z1021985100: \$77,442; 34360-531-10: \$30,074.
- (5) 34101-25510: \$3,885; information not available: \$2,270.
- (6) Z0921230600: \$7,592; information not available: \$47,108.
- (7) Total for CFDA No. 10.555 is \$517,181.

Stewart County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, for the year ended June 30, 2009, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

Finding Number	Page Number	Subject
09.02	170	Expenditures and encumbrances exceeded appropriations

**OFFICE OF COUNTY ENGINEER**

Finding Number	Page Number	Subject
09.01	170	Material audit adjustments were required for proper financial statement presentation
09.04	172	Purchase orders were not completed properly
09.05	172	The Highway Department did not maintain a system to account for the use of some road materials
09.06	173	A part-time employee received benefits not provided by the department's personnel policy

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
09.07	173	The School Department does not have the resources to produce financial statements and notes to the financial statements

Stewart County, Tennessee  
Schedule of Audit Findings Not Corrected (Cont.)

**OFFICE OF ASSESSOR OF PROPERTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.09	174	Assessment records were changed during the year as property transfers were made

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.11	175	Funds were not deposited within three days of collection

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.15	177	Duties were not segregated adequately in the Offices of Director of Schools; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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**STEWART COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

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

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Stewart County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Stewart County.
4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. A qualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Highway Planning and Construction (CFDA No. 20.205); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSP) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSP) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) 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 did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, director of schools, and assessor of property provided written responses on certain findings, which are paraphrased in this report.

### **OFFICE OF COUNTY MAYOR**

**FINDING 10.01**      **GENERAL FUND EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS**  
(Noncompliance Under Government Auditing Standards)

General Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Tourism major appropriation category (the legal level of control) by \$176,189. Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures, and failed to correct the finding noted in the prior-year audit report.

### **RECOMMENDATION**

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

### **MANAGEMENT’S RESPONSE – COUNTY MAYOR**

The County Mayor’s Office agrees with the finding. The additional expenses were offset with additional revenue sources and reserves under the Tennessee River Resort Act. Future practice would be to approve a budget amendment for the transactions.

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### **OFFICE OF COUNTY ENGINEER**

**FINDING 10.02**      **THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles

require Stewart County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Stewart County should have appropriate processes in place to ensure that its general ledgers are materially correct.

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FINDING 10.03      **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. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report. The failure to list descriptions and dollar amounts on purchase orders increases the risk of unauthorized purchases.

RECOMMENDATION

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

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FINDING 10.04      **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 account for 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. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report. 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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### FINDING 10.05      **A PART-TIME EMPLOYEE RECEIVED BENEFITS NOT PROVIDED BY THE DEPARTMENT'S PERSONNEL POLICY** (Noncompliance Under Government Auditing Standards)

A part-time bookkeeper at the Highway Department, who is also the county engineer's daughter, received paid leave, paid holidays, and health insurance coverage benefits. The Highway Department's personnel policy states that these benefits are available only to full-time employees. The part-time bookkeeper's salary for the year ended June 30, 2010, totaled \$11,642; which included \$1,987 for paid leave and holidays. The department's cost for her health insurance for six months totaled \$6,082. The bookkeeper was removed from the county's insurance as of December 31, 2009. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

The department should only provide benefits authorized in the department's personnel policy.

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## OFFICE OF DIRECTOR OF SCHOOLS

### FINDING 10.06      **THE SCHOOL DEPARTMENT DOES NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS** (Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that the Stewart County School Department's financial statements be the product of a financial reporting system that offers reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the School Department have internal controls over reporting government-wide and fund financial statements, including the related notes. It is permissible for us, as the county's external auditors, to assist the School Department in preparing its financial statements and notes as a matter of convenience as long as the School Department has the skills needed to prepare its financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an

indication of a lack of controls or ineffective controls, because material misstatements may not be detected.

### RECOMMENDATION

The Stewart County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The director of schools has 19 years of county budgeting experience, and the bookkeeper for the Stewart County School System possesses 24 years of experience in county government. The finance director holds a degree in finance. He has worked in the Stewart County School System Finance Department for 14 years. The Finance Department will have staff members available for quarterly meetings with a Department of Education fiscal consultant. The goal of such meetings will be to help train finance staff to produce financial statements and notes to financial statements. At a minimum, the staff will have sufficient knowledge to determine the completeness of financial statement information and disclosures in accordance with generally accepted accounting principles.

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### FINDING 10.07      **THE DEPARTMENT HAD PURCHASING DEFICIENCIES** (Noncompliance Under Government Auditing Standards and OMB Circular A-133)

Our review of purchasing procedures revealed the following deficiencies:

- A. Stewart County utilized an expired bid to purchase a special needs school bus. Stewart County piggy-backed off of a bid solicited by Lawrence County in November 2007; however, school officials did not verify the validity of the bid. The school bus was purchased on January 15, 2010, with American Recovery and Reinvestment Act funds under a Special Education Grant (CFDA No. 84.391) for \$88,915. Grant administrators failed to confirm the validity of the bid prior to purchasing the bus, which indicates a significant deficiency in internal controls. In effect, this internal control deficiency allowed the purchase of the bus without accepting a valid bid and created a situation that could result in the United States Department of Education requesting repayment for the purchase price of the bus. Section 49-2-203, Tennessee Code Annotated (TCA), requires competitive bids for purchases over \$10,000. It was not possible to determine the amount, if any, that the

actual purchase price exceeded (or was less than) the amount that would have been paid if current bids had been accepted.

- B. Competitive bids were not solicited through public advertisement for the purchase of computers totaling \$10,075 with funds from a Special Education Grant (CFDA No. 84.027). Section 49-2-203, TCA, requires that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed \$10,000. Part 3.(I.) of the OMB Circular A-133 Compliance Supplement requires local governments to follow applicable state and local laws and regulations for procurements made with grant funds. The failure to solicit competitive bids could result in the School Department paying more than the competitive price.

### RECOMMENDATION

Grant administrators should not piggy-back off of bids solicited by other governments without confirming the validity of the bid. Grant administrators should contact the Tennessee Department of Education to determine whether further action is required. Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

- A. The Finance Department will confirm the validity of bids prior to piggy-backing off of other bids. However, obligation of these funds was made in July 2009 when the purchase order was issued. Whether the bid in question was expired is open to interpretation and a matter of opinion.
- B. A folder containing the questioned documentation was provided to the auditor. Copies of the newspaper advertisements and other bid documentation were included in the folder. Bids were publicly advertised and competitively bid for the purchase of the computers.

### AUDITOR'S COMMENTS

- A. The school bus bid was originally made by another school system in November 2007 for 2009 buses. The vendor that was awarded the bid sent a letter to the Stewart County School Department stating they would honor the 2007 bid through July 2009. The School Department issued a purchase order for a 2010 bus to the company in July 2009 and finally bought a 2011 bus in December 2009. At this point, it had been two years since the original bid was made, and a different bus was purchased from the one that was bid by the other system.
- B. The computer bid that was provided to the auditor was solicited in July 2008 for computers purchased that year. The computer purchase of \$10,075 was made in May 2010 from the same vendor; however, newer computers with different specifications were purchased. This purchase was not publicly advertised or competitively bid.

## **OFFICE OF ASSESSOR OF PROPERTY**

### **FINDING 10.08      **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.” This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

### **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 request that the property tax notice be sent to the new owner. Therefore, I am following the wishes for 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 also serve the public’s wishes.

### **AUDITOR’S COMMENT**

Section 67-5-502, 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.”

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## **OFFICE OF COUNTY CLERK**

### **FINDING 10.09      **SEPARATE CASH DRAWERS WERE NOT MAINTAINED** (Internal Control – Significant Deficiency Under Government Auditing Standards)**

Separate cash drawers were not maintained for each employee handling cash. Sound internal control procedures dictate that each employee should have their own cash drawer and be accountable for reconciling receipts issued with collections. The failure to have separate cash drawers for each employee reduces the ability to reconcile receipts issued with cash collections.

## RECOMMENDATION

To strengthen internal controls over cash collections, separate cash drawers should be maintained for each employee handling cash.

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## OFFICE OF SHERIFF

### FINDING 10.10      **FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under Government Auditing Standards)

The Sheriff's Department did not deposit funds to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. During the period under examination, as many as eight days lapsed between the date funds were received and the date funds were deposited to the bank. This deficiency can be attributed to the failure of management to correct the finding noted in prior-year audit reports. Failure to deposit collections within three days weakens internal controls over funds and increases the risks 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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### FINDING 10.11      **REVENUE COLLECTIONS WERE NOT REMITTED PROMPTLY**

(Noncompliance Under Government Auditing Standards)

Our audit disclosed the following deficiencies in the remittance of revenue collections:

- A. Profits from commissary operations were not remitted to the county trustee monthly. The state attorney general opined in November 1989, that profits earned from commissary operations are local revenues and should be administered as any other local revenue. Section 8-24-103, Tennessee Code Annotated (TCA), provides that all funds earned by the Sheriff's Department should be reported to the county trustee monthly. This deficiency exists because management failed to recognize the need to remit commissary profits to the trustee. After this deficiency was brought to their attention, management remitted commissary profits from April 2009 through April 2010 to the trustee and began remitting the profits monthly thereafter.
- B. The department failed to remit county revenues and fees collected promptly to the county trustee. Section 8-24-103, TCA provides that all funds earned by the Sheriff's Department should be reported to the county trustee

monthly. Section 67-4-213(d), TCA, provides that county revenues collected should be reported and paid to the proper agency within 15 days after the last day of each calendar month. The bookkeeper wrote the county revenue and fee check in the month following collection; however, the check was not remitted to the county trustee within the first 15 days of the month. During the period under examination, the office was delinquent in remitting funds by as many as 67 days.

#### RECOMMENDATION

Commissary profits, fees, and county revenues should be remitted to the trustee within 15 days following the month of collection.

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#### FINDING 10.12      **CASH BONDS WERE NOT DEPOSITED TO THE OFFICIAL BANK ACCOUNT AND DISBURSED BY PRENUMBERED CHECK**

(Noncompliance Under Government Auditing Standards)

Cash bonds were received by the Sheriff's Department and remitted to the courts in cash. Therefore, the office did not deposit the cash bonds to the office bank account within three days of collection and did not remit these collections by prenumbered checks as required by Section 5-8-207, Tennessee Code Annotated. This statute requires that county officials deposit all funds within three days of collection and that, "Every county official handling public funds shall be required to make all disbursements of such public funds by ... consecutively prenumbered checks drawn on such county official's official bank account ... ."

#### RECOMMENDATION

All collections of cash bonds should be deposited to the office bank account within three days of collection, and the cash bonds should be remitted to the courts by prenumbered checks as required by state statutes.

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#### FINDING 10.13      **A THEFT OCCURRED AT THE SHERIFF'S DEPARTMENT AND WAS NOT REPORTED TO THE COMPTROLLER OF THE TREASURY**

(Noncompliance Under Government Auditing Standards)

In the fall of 2009, the sheriff suspected a dispatcher of theft and contacted the Tennessee Bureau of Investigation to perform an investigation. It was determined that the dispatcher had taken sexual offender registry fees of \$150 that had been paid to the Sheriff's Department in December 2008. The dispatcher pled guilty to official misconduct charges on September 21, 2010, and was ordered to pay restitution of \$150 to the county. However, as of the date of this report, the defendant has not paid the restitution. We were not informed of this theft until February 2010. Section 8-4-503, Tennessee Code Annotated (TCA), requires that "a public official with knowledge based upon available information, which

reasonably causes the public official to believe that unlawful conduct has occurred, shall report the information in a reasonable amount of time to the Office of the Comptroller of the Treasury.” Section 8-4-502, TCA, defines a reasonable amount of time to make this report as not exceeding five working days.

**RECOMMENDATION**

The Office of the Comptroller of the Treasury should be informed of any suspected unlawful theft, forgery, credit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct within five working days of becoming aware of the situation.

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**OTHER FINDINGS AND RECOMMENDATIONS**

**FINDING 10.14**      **STEWART COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Stewart County has a material audit finding that has been reported in its annual financial report for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.06, 09.07, 08.06	Stewart County School Department does not have the resources to produce financial statements and notes to the financial statements

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

**RECOMMENDATION**

Stewart County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported

material weaknesses in internal control and material noncompliance. If these findings continue to recur, Stewart County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Stewart County School System will establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

AUDITOR'S COMMENT

Pursuant to the provisions of Section 9-3-405, TCA, the County Commission of Stewart County, not the Board of Education, should establish an Audit Committee to provide independent review and oversight of the county's financial reporting processes and the county's internal controls, a review of the external auditor's report and follow up on management's corrective action, and compliance with laws, regulations, and ethics.

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FINDING 10.15      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF DIRECTOR OF SCHOOLS; 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 Director of Schools; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Financial duties at the Board of Education Office will be segregated to the extent possible with available resources.

## **BEST PRACTICE**

### **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED**

Stewart County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Stewart County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

#### **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.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Special Education Cluster: Special Education - Grants to States Special Education - Grants to States, Recovery Act	10.16 10.16	84.027 84.391	<u>Circular A-133</u> Part 3(I)	Noncompliance. See Finding 10.07. Stewart County School Department had purchasing deficiencies.	\$ 0

**STEWART COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2010**

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

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

Findings 10.07 and 10.16

Contact person: Dr. Phillip Wallace, Director of Schools

Corrective action planned: The Finance Department will confirm the validity of bids prior to piggy-backing off other bids.

In the future, all purchases estimated to exceed \$10,000 will be competitively bid through a newspaper in a manner as required by state statute.

Anticipated completion date: 2010-11