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# ANNUAL FINANCIAL REPORT STEWART COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT**  
**STEWART COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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

***DIVISION OF COUNTY AUDIT***  
***JAMES R. ARNETTE***  
***Director***

***JAN PAGE, CPA, CFE***  
***Audit Manager***

***HORACE B. WISEMAN, CGFM***  
***Auditor 4***

***KATINA VALENTINE***  
***SHELBI TUCKER***  
***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, 2011

***Scope***

We have audited the basic financial statements of Stewart County as of and for the year ended June 30, 2011.

***Results***

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

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

***Findings and Best Practice***

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

**OFFICES OF COUNTY ENGINEER AND DIRECTOR OF SCHOOLS**

- ◆ Material audit adjustments were required for proper financial statement presentation.
- 

**OFFICE OF COUNTY ENGINEER**

- ◆ Expenditures exceeded total appropriations approved by the County Commission.
  - ◆ Purchase orders were not completed properly.
  - ◆ The Highway Department did not maintain a system to account for the use of some road materials.
- 

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The office had deficiencies in accounting for employee health insurance transactions.
- 

**OFFICE OF ASSESSOR OF PROPERTY**

- ◆ Assessment records were changed during the year as property transfers were made.

**OFFICES OF DIRECTOR OF SCHOOLS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**

- ◆ Duties were not segregated adequately.
- 

**OFFICES OF COUNTY CLERK AND CLERK AND MASTER**

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

**STEWART COUNTY**

- ◆ Stewart County has a material recurring audit finding.
- 

**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, 2011

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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  
Derek Earhart, Register  
Deryk Wyatt, Sheriff

**Board of County Commissioners**

Rick Joiner, County Mayor, Chairman	
Roger Allen	Marty Grasty
Jerry Barnes	Vincent Gray
Marty Blane	Shane Keatts
Phillip Castile	Andy Luton
Don Cherry	Jimmie Mullins
Mark Dortch	Randall Redmon
Terry Fitzhugh	Eric Watkins

**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**

February 10, 2012

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, 2011, 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 did not audit the financial statements of the Stewart County Emergency Communications District, which represent 2.2 percent and 1.4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stewart County Emergency Communications District, is based on the report of other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of June 30, 2011, 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 February 10, 2012, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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 58 through 65 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 financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Stewart County, Tennessee  
Statement of Net Assets  
June 30, 2011

	Primary Governmental Activities	Component Units	
		Stewart County School Department	Stewart County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 1,366	\$ 714	\$ 541,567
Equity in Pooled Cash and Investments	2,804,839	2,448,173	0
Accounts Receivable	1,076,853	1,256	780
Allowance for Uncollectibles	(510,689)	0	0
Due from Other Governments	691,812	556,422	0
Due from Primary Government	0	4,882	0
Due from Component Units	32,298	0	0
Property Taxes Receivable	5,294,900	837,048	0
Allowance for Uncollectible Property Taxes	(214,382)	(30,479)	0
Prepaid Items	0	0	3,740
Accrued Interest Receivable	0	7,465	0
Capital Assets:			
Assets Not Depreciated:			
Land	963,163	1,104,110	0
Construction in Progress	20,754	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	3,934,830	25,506,472	93,333
Infrastructure	825,362	0	0
Other Capital Assets	835,259	1,764,531	88,220
Total Assets	<u>\$ 15,756,365</u>	<u>\$ 32,200,594</u>	<u>\$ 727,640</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 173,434	\$ 3,542	\$ 2,207
Payroll Deductions Payable	56,263	0	0
Contracts Payable	4,898	0	0
Due to State of Tennessee	1,695	0	0
Due to Component Units	4,882	0	0
Accrued Interest Payable	242,230	0	0
Deferred Revenue - Current Property Taxes	4,929,181	787,653	0
Noncurrent Liabilities:			
Due Within One Year	1,720,353	0	0
Due in More Than One Year	22,632,151	102,932	0
Total Liabilities	<u>\$ 29,765,087</u>	<u>\$ 894,127</u>	<u>\$ 2,207</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 5,433,856	\$ 0	\$ 0
Invested in Capital Assets	0	28,375,113	181,553
Restricted for:			
Highway/Public Works	543,915	0	0
Debt Service	870,382	0	0
Central Cafeteria	0	471,771	0
School Transportation	0	274,080	0
Capital Projects	406,861	0	0
Other Purposes	156,402	27,434	0
Unrestricted	(21,420,138)	2,158,069	543,880
Total Net Assets (Deficit)	<u>\$ (14,008,722)</u>	<u>\$ 31,306,467</u>	<u>\$ 725,433</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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Stewart County School Department	Stewart County Emergency Communications District	Component Units		
								Stewart County School Department	Stewart County Emergency Communications District	Stewart County Emergency Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 781,273	\$ 64,275	\$ 28,685	\$ 0	\$ (688,313)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	665,773	339,322	0	0	(326,451)	0	0	0	0	0
Administration of Justice	616,498	216,968	24,147	0	(375,383)	0	0	0	0	0
Public Safety	2,560,598	106,324	310,648	0	(2,143,626)	0	0	0	0	0
Public Health and Welfare	1,392,575	785,686	225,096	42,192	(339,601)	0	0	0	0	0
Social, Cultural, and Recreational Services	305,755	0	72,429	0	(233,326)	0	0	0	0	0
Agriculture and Natural Resources	84,403	0	0	0	(84,403)	0	0	0	0	0
Other Operations	895,484	4,450	263,379	295,320	(332,336)	0	0	0	0	0
Highway/Public Works	2,020,125	23,201	1,831,284	0	(165,640)	0	0	0	0	0
Education	163,758	0	0	0	(163,758)	0	0	0	0	0
Interest on Long-term Debt	969,836	0	178,115	0	(791,721)	0	0	0	0	0
Other Debt Service	46,259	0	0	0	(46,259)	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 10,502,337</b>	<b>\$ 1,540,226</b>	<b>\$ 2,933,783</b>	<b>\$ 337,512</b>	<b>\$ (5,690,817)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:										
Stewart County School Department	\$ 18,823,571	\$ 428,527	\$ 3,988,390	\$ 0	\$ 0	\$ (14,406,654)	\$ 0	\$ 0	\$ 0	\$ 0
Stewart County Emergency Communications District	197,392	74,422	181,695	0	0	0	0	0	58,725	58,725
<b>Total Component Units</b>	<b>\$ 19,020,963</b>	<b>\$ 502,949</b>	<b>\$ 4,170,085</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (14,406,654)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 58,725</b>	<b>\$ 58,725</b>

(Continued)

Exhibit B

Stewart County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Stewart County		Stewart County Emergency Communications District
				Stewart County School Department	Stewart County	
Expenses	Expenses	Expenses	Primary Government Total	Stewart County School Department	Stewart County Emergency Communications District	Net (Expense) Revenue and Changes in Net Assets
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				3,352,177	656,645	0
Property Taxes Levied for Debt Service				1,844,959	0	0
Local Option Sales Taxes				398,658	724,538	0
Wheel Tax				417,755	0	0
Litigation Taxes				129,187	0	0
Wholesale Beer Tax				113,787	0	0
Other Local Taxes				41,942	38,828	0
Grants and Contributions Not Restricted to Specific Programs				1,157,603	12,371,788	0
Unrestricted Investment Income				1,565	30,810	6,567
Miscellaneous				44,092	67,770	0
Total General Revenues				7,501,725	13,890,379	6,567
Change in Net Assets				1,810,908	(516,275)	65,292
Net Assets (Deficit), July 1, 2010				(15,819,630)	31,822,742	660,141
Net Assets (Deficit), June 30, 2011				(14,008,722)	31,306,467	725,433

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, 2011

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<b>ASSETS</b>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,366	\$ 1,366
Equity in Pooled Cash and Investments	1,292,469	292,530	1,015,747	204,093	2,804,839
Accounts Receivable	1,076,259	594	0	0	1,076,853
Allowance for Uncollectibles	(510,689)	0	0	0	(510,689)
Due from Other Governments	408,884	282,928	0	0	691,812
Due from Other Funds	1,366	0	42,618	0	43,984
Due from Component Units	32,298	0	0	0	32,298
Property Taxes Receivable	3,114,652	245,278	1,934,970	0	5,294,900
Allowance for Uncollectible Property Taxes	(127,320)	(9,795)	(77,267)	0	(214,382)
<b>Total Assets</b>	<b>\$ 5,287,919</b>	<b>\$ 811,535</b>	<b>\$ 2,916,068</b>	<b>\$ 205,459</b>	<b>\$ 9,220,981</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Liabilities</u>					
Accounts Payable	\$ 172,999	\$ 435	\$ 0	\$ 0	\$ 173,434
Payroll Deductions Payable	56,263	0	0	0	56,263
Contracts Payable	76	0	0	4,822	4,898
Due to Other Funds	42,618	0	0	1,366	43,984
Due to Component Units	4,882	0	0	0	4,882
Due to State of Tennessee	1,695	0	0	0	1,695
Deferred Revenue - Current Property Taxes	2,896,529	228,673	1,803,979	0	4,929,181
Deferred Revenue - Delinquent Property Taxes	84,674	6,350	50,098	0	141,122
Other Deferred Revenues	552,404	137,761	22,124	0	712,289
<b>Total Liabilities</b>	<b>\$ 3,812,140</b>	<b>\$ 373,219</b>	<b>\$ 1,876,201</b>	<b>\$ 6,188</b>	<b>\$ 6,067,748</b>
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 12,381	\$ 0	\$ 0	\$ 0	\$ 12,381
Restricted for Finance	1,318	0	0	0	1,318
Restricted for Administration of Justice	49,456	0	0	0	49,456
Restricted for Public Safety	21,951	0	0	15,004	36,955
Restricted for Social, Cultural, and Recreational Services	18,983	0	0	0	18,983
Restricted for Other Operations	14,748	0	0	0	14,748
Restricted for Highways/Public Works	0	438,316	0	0	438,316
Restricted for Capital Outlay	222,594	0	0	0	222,594
Restricted for Debt Service	0	0	226,118	0	226,118
Restricted for Capital Projects	0	0	0	184,267	184,267
Committed:					
Committed for Public Health and Welfare	686	0	0	0	686
Committed for Debt Service	0	0	813,749	0	813,749
Assigned:					
Assigned for Public Health and Welfare	15,000	0	0	0	15,000
Assigned for Social, Cultural, and Recreational Services	6,876	0	0	0	6,876
Unassigned	1,111,786	0	0	0	1,111,786
<b>Total Fund Balances</b>	<b>\$ 1,475,779</b>	<b>\$ 438,316</b>	<b>\$ 1,039,867</b>	<b>\$ 199,271</b>	<b>\$ 3,153,233</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,287,919</b>	<b>\$ 811,535</b>	<b>\$ 2,916,068</b>	<b>\$ 205,459</b>	<b>\$ 9,220,981</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, 2011

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)		\$	3,153,233
(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		20,754	
Add: buildings and improvements net of accumulated depreciation		3,934,830	
Add: infrastructure net of accumulated depreciation		825,362	
Add: other capital assets net of accumulated depreciation		<u>835,259</u>	6,579,368
(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	\$	(1,288,754)	
Less: bonds payable		(22,614,000)	
Less: other long-term liabilities		(214,008)	
Less: compensated absences payable		(143,981)	
Less: other postemployment benefits liability		(91,761)	
Less: accrued interest on notes and bonds		<u>(242,230)</u>	(24,594,734)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>853,411</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u>(14,008,722)</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, 2011

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<b>Revenues</b>					
Local Taxes	\$ 3,781,711	\$ 231,648	\$ 2,289,721	\$ 70,866	\$ 6,373,946
Licenses and Permits	6,801	0	0	0	6,801
Fines, Forfeitures, and Penalties	49,615	0	0	6,753	56,368
Charges for Current Services	780,739	2,976	0	0	783,715
Other Local Revenues	52,920	22,287	0	2,100	77,307
Fees Received from County Officials	562,361	0	0	0	562,361
State of Tennessee	1,435,270	1,677,691	0	0	3,112,961
Federal Government	823,315	187,028	0	0	1,010,343
Other Governments and Citizens Groups	89,386	0	178,115	0	267,501
<b>Total Revenues</b>	<b>\$ 7,582,118</b>	<b>\$ 2,121,630</b>	<b>\$ 2,467,836</b>	<b>\$ 79,719</b>	<b>\$ 12,251,303</b>
<b>Expenditures</b>					
Current:					
General Government	\$ 744,266	\$ 0	\$ 0	\$ 0	\$ 744,266
Finance	663,918	0	0	0	663,918
Administration of Justice	612,055	0	0	0	612,055
Public Safety	2,635,480	0	0	7,375	2,642,855
Public Health and Welfare	1,545,424	0	0	0	1,545,424
Social, Cultural, and Recreational Services	281,125	0	0	0	281,125
Agriculture and Natural Resources	82,718	0	0	0	82,718
Other Operations	1,256,256	0	0	13	1,256,269
Highways	0	1,875,679	0	0	1,875,679
Debt Service:					
Principal on Debt	0	66,667	1,592,712	0	1,659,379
Interest on Debt	0	6,116	974,577	0	980,693
Other Debt Service	0	0	46,259	0	46,259
Capital Projects	0	0	0	200,557	200,557
<b>Total Expenditures</b>	<b>\$ 7,821,242</b>	<b>\$ 1,948,462</b>	<b>\$ 2,613,548</b>	<b>\$ 207,945</b>	<b>\$ 12,591,197</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (239,124)	\$ 173,168	\$ (145,712)	\$ (128,226)	\$ (339,894)
<b>Other Financing Sources (Uses)</b>					
Insurance Recovery	\$ 37,391	\$ 0	\$ 0	\$ 0	\$ 37,391
Transfers In	0	0	217,699	163,758	381,457
Transfers Out	(381,457)	0	0	0	(381,457)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (344,066)</b>	<b>\$ 0</b>	<b>\$ 217,699</b>	<b>\$ 163,758</b>	<b>\$ 37,391</b>
Net Change in Fund Balances	\$ (583,190)	\$ 173,168	\$ 71,987	\$ 35,532	\$ (302,503)
Fund Balance, July 1, 2010	2,058,969	265,148	967,880	163,739	3,455,736
Fund Balance, June 30, 2011	\$ 1,475,779	\$ 438,316	\$ 1,039,867	\$ 199,271	\$ 3,153,233

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, 2011

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)		\$ (302,503)
(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	\$ 900,241	
Less: current-year depreciation expense	<u>(471,360)</u>	428,881
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 853,411	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(791,469)</u>	61,942
(3) 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.		
Add: principal payments on notes	\$ 213,379	
Add: principal payments on capital leases	231	
Add: principal payments on bonds	<u>1,446,000</u>	1,659,610
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 10,857	
Change in other long-term liabilities	2,675	
Change in compensated absences payable	(7,484)	
Change in other postemployment benefits liability	<u>(43,070)</u>	<u>(37,022)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,810,908</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 564,524
Due from Other Governments	<u>56,205</u>
Total Assets	<u><u>\$ 620,729</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 56,205
Due to Litigants, Heirs, and Others	<u>564,524</u>
Total Liabilities	<u><u>\$ 620,729</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, 2011**

**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 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. 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. The county did not issue any debt for the School Department during the year examined.

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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

**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 Fund** – The General Capital Projects Fund accounts 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 special revenue fund is used to account for the cafeteria operations in each of the schools. Charges for services and federal program funds are the foundational revenues of this fund.

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

Local taxes and debt proceeds are the foundational revenues/sources of this fund.

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.

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

**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 \$1,977,560 of restricted net assets, of which \$14,748 is restricted by enabling legislation.

As of June 30, 2011, Stewart County had \$22,971,250 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’s Budget Committee and the Board of Education are authorized bodies to make assignments.

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

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

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

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

**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 General Capital Projects Fund, which adopts 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**

Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works by \$7,586. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations 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, 2011.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2011, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 963,163	\$ 0	\$ 0	\$ 963,163
Construction in Progress	1,061,533	20,754	(1,061,533)	20,754
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,024,696</b>	<b>\$ 20,754</b>	<b>\$ (1,061,533)</b>	<b>\$ 983,917</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,662,555	\$ 1,664,812	\$ 0	\$ 5,327,367
Infrastructure	1,057,992	0	0	1,057,992
Other Capital Assets	3,042,067	276,208	(24,540)	3,293,735
<b>Total Capital Assets Depreciated</b>	<b>\$ 7,762,614</b>	<b>\$ 1,941,020</b>	<b>\$ (24,540)</b>	<b>\$ 9,679,094</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,284,542	\$ 107,995	\$ 0	\$ 1,392,537
Infrastructure	170,045	62,585	0	232,630
Other Capital Assets	2,182,236	300,780	(24,540)	2,458,476
<b>Total Accumulated Depreciation</b>	<b>\$ 3,636,823</b>	<b>\$ 471,360</b>	<b>\$ (24,540)</b>	<b>\$ 4,083,643</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 4,125,791</b>	<b>\$ 1,469,660</b>	<b>\$ 0</b>	<b>\$ 5,595,451</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 6,150,487</b>	<b>\$ 1,490,414</b>	<b>\$ (1,061,533)</b>	<b>\$ 6,579,368</b>

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

**Governmental Activities:**

General Government	\$ 19,625
Finance	315
Administration of Justice	861
Public Safety	145,311
Public Health and Welfare	129,381
Social, Cultural, and Recreational Services	10,401
Agriculture and Natural Resources	84
Other Operations	24,955
Highway/Public Works	<u>140,427</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 471,360</u></u>

**Discretely Presented Stewart County School Department**

**Governmental Activities:**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets				
Not Depreciated:				
Land	\$ 1,104,110	\$ 0	\$ 0	\$ 1,104,110
Total Capital Assets Not Depreciated	<u>\$ 1,104,110</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,104,110</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,018,085	\$ 0	\$ 0	\$ 35,018,085
Other Capital Assets	4,080,051	320,936	(183,200)	4,217,787
Total Capital Assets Depreciated	<u>\$ 39,098,136</u>	<u>\$ 320,936</u>	<u>\$ (183,200)</u>	<u>\$ 39,235,872</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,646,934	\$ 864,679	\$ 0	\$ 9,511,613
Other Capital Assets	2,364,023	272,433	(183,200)	2,453,256
Total Accumulated Depreciation	<u>\$ 11,010,957</u>	<u>\$ 1,137,112</u>	<u>\$ (183,200)</u>	<u>\$ 11,964,869</u>
Total Capital Assets Depreciated, Net	<u>\$ 28,087,179</u>	<u>\$ (816,176)</u>	<u>\$ 0</u>	<u>\$ 27,271,003</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 29,191,289</u></u>	<u><u>\$ (816,176)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 28,375,113</u></u>

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

**Governmental Activities:**

Instruction	\$ 761,372
Support Services	288,152
Operation of Non-Instructional Services	<u>87,588</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,137,112</u>

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

The composition of interfund balances as of June 30, 2011, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,366
General Debt Service	General	42,618
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	4,206

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 Units:	
"	General Purpose School	\$ 10,990
	Emergency Communications District	21,308
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	4,882

The receivables in the General Fund were in transit from the General Purpose School Fund (\$10,990) and the Emergency Communications District (\$21,308) at June 30, 2011.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 217,699	\$ 0
"	0	163,758

**Discretely Presented Stewart County School Department**

Transfer Out	Transfer In
	Central Cafeteria Fund
General Purpose School Fund	\$ 37,282

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**D. 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, 2011, will be retired from the Highway/Public Works and General Debt Service funds.

General obligation bonds and capital outlay notes outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	3 to 5%	\$ 12,754,000	\$ 3,784,000
General Obligation Bonds - Refunding	2.5 to 4.55	24,090,000	18,830,000
Capital Outlay Notes	4.3 to 4.566	1,918,800	1,288,754

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2011, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2017-2021	7,070,000	2,290,057	9,360,057
2022-2026	5,465,000	935,812	6,400,812
2027-2029	2,005,000	161,787	2,166,787
Total	<u>\$ 22,614,000</u>	<u>\$ 7,144,802</u>	<u>\$ 29,758,802</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2017-2019	460,000	40,205	500,205
Total	<u>\$ 1,288,754</u>	<u>\$ 240,213</u>	<u>\$ 1,528,967</u>

There is \$1,039,867 in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,697, based on the 2010 federal census. Debt per capita, including bonds and notes, totaled \$1,794, based on the 2010 federal census.

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

Long-term liability activity for the year ended June 30, 2011, was as follows:

#### Governmental Activities:

	Bonds	Notes
Balance, July 1, 2010	\$ 24,060,000	\$ 1,502,133
Deductions	(1,446,000)	(213,379)
Balance, June 30, 2011	<u>\$ 22,614,000</u>	<u>\$ 1,288,754</u>
Balance Due Within One Year	<u>\$ 1,491,000</u>	<u>\$ 219,359</u>

	Capital Lease	Other Long-term Liabilities
Balance, July 1, 2010	\$ 231	\$ 216,683
Deductions	(231)	(2,675)
Balance, June 30, 2011	<u>\$ 0</u>	<u>\$ 214,008</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 2,796</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 136,497	\$ 48,691
Additions	154,395	56,116
Deductions	(146,911)	(13,046)
Balance, June 30, 2011	<u>\$ 143,981</u>	<u>\$ 91,761</u>
Balance Due Within One Year	<u>\$ 7,198</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 24,352,504
Less: Balance Due Within One Year	<u>(1,720,353)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 22,632,151</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, 2011, 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, 2011, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2010	\$ 97,662
Additions	123,232
Deductions	<u>(117,962)</u>
Balance, June 30, 2011	<u>\$ 102,932</u>

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

**E. 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, 2011, were \$26,859 and \$9,558, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**F. Short-term Debt**

During the year, Stewart County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. These notes were necessary because funds were not available for general operating expenses coming due before current tax collections and other revenue sources. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
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 Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Stewart County and the Stewart County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Subsequent Events**

On August 26, 2011, Stewart County issued \$126,000 in capital outlay notes for repairs to county buildings.

On October 28, 2011, Stewart County issued \$116,000 in capital outlay notes for an ambulance and related equipment.

On November 4, 2011, the General Fund loaned \$260,000 to the School Transportation Fund for temporary operating funds.

On November 10, 2011, Stewart County issued \$1,125,000 in capital outlay refunding notes.

**D. Contingent Liabilities**

The county is involved in two 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 lawsuit 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. Changes in Administration**

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.

**F. 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

**G. 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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 7.79 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, 2011, the county’s annual pension cost of \$418,341 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the 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 postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 19 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$418,341	100%	\$0
6-30-10	599,430	100	0
6-30-09	596,083	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 \$6 million, and the actuarial value of assets was \$4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5 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, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at [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, 2011, was 9.05 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, 2011, 2010, and 2009, were \$699,074, \$494,671, and \$491,451, respectively, equal to the required contributions for each year.

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

### Plan Description

Stewart County and the School Department participate in the state-administered Local Government Group Insurance Plan and 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 local education employees. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://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 a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2011, Stewart County and the Stewart County School Department contributed \$13,046 and \$117,962, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 56,000	\$ 123,000
Interest on the NPO	2,191	4,395
Adjustment to the ARC	(2,075)	(4,163)
Annual OPEB cost	\$ 56,116	\$ 123,232
Less: Amount of contribution	(13,046)	(117,962)
Increase/decrease in NPO	\$ 43,070	\$ 5,270
Net OPEB obligation, 7-1-10	48,691	97,662
Net OPEB obligation, 6-30-11	\$ 91,761	\$ 102,932

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Government Group	\$ 18,120	93 %	\$ 7,406
6-30-10	"	54,018	24	48,691
6-30-11	"	56,116	23	91,761
6-30-09	Local Education Group	121,489	57	91,930
6-30-10	"	118,219	95	97,662
6-30-11	"	123,232	96	102,932

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 448,000	\$ 1,250,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 448,000	\$ 1,250,000
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	19%	21%

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, 2010, actuarial valuation for the Local Education 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 ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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 Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. All rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

### **I. 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 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 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.

**VI. OTHER NOTES – DISCRETELY PRESENTED STEWART COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Reporting Entity**

The Stewart County Emergency Communications District is a component unit of Stewart County, Tennessee. The nine-member governing board is appointed by Stewart County’s Board of Commissioners. The district’s budget is presented to the County Commission. Stewart County Commissioners must approve the issuance of any long-term debt.

Section 7-86-151, *Tennessee Code Annotated (TCA)*, states, “The legislative body of any municipality or county is authorized by ordinance or resolution, respectively, to establish, operate and maintain an emergency communications system providing 911 service within its boundaries when funded by general revenues.”

The district was created by the legislative body of Stewart County, after a referendum authorizing the district was approved by a majority of the eligible voters within the area of the proposed district in 1990. Section 7-86-106, *TCA*, states “The emergency communications district so created shall be a ‘municipality’ or public corporation in perpetuity under its corporate name...”

**B. Summary of Significant Accounting Policies**

**1. Measurement Focus and Basis of Accounting**

The fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the

provider have been met. The district is treated as an enterprise fund. The governing body intends that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**2. Financial Statement Presentation**

The district's financial statements have been prepared in conformity with generally accepted accounting principles as set forth in the Pronouncements of the Governmental Accounting Standards Board (GASB) and applicable Financial Accounting Standards Board pronouncements and applicable Accounting Principles Board opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**3. Source of Funds**

The Board of Directors of the district levies an emergency telephone service charge of \$1 per month for residential classification users and \$2.50 per month for business classification users to fund the 911 emergency telephone services. These funds are collected by the service supplier and remitted to the district each month. In December 1999, the state began remitting the district's share of charges collected for all wireless telephones totaling \$.85 per subscriber per month. The district receives 25 percent of all collected funds. These funds are collected by the state and remitted to the district every two months.

**4. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, checking accounts, money fund accounts, certificates of deposit, and credit union accounts. For purposes of the Statement of Cash Flows, the district considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**5. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the district considers all highly liquid investments with a maturity of three months or less when purchased and all local government investment pools to be cash equivalents.

**6. Fund Financial Statements**

Fund financial statements are designed to present financial information at a detailed level. The focus of fund financial statements is on major funds. The district consists of only one fund, the enterprise fund, which is a proprietary fund type.

Proprietary fund reporting focuses on changes in net assets, financial position, and cash flows. Operating income reported in proprietary fund financial statements includes revenues and expenses related to the continuing operations of the fund. Other revenue and expenses are classified as non-operating in the financial statements.

**7. Accounts Receivable**

Accounts receivable consist of user charges due from service suppliers. Based on historical experience, an allowance for uncollectible accounts has not been provided. Any user charges that are subsequently determined to be uncollectible are recorded as a reduction in revenue at that time. In management’s opinion, such reporting does not materially affect the fund financial statements.

**8. Property, Plant, and Equipment**

Property, plant, and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	10 - 40
Vehicles	5
Furniture, Machinery, Equipment	5 - 10

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. Significant renewals and betterments are capitalized.

**9. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**C. Contracts, Agreements, and Leases**

The district contracted with AT&T to implement an Enhanced 911 Emergency System in Stewart County, Tennessee. The billing of the district began when E-911 was operational in January 1993. AT&T’s monthly charge for equipment rental and maintenance is \$2,253. This operating lease is on a month-to-month basis.

The district contracted with Stewart County to maintain the E-911 database. The contract is on a month-to-month basis and covers the county's cost for the employee's wages and related benefits. The district is billed quarterly for these expenses. Since this is a cost reimbursement, the district does not record any compensated absences. Accordingly, the district has classified these expenses as inter-fund contract labor and inter-fund contract labor benefits.

The district contracted with Greer Communications to maintain and service an Enhanced 911 Emergency System in Stewart County, Tennessee. The billing of the district is annually and began July 2010. Greer Communications' current annual charge for equipment maintenance and service is \$29,192. This maintenance contract is on an annual basis.

**D. Capital Assets**

Capital assets consist of the following:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets, Not Being Depreciated:				
Land	\$ 0	\$ 25,000	\$ 0	\$ 25,000
Total Capital Assets, Not Being Depreciated	\$ 0	\$ 25,000	\$ 0	\$ 25,000
Capital Assets, Being Depreciated:				
Equipment	\$ 225,916	\$ 33,988	\$ (2,500)	\$ 257,404
Furniture and Fixtures	7,652	800	0	8,452
Buildings	100,000	0	0	100,000
Total Capital Assets, Being Depreciated	\$ 333,568	\$ 34,788	\$ (2,500)	\$ 365,856
Less Accumulated Depreciation:				
Equipment	\$ (178,144)	\$ (21,838)	\$ 2,500	\$ (197,482)
Furniture and Fixtures	(3,940)	(1,214)	0	(5,154)
Buildings	0	(6,667)	0	(6,667)
Total Accumulated Depreciation	\$ (182,084)	\$ (29,719)	\$ 2,500	\$ (209,303)
Capital Assets Being Depreciated, Net	\$ 151,484	\$ 5,069	\$ 0	\$ 156,553
Capital Assets, Net	\$ 151,484	\$ 30,069	\$ 0	\$ 181,553

Depreciation expense was charged as follows:

Business Type Activities	<u>\$ 29,719</u>
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**E. Risk Management**

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The district is covered under the county's general liability insurance policy and workmen's compensation policy. There have been no insurance settlements relating to the district during the past five fiscal years and there has been no significant reduction in the amount of coverage provided.

**F. Performance Bonds**

The chairman and treasurer of the district are bonded for \$50,000 each as required by the state.

**G. Budget**

The district prepares a budget in accordance with Section 7-86-120, *Tennessee Code Annotated*. This budget is submitted to the Stewart County Commission for approval.

**H. Deposits With Financial Institutions and Investments**

The district maintains several checking accounts and certificates of deposit with five local financial institutions. As of June 30, 2011, the district's deposits and investments are insured or collateralized based on federal insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). Each institution is federally insured up to \$250,000 on accounts that are interest-bearing and unlimited coverage on noninterest-bearing accounts. Furthermore, several of the financial institutions used by the district are participants in the Tennessee Collateral Pool, which was established to provide security for public fund deposits in excess of FDIC coverage. As of June 30, 2011, the district's deposits and investments do not exceed the insured amount and are fully insured by the FDIC or collateralized by the Tennessee Collateral Pool.

The district is exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the district's deposits and investments may not be returned to it. The district does not have a formalized and written deposit policy for custodial credit risk.

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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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,781,711	\$ 0	\$ 0	\$ 3,781,711	\$ 3,502,537	\$ 3,720,236	\$ 61,475
Licenses and Permits	6,801	0	0	6,801	5,600	5,600	1,201
Fines, Forfeitures, and Penalties	49,615	0	0	49,615	54,710	54,710	(5,095)
Charges for Current Services	780,739	0	0	780,739	729,400	729,400	51,339
Other Local Revenues	52,920	0	0	52,920	29,500	53,755	(835)
Fees Received from County Officials	562,361	0	0	562,361	545,000	557,000	5,361
State of Tennessee	1,435,270	0	0	1,435,270	1,419,629	1,431,153	4,117
Federal Government	823,315	0	0	823,315	493,963	1,020,835	(197,520)
Other Governments and Citizens Groups	89,386	0	0	89,386	92,500	137,292	(47,906)
<b>Total Revenues</b>	<b>\$ 7,582,118</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,582,118</b>	<b>\$ 6,872,839</b>	<b>\$ 7,709,981</b>	<b>\$ (127,863)</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 27,284	\$ 0	\$ 0	\$ 27,284	\$ 27,784	\$ 27,784	\$ 500
County Mayor/Executive	143,335	0	0	143,335	140,129	144,599	1,264
Election Commission	125,042	0	0	125,042	125,804	125,804	762
Register of Deeds	124,240	0	0	124,240	120,108	125,108	868
Geographical Information Systems	11,631	0	0	11,631	11,054	11,647	16
County Buildings	273,640	0	9,700	283,340	470,857	445,890	162,550
Other General Administration	36,705	0	0	36,705	33,399	38,399	1,694
Preservation of Records	2,389	0	0	2,389	2,300	2,908	519
<u>Finance</u>							
Accounting and Budgeting	72,345	0	0	72,345	72,268	72,750	405
Property Assessor's Office	159,214	0	0	159,214	162,470	162,470	3,256
Reappraisal Program	50,858	0	0	50,858	54,240	53,240	2,382

(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)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 191,707	\$ 0	\$ 0	\$ 191,707	\$ 201,839	\$ 199,839	\$ 8,132
County Clerk's Office	189,794	0	0	189,794	203,423	198,423	8,629
<u>Administration of Justice</u>							
Circuit Court	128,494	0	0	128,494	133,687	133,687	5,193
General Sessions Judge	115,300	0	0	115,300	117,504	117,504	2,204
General Sessions Court Clerk	92,630	0	0	92,630	88,545	93,108	478
Chancery Court	120,526	0	0	120,526	124,147	124,147	3,621
Juvenile Court	106,241	0	0	106,241	113,518	110,248	4,007
District Attorney General	2,585	0	0	2,585	2,585	2,585	0
Other Administration of Justice	46,279	0	0	46,279	45,926	47,196	917
<u>Public Safety</u>							
Sheriff's Department	1,184,116	0	0	1,184,116	1,124,633	1,214,322	30,206
Jail	694,021	0	0	694,021	630,150	701,675	7,654
Fire Prevention and Control	80,000	0	0	80,000	80,000	80,000	0
Other Emergency Management	162,414	0	0	162,414	84,560	170,740	8,326
County Coroner/Medical Examiner	31,038	0	0	31,038	30,257	31,063	25
Other Public Safety	483,891	0	0	483,891	693,826	559,121	75,230
<u>Public Health and Welfare</u>							
Local Health Center	29,639	0	0	29,639	29,141	30,141	502
Ambulance/Emergency Medical Services	1,248,449	0	0	1,248,449	1,246,471	1,252,178	3,729
Alcohol and Drug Programs	42,191	0	0	42,191	0	50,000	7,809
Waste Pickup	44,284	0	0	44,284	41,237	44,285	1
Other Public Health and Welfare	180,861	0	0	180,861	256,864	261,599	80,738

(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)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 12,000	\$ 0	\$ 0	\$ 12,000	\$ 12,000	\$ 0	0
Libraries	212,195	0	0	212,195	212,195	0	0
Other Social, Cultural, and Recreational Agriculture and Natural Resources	56,930	0	0	56,930	62,030	5,100	5,100
Agriculture Extension Service	56,629	0	0	56,629	57,991	362	362
Soil Conservation	26,089	0	0	26,089	26,183	94	94
<u>Other Operations</u>							
Tourism	105,975	(96,685)	0	9,290	14,500	4,210	4,210
Tourism-Resort District	57,895	0	0	57,895	50,500	6,326	6,326
Housing and Urban Development	214,804	0	0	214,804	22,776	21,472	21,472
Other Economic and Community Development	1,500	0	0	1,500	3,000	694	694
Veterans' Services	70,454	0	0	70,454	81,343	1,716	1,716
Other Charges	206,672	0	0	206,672	189,248	6,034	6,034
ARRA Grant # 1	180,921	(180,921)	0	0	0	0	0
ARRA Grant # 3	321,066	(12,326)	0	308,740	307,175	308,740	0
Miscellaneous	96,969	0	0	96,969	95,022	96,970	1
Total Expenditures	\$ 7,821,242	\$ (289,932)	\$ 9,700	\$ 7,541,010	\$ 7,601,479	\$ 8,008,636	\$ 467,626
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (239,124)	\$ 289,932	\$ (9,700)	\$ 41,108	\$ (728,640)	\$ (298,655)	\$ 339,763
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 37,391	\$ 0	\$ 0	\$ 37,391	\$ 15,000	\$ 17,334	\$ 20,057
Transfers In	0	0	0	0	37,300	0	0

(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)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers Out	\$ (381,457)	0 \$	0 \$	(381,457) \$	0 \$	(555,944) \$	174,487
Total Other Financing Sources (Uses)	<u>\$ (344,066)</u>	<u>0 \$</u>	<u>0 \$</u>	<u>(344,066) \$</u>	<u>52,300 \$</u>	<u>(538,610) \$</u>	<u>194,544</u>
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (583,190)	289,932 \$ (289,932)	(9,700) \$	(302,958) \$ 1,769,037	(676,340) \$ 1,916,099	(837,265) \$ 1,916,099	534,307 (147,062)
Fund Balance, June 30, 2011	<u>\$ 1,475,779</u>	<u>0 \$</u>	<u>(9,700) \$</u>	<u>1,466,079 \$</u>	<u>1,239,759 \$</u>	<u>1,078,834 \$</u>	<u>387,245</u>

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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Local Taxes	\$ 231,648	\$ 0	\$ 231,648	\$ 226,700	\$ 227,424	\$ 4,224
Charges for Current Services	2,976	0	2,976	5,000	2,976	0
Other Local Revenues	22,287	0	22,287	23,500	21,614	673
State of Tennessee	1,677,691	0	1,677,691	1,839,639	1,682,405	(4,714)
Federal Government	187,028	0	187,028	0	187,028	0
<b>Total Revenues</b>	<b>\$ 2,121,630</b>	<b>\$ 0</b>	<b>\$ 2,121,630</b>	<b>\$ 2,094,839</b>	<b>\$ 2,121,447</b>	<b>\$ 183</b>
<b>Expenditures</b>						
<u>Highways</u>						
Administration	\$ 130,368	\$ 0	\$ 130,368	\$ 132,163	\$ 130,403	\$ 35
Highway and Bridge Maintenance	1,009,600	0	1,009,600	1,059,600	998,749	(10,851)
Operation and Maintenance of Equipment	327,714	0	327,714	262,000	327,556	(158)
Other Charges	113,196	0	113,196	112,307	113,582	386
Employee Benefits	285,244	0	285,244	354,800	285,244	0
Capital Outlay	9,557	2,006	11,563	336,872	14,565	3,002
Principal on Debt						
Highways and Streets	66,667	0	66,667	66,667	66,667	0
Interest on Debt						
Highways and Streets	6,116	0	6,116	6,086	6,116	0
<b>Total Expenditures</b>	<b>\$ 1,948,462</b>	<b>\$ 2,006</b>	<b>\$ 1,950,468</b>	<b>\$ 2,330,495</b>	<b>\$ 1,942,882</b>	<b>\$ (7,586)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 173,168</b>	<b>\$ (2,006)</b>	<b>\$ 171,162</b>	<b>\$ (235,656)</b>	<b>\$ 178,565</b>	<b>\$ (7,403)</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2010</b>	<b>\$ 173,168</b>	<b>\$ (2,006)</b>	<b>\$ 171,162</b>	<b>\$ (235,656)</b>	<b>\$ 178,565</b>	<b>\$ (7,403)</b>
<b>Fund Balance, July 1, 2010</b>	<b>265,148</b>	<b>0</b>	<b>265,148</b>	<b>347,991</b>	<b>347,991</b>	<b>(82,843)</b>
<b>Fund Balance, June 30, 2011</b>	<b>\$ 438,316</b>	<b>\$ (2,006)</b>	<b>\$ 436,310</b>	<b>\$ 112,335</b>	<b>\$ 526,556</b>	<b>\$ (90,246)</b>

Exhibit E-3

Stewart County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Stewart County School Department  
June 30, 2011

(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, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 137	\$ 137	0%	\$ 2,158	6%
"	7-1-09	0	416	416	0	2,268	18
"	7-1-10	0	448	448	0	2,312	19
<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	5,888	20
"	7-1-10	0	1,250	1,250	0	5,930	21

**STEWART COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**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 total appropriations approved by the County Commission in the Highway/Public Works by \$7,586. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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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 Fund

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

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

Exhibit F-1

Stewart County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Constitu- tional	Total	General Capital Projects	
Drug Control	Officers - Fees			

\$	0 \$	1,366 \$	0 \$	1,366
	15,004	0	189,089	204,093
\$	15,004 \$	1,366 \$	189,089 \$	205,459

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Total Assets	

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LIABILITIES AND FUND BALANCES

\$	0 \$	0 \$	0 \$	4,822 \$
	0	1,366	0	1,366
\$	0 \$	1,366 \$	4,822 \$	6,188

Fund Balances

Restricted:	
Restricted for Public Safety	
Restricted for Capital Projects	
Total Fund Balances	

\$	15,004 \$	0 \$	15,004 \$	0 \$	15,004
	0	0	0	184,267	184,267
\$	15,004 \$	0 \$	15,004 \$	184,267 \$	199,271
\$	15,004 \$	1,366 \$	16,370 \$	189,089 \$	205,459

Total Liabilities and Fund Balances

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, 2011

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	General Capital Projects	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 70,866	\$ 70,866
Fines, Forfeitures, and Penalties	4,781	1,972	6,753
Other Local Revenues	2,100	0	2,100
Total Revenues	<u>\$ 6,881</u>	<u>\$ 72,838</u>	<u>\$ 79,719</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 7,375	\$ 0	\$ 7,375
Other Operations	13	0	13
Capital Projects	0	200,557	200,557
Total Expenditures	<u>\$ 7,388</u>	<u>\$ 200,557</u>	<u>\$ 207,945</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (507)</u>	<u>\$ (127,719)</u>	<u>\$ (128,226)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 163,758	\$ 163,758
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 163,758</u>	<u>\$ 163,758</u>
Net Change in Fund Balances	\$ (507)	\$ 36,039	\$ 35,532
Fund Balance, July 1, 2010	15,511	148,228	163,739
Fund Balance, June 30, 2011	<u>\$ 15,004</u>	<u>\$ 184,267</u>	<u>\$ 199,271</u>

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 4,781	\$ 1,100	\$ 1,100	\$ 3,681
Other Local Revenues	2,100	0	0	2,100
Total Revenues	<u>\$ 6,881</u>	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 5,781</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 7,375	\$ 9,000	\$ 8,980	\$ 1,605
<u>Other Operations</u>				
Other Charges	13	20	40	27
Total Expenditures	<u>\$ 7,388</u>	<u>\$ 9,020</u>	<u>\$ 9,020</u>	<u>\$ 1,632</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (507)</u>	<u>\$ (7,920)</u>	<u>\$ (7,920)</u>	<u>\$ 7,413</u>
Net Change in Fund Balance	\$ (507)	\$ (7,920)	\$ (7,920)	\$ 7,413
Fund Balance, July 1, 2010	<u>15,511</u>	<u>15,511</u>	<u>15,511</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 15,004</u>	<u>\$ 7,591</u>	<u>\$ 7,591</u>	<u>\$ 7,413</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,289,721	\$ 2,552,031	\$ 2,257,031	\$ 32,690
Other Governments and Citizens Groups	178,115	60,000	142,000	36,115
Total Revenues	<u>\$ 2,467,836</u>	<u>\$ 2,612,031</u>	<u>\$ 2,399,031</u>	<u>\$ 68,805</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 111,931	\$ 111,931	\$ 111,931	\$ 0
Education	1,480,781	1,480,781	1,480,781	0
<u>Interest on Debt</u>				
General Government	43,275	43,274	43,275	0
Education	931,302	931,302	931,302	0
<u>Other Debt Service</u>				
General Government	44,409	40,000	45,000	591
Education	1,850	2,000	2,000	150
Total Expenditures	<u>\$ 2,613,548</u>	<u>\$ 2,609,288</u>	<u>\$ 2,614,289</u>	<u>\$ 741</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (145,712)</u>	<u>\$ 2,743</u>	<u>\$ (215,258)</u>	<u>\$ 69,546</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 217,699	\$ 0	\$ 218,000	\$ (301)
Total Other Financing Sources (Uses)	<u>\$ 217,699</u>	<u>\$ 0</u>	<u>\$ 218,000</u>	<u>\$ (301)</u>
Net Change in Fund Balance	\$ 71,987	\$ 2,743	\$ 2,742	\$ 69,245
Fund Balance, July 1, 2010	<u>967,880</u>	<u>968,495</u>	<u>968,495</u>	<u>(615)</u>
Fund Balance, June 30, 2011	<u>\$ 1,039,867</u>	<u>\$ 971,238</u>	<u>\$ 971,237</u>	<u>\$ 68,630</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, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 564,524	\$ 564,524
Due from Other Governments	56,205	0	56,205
Total Assets	<u>\$ 56,205</u>	<u>\$ 564,524</u>	<u>\$ 620,729</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 56,205	\$ 0	\$ 56,205
Due to Litigants, Heirs, and Others	0	564,524	564,524
Total Liabilities	<u>\$ 56,205</u>	<u>\$ 564,524</u>	<u>\$ 620,729</u>

Exhibit H-2

Stewart County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 320,198	\$ 320,198	\$ 0
Due from Other Governments	47,047	56,205	47,047	56,205
Total Assets	\$ 47,047	\$ 376,403	\$ 367,245	\$ 56,205
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 47,047	\$ 376,403	\$ 367,245	\$ 56,205
Total Liabilities	\$ 47,047	\$ 376,403	\$ 367,245	\$ 56,205
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 537,476	\$ 2,738,599	\$ 2,711,551	\$ 564,524
Total Assets	\$ 537,476	\$ 2,738,599	\$ 2,711,551	\$ 564,524
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 537,476	\$ 2,738,599	\$ 2,711,551	\$ 564,524
Total Liabilities	\$ 537,476	\$ 2,738,599	\$ 2,711,551	\$ 564,524
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 537,476	\$ 2,738,599	\$ 2,711,551	\$ 564,524
Equity in Pooled Cash and Investments	0	320,198	320,198	0
Due from Other Governments	47,047	56,205	47,047	56,205
Total Assets	\$ 584,523	\$ 3,115,002	\$ 3,078,796	\$ 620,729
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 47,047	\$ 376,403	\$ 367,245	\$ 56,205
Due to Litigants, Heirs, and Others	537,476	2,738,599	2,711,551	564,524
Total Liabilities	\$ 584,523	\$ 3,115,002	\$ 3,078,796	\$ 620,729

# 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, 2011

Functions/Programs	Program Revenues		Charges for Services		Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Operating Grants and Contributions					Total Governmental Activities	
Governmental Activities:							
Instruction		\$ 10,204,431	\$ 1,362	\$ 2,565,052	\$		\$ (7,638,016)
Support Services		6,575,777	66,927	673,562			(5,835,288)
Operation of Non-Instructional Services		1,865,248	360,238	749,776			(755,234)
Other Debt Service		178,115	0	0			(178,115)
Total Governmental Activities		\$ 18,823,571	\$ 428,527	\$ 3,988,390			\$ (14,406,654)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes						\$	656,645
Local Option Sales Taxes							724,538
Other Local Taxes							38,828
Grants and Contributions Not Restricted for Specific Programs							12,371,788
Unrestricted Investment Income							30,810
Miscellaneous							67,770
Total General Revenues						\$	13,890,379
Change in Net Assets						\$	(516,275)
Net Assets, July 1, 2010							31,822,742
Net Assets, June 30, 2011						\$	31,306,467

Exhibit I-2

Stewart County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Stewart County School Department  
June 30, 2011

	Major Funds			Nonmajor	Total Govern- mental Funds
	General Purpose School	Central Cafeteria	School Transpor - tation	School Federal Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 714	\$ 0	\$ 0	714
Equity in Pooled Cash and Investments	1,763,364	407,268	274,080	3,461	2,448,173
Accounts Receivable	1,256	0	0	0	1,256
Due from Other Governments	472,866	63,789	0	19,767	556,422
Due from Other Funds	0	0	0	4,206	4,206
Due from Primary Government	4,882	0	0	0	4,882
Property Taxes Receivable	681,327	0	155,721	0	837,048
Allowance for Uncollectible Property Taxes	(27,207)	0	(3,272)	0	(30,479)
Accrued Interest Receivable	7,465	0	0	0	7,465
<b>Total Assets</b>	<b>\$ 2,903,953</b>	<b>\$ 471,771</b>	<b>\$ 426,529</b>	<b>\$ 27,434</b>	<b>\$ 3,829,687</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 3,542	\$ 0	\$ 0	\$ 0	3,542
Due to Other Funds	4,206	0	0	0	4,206
Deferred Revenue - Current Property Taxes	635,204	0	152,449	0	787,653
Deferred Revenue - Delinquent Property Taxes	17,640	0	0	0	17,640
Other Deferred Revenues	76,822	0	0	0	76,822
<b>Total Liabilities</b>	<b>\$ 737,414</b>	<b>\$ 0</b>	<b>\$ 152,449</b>	<b>\$ 0</b>	<b>\$ 889,863</b>
<u>Fund Balances</u>					
Restricted:					
Restricted for Education	\$ 0	\$ 0	\$ 274,080	\$ 12,434	\$ 286,514
Restricted for Operation of Non-Instructional Services	0	471,771	0	0	471,771
Assigned:					
Assigned for Education	0	0	0	15,000	15,000
Unassigned	2,166,539	0	0	0	2,166,539
<b>Total Fund Balances</b>	<b>\$ 2,166,539</b>	<b>\$ 471,771</b>	<b>\$ 274,080</b>	<b>\$ 27,434</b>	<b>\$ 2,939,824</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,903,953</b>	<b>\$ 471,771</b>	<b>\$ 426,529</b>	<b>\$ 27,434</b>	<b>\$ 3,829,687</b>

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, 2011

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)		\$ 2,939,824
(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	25,506,472	
Add: other capital assets net of accumulated depreciation	<u>1,764,531</u>	28,375,113
(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		(102,932)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>94,462</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 31,306,467</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, 2011

	Major Funds			Nonmajor	Total
	General Purpose School	Central Cafeteria	School Transpor - tation	Fund School Federal Projects	
<u>Revenues</u>					
Local Taxes	\$ 1,421,409	\$ 0	\$ 3,895	\$ 0	\$ 1,425,304
Licenses and Permits	592	0	0	0	592
Charges for Current Services	68,289	360,238	0	0	428,527
Other Local Revenues	72,661	29,248	0	0	101,909
State of Tennessee	13,612,048	11,802	0	0	13,623,850
Federal Government	707,322	706,166	0	1,311,617	2,725,105
Total Revenues	<u>\$ 15,882,321</u>	<u>\$ 1,107,454</u>	<u>\$ 3,895</u>	<u>\$ 1,311,617</u>	<u>\$ 18,305,287</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 8,290,059	\$ 0	\$ 0	\$ 1,113,958	\$ 9,404,017
Support Services	6,364,105	0	164,720	186,244	6,715,069
Operation of Non-Instructional Services	527,944	1,206,536	0	0	1,734,480
Debt Service:					
Other Debt Service	178,115	0	0	0	178,115
Total Expenditures	<u>\$ 15,360,223</u>	<u>\$ 1,206,536</u>	<u>\$ 164,720</u>	<u>\$ 1,300,202</u>	<u>\$ 18,031,681</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 522,098</u>	<u>\$ (99,082)</u>	<u>\$ (160,825)</u>	<u>\$ 11,415</u>	<u>\$ 273,606</u>
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 25,353	\$ 4,203	\$ 0	\$ 0	\$ 29,556
Transfers In	0	37,282	0	0	37,282
Transfers Out	(37,282)	0	0	0	(37,282)
Total Other Financing Sources (Uses)	<u>\$ (11,929)</u>	<u>\$ 41,485</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,556</u>
Net Change in Fund Balances	\$ 510,169	\$ (57,597)	\$ (160,825)	\$ 11,415	\$ 303,162
Fund Balance, July 1, 2010	1,656,370	529,368	434,905	16,019	2,636,662
Fund Balance, June 30, 2011	<u>\$ 2,166,539</u>	<u>\$ 471,771</u>	<u>\$ 274,080</u>	<u>\$ 27,434</u>	<u>\$ 2,939,824</u>

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, 2011

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)		\$	303,162
(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	\$	320,936	
Less: current-year depreciation expense		<u>(1,137,112)</u>	(816,176)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$	94,462	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(92,453)</u>	2,009
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			<u>(5,270)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>(516,275)</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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,421,409	\$ 0	\$ 1,421,409	\$ 1,238,947	\$ 1,443,956	\$ (22,547)
Licenses and Permits	592	0	592	625	625	(33)
Charges for Current Services	68,289	0	68,289	42,550	42,550	25,739
Other Local Revenues	72,661	0	72,661	86,500	86,500	(13,839)
State of Tennessee	13,612,048	0	13,612,048	13,554,318	13,598,579	13,469
Federal Government	707,322	0	707,322	714,477	733,136	(25,814)
<u>Total Revenues</u>	<u>\$ 15,882,321</u>	<u>\$ 0</u>	<u>\$ 15,882,321</u>	<u>\$ 15,637,417</u>	<u>\$ 15,905,346</u>	<u>\$ (23,025)</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 6,670,496	\$ 0	\$ 6,670,496	\$ 7,154,264	\$ 7,089,161	\$ 418,665
Alternative Instruction Program	58,461	0	58,461	60,726	62,226	3,765
Special Education Program	849,608	0	849,608	945,144	945,144	95,536
Vocational Education Program	652,960	0	652,960	655,076	655,076	2,116
Adult Education Program	58,534	0	58,534	58,110	59,635	1,101
<u>Support Services</u>						
Attendance	71,974	0	71,974	78,497	78,497	6,523
Health Services	660,379	0	660,379	792,342	806,156	145,777
Other Student Support	452,058	0	452,058	431,282	452,282	224
Regular Instruction Program	476,966	0	476,966	572,775	564,775	87,809
Special Education Program	131,424	0	131,424	138,752	138,751	7,327
Vocational Education Program	2,591	0	2,591	4,500	4,500	1,909
Adult Programs	68,447	0	68,447	67,423	72,357	3,910
Other Programs	36,417	0	36,417	0	36,417	0

(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)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Board of Education	\$ 302,775	0	\$ 302,775	\$ 309,235	\$ 309,235	\$ 6,460
Director of Schools	253,826	0	253,826	235,488	257,013	3,187
Office of the Principal	811,384	0	811,384	825,600	835,600	24,216
Fiscal Services	115,388	0	115,388	120,559	120,559	5,171
Operation of Plant	1,362,826	0	1,362,826	1,379,348	1,423,948	61,122
Maintenance of Plant	456,370	(25,375)	430,995	482,126	488,403	57,408
Transportation	1,043,304	0	1,043,304	998,154	1,067,154	23,850
Central and Other	117,976	0	117,976	148,772	148,772	30,796
<u>Operation of Non-Instructional Services</u>						
Food Service	5,277	0	5,277	4,000	6,443	1,166
Community Services	34,118	0	34,118	34,640	34,640	522
Early Childhood Education	488,549	0	488,549	519,430	511,859	23,310
Capital Outlay	0	0	0	25,000	25,000	25,000
Regular Capital Outlay						
Other Debt Service						
Education	178,115	0	178,115	60,000	178,115	0
Total Expenditures	\$ 15,360,223	(25,375)	\$ 15,334,848	\$ 16,101,243	\$ 16,371,718	\$ 1,036,870
Excess (Deficiency) of Revenues Over Expenditures	\$ 522,098	25,375	\$ 547,473	(463,826)	(466,372)	\$ 1,013,845
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 25,353	0	\$ 25,353	16,000	16,000	\$ 9,353

(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)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers Out	\$ (37,282) \$	0 \$	(37,282) \$	(42,000) \$	(42,000) \$	4,718
Total Other Financing Sources (Uses)	\$ (11,929) \$	0 \$	(11,929) \$	(26,000) \$	(26,000) \$	14,071
Net Change in Fund Balance	\$ 510,169 \$	25,375 \$	535,544 \$	(489,826) \$	(492,372) \$	1,027,916
Fund Balance, July 1, 2010	1,656,370	(25,375)	1,630,995	1,641,592	1,641,592	(10,597)
Fund Balance, June 30, 2011	\$ 2,166,539 \$	0 \$	2,166,539 \$	1,151,766 \$	1,149,220 \$	1,017,319

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,311,617	\$ 2,128,488	\$ 2,125,904	\$ (814,287)
Total Revenues	\$ 1,311,617	\$ 2,128,488	\$ 2,125,904	\$ (814,287)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 517,097	\$ 1,002,749	\$ 1,083,447	\$ 566,350
Special Education Program	573,147	599,653	616,385	43,238
Vocational Education Program	23,714	20,817	23,714	0
<u>Support Services</u>				
Other Student Support	12,695	76,398	22,270	9,575
Regular Instruction Program	153,771	385,056	354,253	200,482
Vocational Education Program	437	1,687	437	0
Operation of Plant	19,341	25,398	25,398	6,057
Transportation	0	16,730	0	0
Total Expenditures	\$ 1,300,202	\$ 2,128,488	\$ 2,125,904	\$ 825,702
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,415	\$ 0	\$ 0	\$ 11,415
Net Change in Fund Balance	\$ 11,415	\$ 0	\$ 0	\$ 11,415
Fund Balance, July 1, 2010	16,019	0	0	16,019
Fund Balance, June 30, 2011	\$ 27,434	\$ 0	\$ 0	\$ 27,434

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 360,238	\$ 447,850	\$ 447,850	\$ (87,612)
Other Local Revenues	29,248	43,000	43,000	(13,752)
State of Tennessee	11,802	13,000	13,000	(1,198)
Federal Government	706,166	676,000	676,000	30,166
Total Revenues	<u>\$ 1,107,454</u>	<u>\$ 1,179,850</u>	<u>\$ 1,179,850</u>	<u>\$ (72,396)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,206,536	\$ 1,408,329	\$ 1,408,329	\$ 201,793
Total Expenditures	<u>\$ 1,206,536</u>	<u>\$ 1,408,329</u>	<u>\$ 1,408,329</u>	<u>\$ 201,793</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (99,082)</u>	<u>\$ (228,479)</u>	<u>\$ (228,479)</u>	<u>\$ 129,397</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,203	\$ 0	\$ 0	\$ 4,203
Transfers In	37,282	69,800	69,800	(32,518)
Total Other Financing Sources (Uses)	<u>\$ 41,485</u>	<u>\$ 69,800</u>	<u>\$ 69,800</u>	<u>\$ (28,315)</u>
Net Change in Fund Balance	\$ (57,597)	\$ (158,679)	\$ (158,679)	\$ 101,082
Fund Balance, July 1, 2010	<u>529,368</u>	<u>530,529</u>	<u>530,529</u>	<u>(1,161)</u>
Fund Balance, June 30, 2011	<u>\$ 471,771</u>	<u>\$ 371,850</u>	<u>\$ 371,850</u>	<u>\$ 99,921</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,895	\$ 0	\$ 1,795	\$ 2,100
Total Revenues	\$ 3,895	\$ 0	\$ 1,795	\$ 2,100
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 36	\$ 0	\$ 25	\$ (11)
Transportation	164,684	0	164,684	0
Total Expenditures	\$ 164,720	\$ 0	\$ 164,709	\$ (11)
Excess (Deficiency) of Revenues Over Expenditures	\$ (160,825)	\$ 0	\$ (162,914)	\$ 2,089
Net Change in Fund Balance	\$ (160,825)	\$ 0	\$ (162,914)	\$ 2,089
Fund Balance, July 1, 2010	434,905	0	162,914	271,991
Fund Balance, June 30, 2011	\$ 274,080	\$ 0	\$ 0	\$ 274,080

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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, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured	
						During Period	Outstanding 6-30-11
<b>NOTES PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
Capital Outlay Notes, Series 2007	\$ 1,600,000	4.3 %	2-16-07	3-1-19	\$ 1,250,000	\$ 125,000	\$ 1,125,000
Ambulance	118,800	4.45	11-5-09	11-5-14	118,800	21,712	97,088
Total Payable through General Debt Service Fund					\$ 1,368,800	\$ 146,712	\$ 1,222,088
<u>Payable through Highway/Public Works Fund</u>							
Capital Outlay Notes, Series 2009	65,888	4.5	2-18-09	4-30-12	\$ 43,925	\$ 21,963	\$ 21,962
Capital Outlay Notes, Series 2009	134,112	4.566	4-28-09	4-28-12	89,408	44,704	44,704
Total Payable through Highway/Public Works Fund					\$ 133,333	\$ 66,667	\$ 66,666
Total Notes Payable					\$ 1,502,133	\$ 213,379	\$ 1,288,754
<b>CAPITAL LEASE PAYABLE</b>							
<u>Payable through General Fund</u>							
Defibrillators	5,519	9.87	4-21-05	8-25-10	\$ 231	\$ 231	\$ 0
Total Capital Lease Payable					\$ 231	\$ 231	\$ 0
<b>BONDS PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
Industrial Park Development (FmHA)	454,000	5	10-15-1977	10-1-16	\$ 120,000	\$ 16,000	\$ 104,000
School Bonds, Series 2001	1,200,000	4 to 5	3-6-01	3-1-13	175,000	55,000	120,000
School Refunding, Series 2003	6,035,000	3.4	5-11-03	9-1-16	3,730,000	480,000	3,250,000
School Refunding, Series 2003A	8,255,000	2.5 to 4.55	12-1-03	12-1-23	7,050,000	390,000	6,660,000
School Bonds, Series 2004	9,500,000	3 to 4.75	8-1-04	3-1-19	2,965,000	280,000	2,685,000
School Bonds, Series 2005	1,600,000	3 to 4.65	1-1-05	3-1-24	930,000	55,000	875,000
School Refunding, Series 2005	3,470,000	3.79	3-3-05	6-1-24	2,790,000	155,000	2,635,000
School Refunding, Series 2007	6,330,000	3.98	1-26-07	3-1-29	6,300,000	15,000	6,285,000
Total Bonds Payable					\$ 24,060,000	\$ 1,446,000	\$ 22,614,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 1,288,754	\$ 240,213	\$ 1,528,967

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 22,614,000	\$ 7,144,802	\$ 29,758,802

Exhibit J-3

Stewart County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ 217,699
"	General Capital Projects	Equipment	163,758
Total Transfers Primary Government			<u>\$ 381,457</u>
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Deferred compensation, insurance, and retirement match	\$ 37,282
Total Transfers Discretely Presented Stewart County School Department			<u>\$ 37,282</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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 70,739	\$ 25,000	State Automobile Mutual Insurance Company
County Engineer	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	91,417 (1)	50,000	"
Trustee	Section 8-24-102, TCA	57,751	645,600	"
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	"
County Clerk	Section 8-24-102, TCA	57,751	25,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	57,751	25,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	50,000	"
Register:				
Ruth Mathis (7-1-10 through 8-31-10)	Section 8-24-102, TCA	9,625	15,000	"
Derek Earhart (9-1-10 through 6-30-11)	Section 8-24-102, TCA	48,126	15,000	"
Sheriff:				
John Vinson (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,588	25,000	"
Deryk Wyatt (9-1-10 through 6-30-11)	Section 8-24-102, TCA	52,939 (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 a 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, 2011

	General	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works		General Debt Service		General Capital Projects			
<u>Local Taxes</u>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 2,956,511	\$ 0	\$ 221,738	\$ 1,749,260	\$ 0	\$ 0	\$ 0	\$ 4,927,509		
Trustee's Collections - Prior Year	66,143	0	4,531	38,992	26	0	0	109,692		
Trustee's Collections - Bankruptcy	9	0	1	5	0	0	0	15		
Circuit/Clerk & Master Collections - Prior Years	59,492	0	4,087	34,969	454	0	0	99,002		
Interest and Penalty	17,022	0	1,198	10,215	27	0	0	28,462		
Payments in-Lieu-of Taxes - T.V.A.	933	0	70	552	0	0	0	1,555		
Payments in-Lieu-of Taxes - Other	68,936	0	0	37,793	515	0	0	107,244		
<u>County Local Option Taxes</u>										
Local Option Sales Tax	392,835	0	0	0	0	0	0	392,835		
Hotel/Motel Tax	17,554	0	0	0	0	0	0	17,554		
Wheel Tax	0	0	0	417,755	0	0	0	417,755		
Litigation Tax - General	40,246	0	0	0	0	0	0	40,246		
Litigation Tax - Special Purpose	19,097	0	0	0	0	0	0	19,097		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	69,844	69,844		
Business Tax	28,124	0	0	0	0	0	0	28,124		
<u>Statutory Local Taxes</u>										
Bank Excise Tax	305	0	23	180	0	0	0	508		
Wholesale Beer Tax	113,787	0	0	0	0	0	0	113,787		
Interstate Telecommunications Tax	717	0	0	0	0	0	0	717		
Total Local Taxes	\$ 3,781,711	\$ 0	\$ 231,648	\$ 2,289,721	\$ 70,866	\$ 0	\$ 0	\$ 6,373,946		
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Animal Vaccination	686	0	0	0	0	0	0	686		
Cable TV Franchise	3,083	0	0	0	0	0	0	3,083		
<u>Permits</u>										
Beer Permits	3,032	0	0	0	0	0	0	3,032		
Total Licenses and Permits	\$ 6,801	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,801		

(Continued)

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

	General	Special Revenue Funds		Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total	
		Drug Control	0 \$		General Debt Service	0 \$	General Capital Projects			
								0 \$		0 \$
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 1,662	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,662		
Officers Costs	2,024	0	0	0	0	0	0	2,024		
Data Entry Fee - Circuit Court	150	0	0	0	0	0	0	150		
<u>Criminal Court</u>										
DUI Treatment Fines	665	0	0	0	0	0	0	665		
<u>General Sessions Court</u>										
Fines	9,641	0	0	0	0	0	0	9,641		
Officers Costs	17,022	0	0	0	0	0	0	17,022		
Game and Fish Fines	379	0	0	0	0	0	0	379		
Drug Control Fines	0	1,501	0	0	0	0	1,972	1,501		
Jail Fees	3,721	0	0	0	0	0	0	3,721		
DUI Treatment Fines	1,890	0	0	0	0	0	0	1,890		
Data Entry Fee - General Sessions Court	2,972	0	0	0	0	0	0	2,972		
<u>Juvenile Court</u>										
Fines	57	0	0	0	0	0	0	57		
Officers Costs	914	0	0	0	0	0	0	914		
<u>Chancery Court</u>										
Officers Costs	589	0	0	0	0	0	0	589		
Data Entry Fee - Chancery Court	794	0	0	0	0	0	0	794		
Courtroom Security Fee	11	0	0	0	0	0	0	11		
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	800	3,280	0	0	0	0	0	4,080		
Other Fines, Forfeitures, and Penalties	6,324	0	0	0	0	0	0	6,324		
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 49,615</b>	<b>\$ 4,781</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,972</b>	<b>\$ 56,368</b>		
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
Patient Charges	\$ 761,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 761,270		
Work Release Charges for Board	2,145	0	0	0	0	0	0	2,145		

(Continued)

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

	General	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works		General Debt Service	General Capital Projects			
<u>Charges for Current Services (Cont.)</u>									
<u>Fees</u>									
Copy Fees	35	0	0	0	0	0	0	0	35
Telephone Commissions	7,178	0	0	0	0	0	0	0	7,178
Data Processing Fee - Register	4,472	0	0	0	0	0	0	0	4,472
Probation Fees	450	0	0	0	0	0	0	0	450
Data Processing Fee - Sheriff	1,775	0	0	0	0	0	0	0	1,775
Sexual Offender Registration Fees - Sheriff	2,800	0	0	0	0	0	0	0	2,800
Data Processing Fee - County Clerk	614	0	0	0	0	0	0	0	614
<u>Other Charges for Services</u>									
Other Charges for Services	0	0	2,976	0	0	0	0	0	2,976
<b>Total Charges for Current Services</b>	<b>\$ 780,739</b>	<b>\$ 0</b>	<b>\$ 2,976</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 783,715</b>
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	1,565	0	0	0	0	0	0	0	1,565
Lease/Rentals	4,450	0	0	0	0	0	0	0	4,450
Sale of Materials and Supplies	77	0	0	0	0	0	0	0	77
Commissary Sales	2,598	0	0	0	0	0	0	0	2,598
Sale of Gasoline	0	0	20,225	0	0	0	0	0	20,225
Miscellaneous Refunds	29,378	0	2,062	0	0	0	0	0	31,440
<u>Nonrecurring Items</u>									
Sale of Equipment	9,714	2,100	0	0	0	0	0	0	11,814
Damages Recovered from Individuals	838	0	0	0	0	0	0	0	838
Performance Bond Forfeitures	4,300	0	0	0	0	0	0	0	4,300
<b>Total Other Local Revenues</b>	<b>\$ 52,920</b>	<b>\$ 2,100</b>	<b>\$ 22,287</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 77,307</b>
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	123,959	0	0	0	0	0	0	0	123,959
Circuit Court Clerk	30,907	0	0	0	0	0	0	0	30,907
General Sessions Court Clerk	84,916	0	0	0	0	0	0	0	84,916

(Continued)

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

	General	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works	General		Debt Service	General		
				Debt Service	Capital Projects				
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees in-Lieu-of Salary (Cont.)</u>									
Clerk and Master	\$ 50,651	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,651
Register	53,611	0	0	0	0	0	0	0	53,611
Sheriff	3,603	0	0	0	0	0	0	0	3,603
Trustee	214,714	0	0	0	0	0	0	0	214,714
<b>Total Fees Received from County Officials</b>	<b>\$ 562,361</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 562,361</b>
<u>State of Tennessee</u>									
General Government Grants	\$ 24,147	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,147
Juvenile Services Program	9,000	0	0	0	0	0	0	0	9,000
<u>Public Safety Grants</u>	180,861	0	0	0	0	0	0	0	180,861
Law Enforcement Training Programs									
Health and Welfare Grants									
Health Department Programs									
Public Works Grants									
Litter Program	38,504	0	0	0	0	0	0	0	38,504
<u>Other State Revenues</u>	956	0	0	0	0	0	0	0	956
Flood Control	16,532	0	0	0	0	0	0	0	16,532
Income Tax	127,194	0	0	0	0	0	0	0	127,194
Resort District Sales Tax	18,724	0	0	0	0	0	0	0	18,724
Beer Tax	34,898	0	0	0	0	0	0	0	34,898
Alcoholic Beverage Tax	1,682	0	0	0	0	0	0	0	1,682
Mixed Drink Tax	847,389	0	71,238	0	0	0	0	0	918,627
State Revenue Sharing - T.V.A.	39,830	0	0	0	0	0	0	0	39,830
Contracted Prisoner Boarding	0	0	1,596,519	0	0	0	0	0	1,596,519
Gasoline and Motor Fuel Tax	0	0	9,934	0	0	0	0	0	9,934
Petroleum Special Tax	15,164	0	0	0	0	0	0	0	15,164
Registrar's Salary Supplement	23,090	0	0	0	0	0	0	0	23,090
Other State Grants	57,299	0	0	0	0	0	0	0	57,299
Other State Revenues									
<b>Total State of Tennessee</b>	<b>\$ 1,435,270</b>	<b>\$ 0</b>	<b>\$ 1,677,691</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,112,961</b>

(Continued)

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

	General	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	General Capital Projects		
<b>Federal Government</b>									
<u>Federal Through State</u>									
Community Development	\$ 42,192	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	42,192
Disaster Relief	25,870	0	187,028	0	0	0	0	0	212,898
Homeland Security Grants	82,649	0	0	0	0	0	0	0	82,649
ARRA Grant # 1	295,320	0	0	0	0	0	0	0	295,320
Other Federal through State	321,508	0	0	0	0	0	0	0	321,508
<u>Direct Federal Revenue</u>									
Police Service (Lake Area)	12,376	0	0	0	0	0	0	0	12,376
Forest Service	43,200	0	0	0	0	0	0	0	43,200
Other Direct Federal Revenue	200	0	0	0	0	0	0	0	200
<b>Total Federal Government</b>	<b>\$ 823,315</b>	<b>\$ 0</b>	<b>\$ 187,028</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,010,343</b>
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 63,452	\$ 0	\$ 0	\$ 178,115	\$ 0	\$ 0	\$ 0	\$ 0	241,567
Contracted Services	21,531	0	0	0	0	0	0	0	21,531
<u>Citizens Groups</u>									
Donations	4,403	0	0	0	0	0	0	0	4,403
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 89,386</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 178,115</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>267,501</b>
<b>Total</b>	<b>\$ 7,582,118</b>	<b>\$ 6,881</b>	<b>\$ 2,121,630</b>	<b>\$ 2,467,836</b>	<b>\$ 72,838</b>	<b>\$ 12,251,303</b>			

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 614,756	\$ 0	\$ 0	\$ 0	\$ 614,756
Trustee's Collections - Prior Year	21,145	0	0	140	21,285
Trustee's Collections - Bankruptcy	3	0	0	0	3
Circuit/Clerk & Master Collections - Prior Years	14,532	0	0	3,633	18,165
Interest and Penalty	4,606	0	0	122	4,728
Payments in-Lieu-of Taxes - T.V.A.	194	0	0	0	194
Payments in-Lieu-of Taxes - Other	11,844	0	0	0	11,844
<u>County Local Option Taxes</u>					
Local Option Sales Tax	715,356	0	0	0	715,356
Business Tax	38,073	0	0	0	38,073
<u>Statutory Local Taxes</u>					
Bank Excise Tax	64	0	0	0	64
Interstate Telecommunications Tax	836	0	0	0	836
Total Local Taxes	\$ 1,421,409	\$ 0	\$ 0	\$ 3,895	\$ 1,425,304
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 592	\$ 0	\$ 0	\$ 0	\$ 592
Total Licenses and Permits	\$ 592	\$ 0	\$ 0	\$ 0	\$ 592
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 1,362	\$ 0	\$ 0	\$ 0	\$ 1,362
Lunch Payments - Children	0	0	185,474	0	185,474
Lunch Payments - Adults	0	0	20,415	0	20,415
A la carte Sales	0	0	114,638	0	114,638
Receipts from Individual Schools	16,667	0	39,711	0	56,378
<u>Other Charges for Services</u>					
Other Charges for Services	50,260	0	0	0	50,260
Total Charges for Current Services	\$ 68,289	\$ 0	\$ 360,238	\$ 0	\$ 428,527
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 32,204	\$ 0	\$ 1,935	\$ 0	\$ 34,139
Miscellaneous Refunds	26,532	0	27,313	0	53,845
<u>Nonrecurring Items</u>					
Sale of Equipment	3,638	0	0	0	3,638
Sale of Property	10,213	0	0	0	10,213
Damages Recovered from Individuals	12	0	0	0	12
<u>Other Local Revenues</u>					
Other Local Revenues	62	0	0	0	62
Total Other Local Revenues	\$ 72,661	\$ 0	\$ 29,248	\$ 0	\$ 101,909
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 36,417	\$ 0	\$ 0	\$ 0	\$ 36,417
<u>State Education Funds</u>					
Basic Education Program	9,910,382	0	0	0	9,910,382

(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>					
Basic Education Program - ARRA	\$ 1,192,618	\$ 0	\$ 0	\$ 0	\$ 1,192,618
Early Childhood Education	488,548	0	0	0	488,548
School Food Service	0	0	11,802	0	11,802
Other State Education Funds	25,952	0	0	0	25,952
Coordinated School Health - ARRA	130,000	0	0	0	130,000
Internet Connectivity - ARRA	6,546	0	0	0	6,546
Family Resource Centers - ARRA	33,276	0	0	0	33,276
Statewide Student Management System (SSMS) - ARRA	5,613	0	0	0	5,613
Career Ladder Program	90,293	0	0	0	90,293
Career Ladder - Extended Contract - ARRA	4,712	0	0	0	4,712
<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	13,800	0	0	0	13,800
Total State of Tennessee	\$ 13,612,048	\$ 0	\$ 11,802	\$ 0	\$ 13,623,850
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 437,501	\$ 0	\$ 437,501
USDA - Commodities	0	0	74,107	0	74,107
Breakfast	0	0	194,558	0	194,558
Adult Education State Grant Program	74,254	0	0	0	74,254
Vocational Education - Basic Grants to States	0	33,754	0	0	33,754
Title I Grants to Local Education Agencies	0	494,601	0	0	494,601
Special Education - Grants to States	0	558,138	0	0	558,138
Special Education Preschool Grants	0	14,737	0	0	14,737
Eisenhower Professional Development State Grants	0	61,833	0	0	61,833
Race-to-the-Top - ARRA	0	48,834	0	0	48,834
Other Federal through State	13,815	99,720	0	0	113,535
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	266,423	0	0	0	266,423
Other Direct Federal Revenue	352,830	0	0	0	352,830
Total Federal Government	\$ 707,322	\$ 1,311,617	\$ 706,166	\$ 0	\$ 2,725,105
Total	\$ 15,882,321	\$ 1,311,617	\$ 1,107,454	\$ 3,895	\$ 18,305,287

Exhibit J-7

Stewart County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	19,750	
Social Security		1,224	
Employer Medicare		286	
Audit Services		3,711	
Dues and Memberships		1,700	
Travel		613	
Total County Commission			\$ 27,284

County Mayor/Executive

County Official/Administrative Officer	\$	70,739	
Secretary(ies)		23,689	
Longevity Pay		450	
Social Security		5,720	
State Retirement		7,354	
Employee and Dependent Insurance		8,021	
Life Insurance		190	
Unemployment Compensation		54	
Employer Medicare		1,338	
Communication		3,193	
Data Processing Services		8,515	
Dues and Memberships		1,575	
Maintenance Agreements		190	
Postal Charges		2,402	
Rentals		77	
Travel		2,564	
Office Supplies		2,904	
Other Charges		380	
Office Equipment		3,980	
Total County Mayor/Executive			143,335

Election Commission

County Official/Administrative Officer	\$	51,976	
Part-time Personnel		15,478	
Election Commission		6,050	
Election Workers		11,650	
Social Security		4,446	
State Retirement		4,048	
Life Insurance		95	
Unemployment Compensation		111	
Employer Medicare		1,040	

(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.)

Communication	\$	2,146	
Data Processing Services		10,825	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		3,361	
Postal Charges		1,584	
Printing, Stationery, and Forms		319	
Rentals		924	
Travel		2,125	
Office Supplies		435	
Office Equipment		150	
Voting Machines		8,229	
Total Election Commission			\$ 125,042

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,832	
Longevity Pay		950	
Social Security		4,833	
State Retirement		6,424	
Employee and Dependent Insurance		16,509	
Life Insurance		174	
Medical Insurance		11	
Dental Insurance		40	
Unemployment Compensation		54	
Employer Medicare		1,130	
Communication		1,683	
Dues and Memberships		398	
Operating Lease Payments		5,887	
Postal Charges		500	
Travel		461	
Duplicating Supplies		25	
Office Supplies		2,578	
Total Register of Deeds			124,240

Geographical Information Systems

Part-time Personnel	\$	10,750	
Social Security		667	
Unemployment Compensation		58	
Employer Medicare		156	
Total Geographical Information Systems			11,631

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$	53,966	
Maintenance Personnel		30,791	
Longevity Pay		1,150	
Overtime Pay		3	
Social Security		5,166	
State Retirement		3,733	
Employee and Dependent Insurance		4,890	
Life Insurance		373	
Medical Insurance		189	
Dental Insurance		354	
Unemployment Compensation		261	
Employer Medicare		1,208	
Architects		20,830	
Communication		4,561	
Contracts with Private Agencies		3,239	
Licenses		35	
Maintenance Agreements		10,695	
Maintenance and Repair Services - Buildings		26,343	
Maintenance and Repair Services - Vehicles		2,008	
Pest Control		2,480	
Rentals		430	
Tow-in Services		65	
Travel		31	
Permits		110	
Custodial Supplies		7,391	
Electricity		63,221	
Gasoline		4,221	
Water and Sewer		5,066	
Other Charges		242	
Principal on Notes		2,675	
Interest on Notes		9,157	
Maintenance Equipment		1,506	
Motor Vehicles		7,250	
Total County Buildings			\$ 273,640

Other General Administration

Accounting Services	\$	325
Contracts with Private Agencies		150
Dues and Memberships		250
Operating Lease Payments		6,017

(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	\$ 12,504	
Legal Notices, Recording, and Court Costs	14,310	
Penalties	443	
Duplicating Supplies	913	
Other Charges	1,793	
Total Other General Administration	\$ 36,705	\$ 36,705

Preservation of Records

Operating Lease Payments	\$ 229	
Maintenance Agreements	190	
Postal Charges	98	
Office Supplies	476	
Office Equipment	1,396	
Total Preservation of Records	2,389	2,389

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$ 51,976	
Social Security	2,916	
State Retirement	4,048	
Employee and Dependent Insurance	12,455	
Life Insurance	95	
Dental Insurance	119	
Unemployment Compensation	54	
Employer Medicare	682	
Total Accounting and Budgeting	72,345	72,345

Property Assessor's Office

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	28,085	
Clerical Personnel	26,593	
Longevity Pay	2,050	
Board and Committee Members Fees	940	
Social Security	6,850	
State Retirement	8,756	
Employee and Dependent Insurance	9,632	
Life Insurance	284	
Medical Insurance	190	
Dental Insurance	357	
Unemployment Compensation	108	

(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.)

Employer Medicare	\$	1,602	
Communication		1,854	
Contracts with Private Agencies		5,800	
Data Processing Services		3,922	
Dues and Memberships		1,058	
Operating Lease Payments		576	
Postal Charges		600	
Travel		827	
Office Supplies		592	
Office Equipment		787	
Total Property Assessor's Office			\$ 159,214

Reappraisal Program

Assessment Personnel	\$	22,515	
Part-time Personnel		8,844	
Longevity Pay		500	
Social Security		1,770	
State Retirement		2,442	
Employee and Dependent Insurance		9,276	
Life Insurance		95	
Medical Insurance		63	
Unemployment Compensation		107	
Employer Medicare		414	
Data Processing Services		2,067	
Maintenance and Repair Services - Vehicles		788	
Postal Charges		241	
Printing, Stationery, and Forms		574	
Tow-in Services		125	
Travel		145	
Gasoline		416	
Office Supplies		171	
Tires and Tubes		250	
Other Charges		55	
Total Reappraisal Program			50,858

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		67,069	
Longevity Pay		1,550	
Social Security		7,503	

(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.)

State Retirement	\$	7,533	
Employee and Dependent Insurance		14,624	
Life Insurance		379	
Medical Insurance		190	
Dental Insurance		238	
Unemployment Compensation		162	
Local Retirement		870	
Employer Medicare		1,755	
Communication		2,968	
Data Processing Services		8,695	
Dues and Memberships		493	
Operating Lease Payments		1,617	
Postal Charges		4,376	
Travel		1,969	
Data Processing Supplies		6,212	
Office Supplies		1,992	
Other Charges		450	
Office Equipment		3,311	
Total County Trustee's Office			\$ 191,707

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		85,556	
Longevity Pay		2,850	
Social Security		8,838	
State Retirement		11,160	
Employee and Dependent Insurance		6,574	
Life Insurance		378	
Medical Insurance		201	
Dental Insurance		377	
Unemployment Compensation		211	
Employer Medicare		2,067	
Communication		2,320	
Dues and Memberships		483	
Maintenance and Repair Services - Office Equipment		150	
Medical and Dental Services		48	
Postal Charges		2,544	
Office Supplies		5,371	
Office Equipment		2,915	
Total County Clerk's Office			189,794

(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)		25,661	
Longevity Pay		850	
Overtime Pay		116	
Jury and Witness Expense		11,729	
Social Security		5,124	
State Retirement		6,505	
Employee and Dependent Insurance		4,947	
Life Insurance		190	
Medical Insurance		26	
Unemployment Compensation		53	
Employer Medicare		1,198	
Communication		2,358	
Data Processing Services		3,773	
Dues and Memberships		383	
Operating Lease Payments		2,611	
Postal Charges		817	
Printing, Stationery, and Forms		484	
Travel		277	
Food Supplies		849	
Office Supplies		2,052	
Office Equipment		740	
Total Circuit Court			\$ 128,494

General Sessions Judge

Judge(s)	\$	85,340	
Longevity Pay		500	
Overtime Pay		2,564	
Other Per Diem and Fees		8,098	
Social Security		5,979	
State Retirement		6,851	
Life Insurance		95	
Unemployment Compensation		50	
Local Retirement		32	
Employer Medicare		1,398	
Dues and Memberships		755	
Travel		2,147	
Office Equipment		1,491	
Total General Sessions Judge			115,300

(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

Deputy(ies)	\$	62,785	
Longevity Pay		850	
Overtime Pay		526	
Social Security		3,988	
State Retirement		3,178	
Life Insurance		284	
Dental Insurance		238	
Unemployment Compensation		158	
Local Retirement		686	
Employer Medicare		933	
Communication		1,797	
Data Processing Services		2,314	
Operating Lease Payments		762	
Postal Charges		702	
Printing, Stationery, and Forms		100	
Office Supplies		2,225	
Other Charges		270	
Office Equipment		10,834	
Total General Sessions Court Clerk			\$ 92,630

Chancery Court

County Official/Administrative Officer	\$	57,751
Deputy(ies)		23,573
Part-time Personnel		1,007
Longevity Pay		600
Social Security		4,880
State Retirement		6,412
Employee and Dependent Insurance		11,039
Life Insurance		190
Medical Insurance		63
Dental Insurance		119
Unemployment Compensation		60
Employer Medicare		1,141
Communication		1,727
Data Processing Services		2,573
Dues and Memberships		743
Legal Notices, Recording, and Court Costs		1,089
Postal Charges		3,045
Printing, Stationery, and Forms		525
Office Supplies		2,350

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Office Equipment	\$ 1,639	
Total Chancery Court		\$ 120,526

Juvenile Court

Probation Officer(s)	\$ 24,738	
Youth Service Officer(s)	35,707	
Longevity Pay	550	
Social Security	3,417	
State Retirement	4,707	
Employee and Dependent Insurance	10,448	
Life Insurance	190	
Medical Insurance	63	
Dental Insurance	119	
Unemployment Compensation	108	
Employer Medicare	799	
Communication	4,443	
Contracts with Government Agencies	4,435	
Contracts with Private Agencies	300	
Operating Lease Payments	2,265	
Maintenance Agreements	190	
Maintenance and Repair Services - Vehicles	170	
Postal Charges	671	
Travel	1,736	
Gasoline	656	
Office Supplies	4,368	
Uniforms	280	
Other Charges	44	
Office Equipment	5,837	
Total Juvenile Court		106,241

District Attorney General

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

Other Administration of Justice

Youth Service Officer(s)	\$ 26,541	
Longevity Pay	300	
Overtime Pay	1,684	
Social Security	1,438	
State Retirement	2,198	

(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.)

Employee and Dependent Insurance	\$	12,455	
Life Insurance		95	
Medical Insurance		63	
Dental Insurance		119	
Unemployment Compensation		54	
Employer Medicare		336	
Travel		996	
Total Other Administration of Justice			\$ 46,279

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527
Deputy(ies)		306,272
Investigator(s)		26,846
Lieutenant(s)		32,609
Sergeant(s)		42,722
Salary Supplements		9,000
Dispatchers/Radio Operators		25,537
Clerical Personnel		38,465
Part-time Personnel		22,824
School Resource Officer		59,796
Longevity Pay		4,250
Overtime Pay		37,326
Other Salaries and Wages		8,148
In-Service Training		9,813
Social Security		38,691
State Retirement		29,654
Employee and Dependent Insurance		134,949
Life Insurance		1,802
Medical Insurance		315
Dental Insurance		1,285
Unemployment Compensation		1,302
Employer Medicare		9,049
Communication		8,943
Contracts with Private Agencies		1,750
Data Processing Services		2,830
Dues and Memberships		1,694
Operating Lease Payments		2,472
Licenses		122
Maintenance Agreements		430

(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 - Buildings	\$	759	
Maintenance and Repair Services - Equipment		893	
Maintenance and Repair Services - Office Equipment		33	
Maintenance and Repair Services - Vehicles		49,682	
Medical and Dental Services		4,847	
Postal Charges		1,655	
Tow-in Services		1,600	
Travel		2,653	
Custodial Supplies		924	
Electricity		10,132	
Gasoline		68,384	
Instructional Supplies and Materials		105	
Law Enforcement Supplies		4,544	
Office Supplies		4,028	
Propane Gas		2,041	
Tires and Tubes		6,259	
Uniforms		6,470	
Water and Sewer		1,358	
Premiums on Corporate Surety Bonds		96	
Other Charges		1,518	
Law Enforcement Equipment		87,349	
Office Equipment		3,404	
Other Equipment		2,959	
Total Sheriff's Department			\$ 1,184,116

Jail

Supervisor/Director	\$	33,861
Guards		256,690
Longevity Pay		2,400
Overtime Pay		17,782
In-Service Training		380
Social Security		18,054
State Retirement		15,735
Employee and Dependent Insurance		49,876
Life Insurance		1,196
Medical Insurance		306
Dental Insurance		957
Unemployment Compensation		767
Employer Medicare		4,222
Contracts with Government Agencies		73,640

(Continued)

Exhibit J-7

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

General Fund (Cont.)  
Public Safety (Cont.)  
Jail (Cont.)

Contracts with Private Agencies	\$	48,355	
Operating Lease Payments		771	
Maintenance Agreements		1,620	
Maintenance and Repair Services - Buildings		7,795	
Maintenance and Repair Services - Equipment		1,378	
Medical and Dental Services		35,527	
Travel		2,044	
Custodial Supplies		3,257	
Drugs and Medical Supplies		3,042	
Electricity		16,832	
Food Supplies		84,455	
Office Supplies		1,383	
Prisoners Clothing		836	
Uniforms		63	
Water and Sewer		8,720	
Other Charges		612	
Office Equipment		1,325	
Other Equipment		140	
Total Jail			\$ 694,021

Fire Prevention and Control

Contributions	\$	80,000	
Total Fire Prevention and Control			80,000

Other Emergency Management

Supervisor/Director	\$	31,698	
Part-time Personnel		2,040	
Longevity Pay		500	
Overtime Pay		2,699	
Social Security		1,999	
State Retirement		2,837	
Employee and Dependent Insurance		12,455	
Life Insurance		95	
Unemployment Compensation		58	
Employer Medicare		467	
Communication		2,510	
Contracts with Government Agencies		16,744	
Contracts with Private Agencies		11,250	
Licenses		156	
Maintenance and Repair Services - Buildings		33	

(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 - Equipment	\$	1,300	
Maintenance and Repair Services - Vehicles		2,832	
Rentals		9,263	
Travel		172	
Other Contracted Services		1,305	
Food Supplies		2,396	
Gasoline		6,554	
Office Supplies		1,476	
Sand		1,309	
Uniforms		398	
Other Charges		1,393	
Communication Equipment		24,052	
Motor Vehicles		8,200	
Office Equipment		1,688	
Other Equipment		<u>14,535</u>	
Total Other Emergency Management	\$		162,414

County Coroner/Medical Examiner

Other Salaries and Wages	\$	2,887	
Social Security		178	
State Retirement		225	
Unemployment Compensation		3	
Employer Medicare		42	
Medical and Dental Services		21,366	
Other Contracted Services		6,000	
Office Supplies		59	
Office Equipment		<u>278</u>	
Total County Coroner/Medical Examiner			31,038

Other Public Safety

Dispatchers/Radio Operators	\$	139,834	
Longevity Pay		1,250	
Overtime Pay		6,517	
Social Security		9,017	
State Retirement		11,397	
Employee and Dependent Insurance		19,440	
Life Insurance		557	
Medical Insurance		190	
Dental Insurance		595	
Unemployment Compensation		334	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Employer Medicare	\$	2,007	
Remittance of Revenue Collected		16,545	
Motor Vehicles		256,906	
Other Equipment		19,302	
Total Other Public Safety			\$ 483,891

Public Health and Welfare

Local Health Center

Advertising	\$	1,223	
Communication		1,571	
Dues and Memberships		235	
Maintenance and Repair Services - Buildings		6,789	
Postal Charges		76	
Rentals		3,268	
Other Contracted Services		9,245	
Custodial Supplies		58	
Drugs and Medical Supplies		1,402	
Food Supplies		241	
Office Supplies		1,220	
Uniforms		477	
Premiums on Corporate Surety Bonds		128	
Furniture and Fixtures		1,891	
Office Equipment		1,516	
Other Equipment		299	
Total Local Health Center			29,639

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,089	
Medical Personnel		480,224	
Secretary(ies)		23,772	
Longevity Pay		5,800	
Overtime Pay		241,959	
Other Salaries and Wages		3,672	
In-Service Training		665	
Social Security		46,549	
State Retirement		37,744	
Employee and Dependent Insurance		127,063	
Life Insurance		2,115	
Medical Insurance		525	
Dental Insurance		1,548	

(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.)

Unemployment Compensation	\$	1,387	
Employer Medicare		10,887	
Communication		9,390	
Data Processing Services		19,697	
Dues and Memberships		285	
Operating Lease Payments		2,613	
Licenses		1,750	
Maintenance Agreements		3,940	
Maintenance and Repair Services - Buildings		8,499	
Maintenance and Repair Services - Equipment		2,005	
Maintenance and Repair Services - Vehicles		29,763	
Medical and Dental Services		744	
Postal Charges		2,714	
Printing, Stationery, and Forms		705	
Rentals		90	
Tow-in Services		1,690	
Travel		1,475	
Disposal Fees		6,014	
Custodial Supplies		139	
Diesel Fuel		34,003	
Drugs and Medical Supplies		32,807	
Electricity		17,965	
Food Supplies		158	
Gasoline		3,095	
Office Supplies		1,788	
Propane Gas		5,859	
Tires and Tubes		6,372	
Uniforms		9,160	
Water and Sewer		1,944	
Refunds		5,737	
Other Charges		279	
Principal on Capital Leases		231	
Interest on Capital Leases		3	
Communication Equipment		200	
Furniture and Fixtures		1,112	
Office Equipment		2,738	
Other Equipment		486	
Total Ambulance/Emergency Medical Services			\$ 1,248,449

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Communication	\$	855	
Dues and Memberships		50	
Medical and Dental Services		48	
Printing, Stationery, and Forms		42	
Travel		5,967	
Other Contracted Services		23,949	
Office Supplies		595	
Liability Insurance		3,570	
Workers' Compensation Insurance		780	
Other Charges		3,925	
Office Equipment		2,410	
Total Alcohol and Drug Programs			\$ 42,191

Waste Pickup

Temporary Personnel	\$	31,444	
Social Security		1,947	
State Retirement		39	
Unemployment Compensation		178	
Employer Medicare		455	
Maintenance and Repair Services - Vehicles		75	
Medical and Dental Services		96	
Rentals		1,500	
Travel		207	
Disposal Fees		1,424	
Gasoline		1,973	
Instructional Supplies and Materials		4,298	
Tires and Tubes		356	
Other Supplies and Materials		292	
Total Waste Pickup			44,284

Other Public Health and Welfare

Data Processing Personnel	\$	12,847	
Medical Personnel		81,112	
Clerical Personnel		20,616	
Custodial Personnel		21,450	
Part-time Personnel		3,060	
Longevity Pay		950	
Social Security		7,436	
State Retirement		7,175	
Employee and Dependent Insurance		19,133	

(Continued)

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.)

Life Insurance	\$	411	
Medical Insurance		84	
Dental Insurance		159	
Unemployment Compensation		234	
Employer Medicare		1,739	
Contracts with Government Agencies		1,550	
Contracts with Private Agencies		620	
Medical and Dental Services		48	
Travel		1,118	
Drugs and Medical Supplies		21	
Liability Insurance		1,098	
Total Other Public Health and Welfare			\$ 180,861

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	12,000	
Total Senior Citizens Assistance			12,000

Libraries

County Official/Administrative Officer	\$	37,320	
Assistant(s)		53,487	
Librarians		23,689	
Longevity Pay		2,250	
Overtime Pay		6,464	
Social Security		7,401	
State Retirement		6,061	
Employee and Dependent Insurance		9,689	
Life Insurance		322	
Medical Insurance		190	
Dental Insurance		238	
Unemployment Compensation		370	
Employer Medicare		1,731	
Communication		4,691	
Contracts with Private Agencies		619	
Data Processing Services		875	
Dues and Memberships		285	
Operating Lease Payments		9,791	
Maintenance Agreements		1,340	
Maintenance and Repair Services - Buildings		1,542	
Medical and Dental Services		144	

(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.)

Postal Charges	\$	2,454	
Travel		3,000	
Custodial Supplies		1,004	
Data Processing Supplies		100	
Food Supplies		95	
Library Books/Media		14,777	
Office Supplies		4,079	
Periodicals		122	
Propane Gas		3,339	
Data Processing Equipment		991	
Office Equipment		13,735	
Total Libraries			\$ 212,195

Other Social, Cultural, and Recreational

Supervisor/Director	\$	16,294	
Paraprofessionals		26,214	
Longevity Pay		600	
Social Security		2,640	
State Retirement		1,269	
Life Insurance		87	
Unemployment Compensation		211	
Employer Medicare		617	
Communication		582	
Maintenance and Repair Services - Equipment		105	
Postal Charges		47	
Travel		1,194	
Food Supplies		2,113	
Instructional Supplies and Materials		3,271	
Workers' Compensation Insurance		500	
Office Equipment		1,186	
Total Other Social, Cultural, and Recreational			56,930

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	49,990	
Communication		1,639	
Contributions		2,500	
Dues and Memberships		500	
Office Equipment		2,000	
Total Agriculture Extension Service			56,629

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	21,879	
Longevity Pay		550	
Social Security		1,368	
State Retirement		1,704	
Life Insurance		95	
Dental Insurance		119	
Unemployment Compensation		54	
Employer Medicare		320	
Total Soil Conservation			\$ 26,089

Other Operations

Tourism

Architects	\$	5,563	
Consultants		2,500	
Contributions		6,000	
Engineering Services		2,625	
Building Construction		88,622	
Data Processing Equipment		665	
Total Tourism			105,975

Tourism-Resort District

Supervisor/Director	\$	5,221	
Advertising		5,426	
Consultants		266	
Contributions		15,500	
Travel		100	
Food Supplies		147	
Office Supplies		989	
Other Supplies and Materials		295	
Refunds		75	
Communication Equipment		105	
Furniture and Fixtures		28,400	
Office Equipment		239	
Site Development		1,132	
Total Tourism-Resort District			57,895

Housing and Urban Development

Contracts with Other Public Agencies	\$	3,500	
Contracts with Private Agencies		16,304	
Evaluation and Testing		7,200	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Housing and Urban Development (Cont.)

Building Construction	\$ 187,800	
Total Housing and Urban Development		\$ 214,804

Other Economic and Community Development

Contributions	\$ 1,500	
Total Other Economic and Community Development		1,500

Veterans' Services

Supervisor/Director	\$ 33,829	
Part-time Personnel	13,803	
Longevity Pay	400	
Social Security	2,967	
State Retirement	2,634	
Life Insurance	181	
Medical Insurance	63	
Dental Insurance	119	
Unemployment Compensation	109	
Employer Medicare	694	
Communication	3,604	
Dues and Memberships	110	
Operating Lease Payments	82	
Maintenance Agreements	708	
Maintenance and Repair Services - Buildings	7,436	
Maintenance and Repair Services - Office Equipment	105	
Postal Charges	440	
Travel	1,521	
Office Supplies	1,073	
Office Equipment	576	
Total Veterans' Services		70,454

Other Charges

Remittance of Revenue Collected	\$ 10,862	
Liability Insurance	61,624	
Premiums on Corporate Surety Bonds	6,772	
Trustee's Commission	85,605	
Workers' Compensation Insurance	41,809	
Total Other Charges		206,672

ARRA Grant # 1

Building Construction	\$ 180,921	
Total ARRA Grant # 1		180,921

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 3

Architects	\$ 12,326	
Building Construction	305,883	
Office Equipment	2,857	
Total ARRA Grant # 3		\$ 321,066

Miscellaneous

Contributions	\$ 90,379	
Dues and Memberships	6,590	
Total Miscellaneous		96,969

Total General Fund \$ 7,821,242

Drug Control Fund

Public Safety

Drug Enforcement

Law Enforcement Supplies	\$ 895	
Law Enforcement Equipment	6,480	
Total Drug Enforcement		\$ 7,375

Other Operations

Other Charges

Trustee's Commission	\$ 13	
Total Other Charges		13

Total Drug Control Fund 7,388

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527
Accountants/Bookkeepers	17,537
Secretary(ies)	29,401
Advertising	891
Communication	1,963
Data Processing Services	5,175
Dues and Memberships	2,486
Freight Expenses	9
Maintenance and Repair Services - Office Equipment	433
Postal Charges	428
Printing, Stationery, and Forms	496

(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.)

Travel	\$	832	
Drugs and Medical Supplies		48	
Electricity		4,472	
Office Supplies		1,238	
Water and Sewer		215	
Other Charges		1,217	
Total Administration			\$ 130,368

Highway and Bridge Maintenance

Foremen	\$	113,710	
Equipment Operators - Heavy		193,145	
Equipment Operators - Light		49,330	
Truck Drivers		160,754	
Laborers		83,133	
Explosive and Drilling Services		750	
Freight Expenses		5	
Rentals		1,905	
Other Contracted Services		4,677	
Asphalt - Cold Mix		3,233	
Asphalt - Hot Mix		69,119	
Asphalt - Liquid		59,843	
Concrete		941	
Crushed Stone		212,778	
Ice		720	
Pipe - Metal		35,111	
Road Signs		1,049	
Salt		18,637	
Wood Products		760	
Total Highway and Bridge Maintenance			1,009,600

Operation and Maintenance of Equipment

Foremen	\$	41,145	
Laborers		32,498	
Freight Expenses		863	
Laundry Service		2,851	
Licenses		18	
Maintenance and Repair Services - Equipment		124	
Rentals		1,741	
Disposal Fees		4,220	
Other Contracted Services		3,450	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	88,679	
Equipment and Machinery Parts		46,330	
Garage Supplies		15,018	
Gasoline		50,409	
Lubricants		8,547	
Propane Gas		4,503	
Tires and Tubes		27,283	
Other Charges		35	
Total Operation and Maintenance of Equipment			\$ 327,714

Other Charges

Building and Contents Insurance	\$	1,905	
Liability Insurance		29,919	
Trustee's Commission		21,434	
Vehicle and Equipment Insurance		16,650	
Workers' Compensation Insurance		43,013	
Other Charges		275	
Total Other Charges			113,196

Employee Benefits

Longevity Pay	\$	19,950	
Social Security		45,421	
State Retirement		50,924	
Employee and Dependent Insurance		950	
Life Insurance		2,185	
Medical Insurance		146,025	
Dental Insurance		1,633	
Unemployment Compensation		7,388	
Local Retirement		145	
Employer Medicare		10,623	
Total Employee Benefits			285,244

Capital Outlay

Engineering Services	\$	7,992	
Communication Equipment		778	
Office Equipment		787	
Total Capital Outlay			9,557

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

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	\$ 6,116	
Total Highways and Streets		<u>6,116</u>

Total Highway/Public Works Fund		\$ 1,948,462
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 16,000	
Principal on Notes	<u>95,931</u>	
Total General Government		\$ 111,931

Education

Principal on Bonds	\$ 1,430,000	
Principal on Notes	<u>50,781</u>	
Total Education		1,480,781

Interest on Debt

General Government

Interest on Bonds	\$ 6,000	
Interest on Notes	<u>37,275</u>	
Total General Government		43,275

Education

Interest on Bonds	\$ 909,466	
Interest on Notes	<u>21,836</u>	
Total Education		931,302

Other Debt Service

General Government

Trustee's Commission	\$ 44,409	
Total General Government		44,409

Education

Other Debt Service	\$ 1,850	
Total Education		<u>1,850</u>

Total General Debt Service Fund		2,613,548
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(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Architects	\$ 30,427	
Engineering Services	5,650	
Trustee's Commission	722	
Total Public Safety Projects	<u>          </u>	\$ 36,799
 <u>Education Capital Projects</u>		
Transportation Equipment	\$ 163,758	
Total Education Capital Projects	<u>          </u>	<u>163,758</u>
 Total General Capital Projects Fund		 <u>\$ 200,557</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 12,591,197</u></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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,479,712	
Career Ladder Program	46,000	
Career Ladder Extended Contracts	39,500	
Homebound Teachers	26,970	
Educational Assistants	204,222	
Other Salaries and Wages	11,143	
Non-certified Substitute Teachers	207,756	
Social Security	301,560	
State Retirement	434,378	
Medical Insurance	631,925	
Unemployment Compensation	4,218	
Employer Medicare	70,592	
Maintenance and Repair Services - Equipment	294	
Other Contracted Services	1,494	
Instructional Supplies and Materials	42,079	
Textbooks	142,846	
Other Supplies and Materials	3,279	
Fee Waivers	1,312	
Other Charges	2,156	
Regular Instruction Equipment	19,060	
Total Regular Instruction Program		\$ 6,670,496

Alternative Instruction Program

Teachers	\$ 42,698	
Educational Assistants	12,813	
Social Security	794	
State Retirement	998	
Unemployment Compensation	56	
Employer Medicare	805	
Other Supplies and Materials	297	
Total Alternative Instruction Program		58,461

Special Education Program

Teachers	\$ 618,866	
Career Ladder Program	14,000	
Educational Assistants	10,930	
Non-certified Substitute Teachers	942	
Social Security	37,852	
State Retirement	58,125	

(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.)

Medical Insurance	\$ 99,613	
Unemployment Compensation	428	
Employer Medicare	8,852	
Total Special Education Program		\$ 849,608

Vocational Education Program

Teachers	\$ 454,497	
Career Ladder Program	7,000	
Educational Assistants	11,604	
Social Security	27,816	
State Retirement	42,500	
Medical Insurance	77,096	
Unemployment Compensation	308	
Employer Medicare	6,505	
Instructional Supplies and Materials	25,634	
Total Vocational Education Program		652,960

Adult Education Program

Teachers	\$ 40,715	
Other Salaries and Wages	1,151	
Social Security	2,440	
State Retirement	3,685	
Medical Insurance	9,944	
Unemployment Compensation	28	
Employer Medicare	571	
Total Adult Education Program		58,534

Support Services

Attendance

Supervisor/Director	\$ 49,076	
Career Ladder Program	1,000	
Social Security	2,947	
State Retirement	4,532	
Medical Insurance	8,707	
Unemployment Compensation	21	
Employer Medicare	689	
Travel	1,329	
Other Supplies and Materials	1,545	
In Service/Staff Development	578	

(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.)

Attendance Equipment	\$ 1,550	
Total Attendance		\$ 71,974

Health Services

Supervisor/Director	\$ 57,107	
Medical Personnel	100,894	
Other Salaries and Wages	60,705	
Social Security	12,977	
State Retirement	18,949	
Medical Insurance	27,244	
Unemployment Compensation	196	
Employer Medicare	3,035	
Travel	9,680	
Other Contracted Services	334,598	
Drugs and Medical Supplies	3,722	
Food Supplies	372	
Other Supplies and Materials	25,398	
In Service/Staff Development	250	
Other Charges	2,442	
Health Equipment	2,810	
Total Health Services		660,379

Other Student Support

Career Ladder Program	\$ 3,000	
Guidance Personnel	282,330	
Secretary(ies)	17,563	
School Resource Officer	36,931	
Other Salaries and Wages	14,085	
Social Security	17,607	
State Retirement	24,516	
Medical Insurance	8,947	
Unemployment Compensation	211	
Employer Medicare	4,546	
Evaluation and Testing	17,986	
Other Contracted Services	2,400	
Other Supplies and Materials	21,936	
Total Other Student Support		452,058

(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.)

Regular Instruction Program

Supervisor/Director	\$	76,496	
Career Ladder Program		3,000	
Librarians		191,017	
Secretary(ies)		30,333	
Educational Assistants		48,627	
Social Security		20,651	
State Retirement		29,705	
Medical Insurance		45,449	
Unemployment Compensation		299	
Employer Medicare		4,830	
Other Fringe Benefits		119	
Travel		7,638	
Library Books/Media		7,688	
Other Supplies and Materials		272	
In Service/Staff Development		10,622	
Other Charges		220	
Total Regular Instruction Program			\$ 476,966

Special Education Program

Supervisor/Director	\$	35,988	
Career Ladder Program		3,000	
Psychological Personnel		42,632	
Secretary(ies)		24,135	
Social Security		6,360	
State Retirement		9,266	
Medical Insurance		7,295	
Unemployment Compensation		68	
Employer Medicare		1,487	
Travel		1,193	
Total Special Education Program			131,424

Vocational Education Program

Travel	\$	2,591	
Total Vocational Education Program			2,591

Adult Programs

Supervisor/Director	\$	46,921	
Social Security		2,730	
State Retirement		3,654	

(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.)

Adult Programs (Cont.)

Medical Insurance	\$	9,783	
Unemployment Compensation		28	
Employer Medicare		638	
Other Supplies and Materials		2,240	
Other Charges		2,453	
Total Adult Programs			\$ 68,447

Other Programs

On-Behalf Payments to OPEB	\$	36,417	
Total Other Programs			36,417

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		13,497	
Legal Services		10,661	
Travel		721	
Other Contracted Services		14,698	
Other Supplies and Materials		423	
Liability Insurance		28,591	
Premiums on Corporate Surety Bonds		1,866	
Trustee's Commission		59,318	
Workers' Compensation Insurance		130,870	
In Service/Staff Development		7,228	
Other Charges		2,192	
Administration Equipment		4,500	
Total Board of Education			302,775

Director of Schools

County Official/Administrative Officer	\$	90,417	
Career Ladder Extended Contracts		1,000	
Secretary(ies)		24,136	
Clerical Personnel		28,368	
Social Security		8,814	
State Retirement		12,362	
Medical Insurance		4,160	

(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 (Cont.)

Unemployment Compensation	\$	84	
Employer Medicare		2,061	
Communication		47,988	
Postal Charges		1,147	
Travel		4,488	
Office Supplies		4,689	
Other Charges		24,112	
Total Director of Schools			\$ 253,826

Office of the Principal

Principals	\$	247,201	
Career Ladder Program		5,000	
Accountants/Bookkeepers		91,771	
Assistant Principals		180,544	
Secretary(ies)		92,284	
Social Security		36,491	
State Retirement		53,497	
Medical Insurance		72,406	
Unemployment Compensation		420	
Employer Medicare		8,534	
Other Supplies and Materials		186	
Other Charges		23,050	
Total Office of the Principal			811,384

Fiscal Services

Accountants/Bookkeepers	\$	80,882	
Social Security		4,736	
State Retirement		2,367	
Medical Insurance		11,609	
Unemployment Compensation		56	
Employer Medicare		1,108	
Data Processing Services		10,114	
Travel		550	
Data Processing Supplies		1,007	
Office Supplies		2,959	
Total Fiscal Services			115,388

Operation of Plant

Guards	\$	20,653	
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(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.)

Operation of Plant (Cont.)

Custodial Personnel	\$	309,734	
Social Security		20,328	
State Retirement		13,513	
Medical Insurance		9,039	
Unemployment Compensation		751	
Employer Medicare		4,754	
Other Fringe Benefits		1,392	
Maintenance and Repair Services - Equipment		1,682	
Disposal Fees		12,693	
Other Contracted Services		4,600	
Custodial Supplies		69,341	
Electricity		644,578	
Natural Gas		99,458	
Water and Sewer		55,780	
Other Supplies and Materials		904	
Boiler Insurance		4,692	
Building and Contents Insurance		85,478	
Other Charges		3,456	
Total Operation of Plant			\$ 1,362,826

Maintenance of Plant

Supervisor/Director	\$	39,511	
Maintenance Personnel		178,583	
Social Security		13,080	
State Retirement		11,971	
Medical Insurance		29,248	
Unemployment Compensation		195	
Employer Medicare		3,059	
Other Fringe Benefits		1,185	
Maintenance and Repair Services - Buildings		41,204	
Maintenance and Repair Services - Equipment		25,210	
Maintenance and Repair Services - Vehicles		203	
Rentals		1,678	
Other Contracted Services		6,819	
Other Supplies and Materials		85,798	
Other Charges		2,956	
Maintenance Equipment		15,670	
Total Maintenance of Plant			456,370

(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.)

Transportation

Supervisor/Director	\$	20,106	
Mechanic(s)		70,266	
Bus Drivers		469,953	
Social Security		34,546	
State Retirement		23,665	
Medical Insurance		16,531	
Unemployment Compensation		1,157	
Employer Medicare		8,079	
Other Fringe Benefits		1,473	
Contracts with Private Agencies		2,395	
Maintenance and Repair Services - Vehicles		364	
Medical and Dental Services		2,073	
Rentals		454	
Other Contracted Services		650	
Diesel Fuel		201,558	
Gasoline		35,270	
Lubricants		5,415	
Tires and Tubes		13,555	
Vehicle Parts		91,982	
Other Supplies and Materials		1,517	
Vehicle and Equipment Insurance		26,391	
In Service/Staff Development		2,161	
Other Charges		4,745	
Administration Equipment		6,309	
Transportation Equipment		2,689	
Total Transportation			\$ 1,043,304

Central and Other

Supervisor/Director	\$	32,410
Other Salaries and Wages		34,284
Social Security		1,768
State Retirement		2,670
Medical Insurance		8,594
Unemployment Compensation		56
Employer Medicare		888
Maintenance and Repair Services - Equipment		19,832
Travel		856
Other Contracted Services		5,662
Other Supplies and Materials		5,708

(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 (Cont.)

Data Processing Equipment	\$ 5,248	
Total Central and Other		\$ 117,976

Operation of Non-Instructional Services

Food Service

Food Supplies	\$ 5,277	
Total Food Service		5,277

Community Services

Supervisor/Director	\$ 20,704	
Clerical Personnel	9,633	
Social Security	1,919	
State Retirement	750	
Unemployment Compensation	42	
Employer Medicare	449	
Other Fringe Benefits	621	
Total Community Services		34,118

Early Childhood Education

Supervisor/Director	\$ 16,359	
Teachers	219,108	
Educational Assistants	116,090	
Non-certified Substitute Teachers	12,200	
Social Security	20,767	
State Retirement	28,659	
Medical Insurance	40,178	
Unemployment Compensation	431	
Employer Medicare	4,857	
Travel	181	
Instructional Supplies and Materials	14,519	
Other Supplies and Materials	11,044	
In Service/Staff Development	2,014	
Other Charges	2,142	
Total Early Childhood Education		488,549

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 178,115	
Total Education		178,115

Total General Purpose School Fund \$ 15,360,223

(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

Instruction

Regular Instruction Program

Teachers	\$	220,000	
Educational Assistants		63,682	
Other Salaries and Wages		28,300	
Non-certified Substitute Teachers		12,000	
Social Security		18,718	
State Retirement		25,710	
Medical Insurance		31,092	
Unemployment Compensation		329	
Employer Medicare		4,421	
Instructional Supplies and Materials		89,471	
Other Charges		3,755	
Regular Instruction Equipment		19,619	
Total Regular Instruction Program			\$ 517,097

Special Education Program

Teachers	\$	115,271	
Educational Assistants		220,610	
Speech Pathologist		50,233	
Other Salaries and Wages		7,000	
Social Security		21,266	
State Retirement		24,806	
Medical Insurance		18,310	
Unemployment Compensation		567	
Employer Medicare		5,130	
Other Fringe Benefits		1,185	
Contracts with Private Agencies		53,570	
Instructional Supplies and Materials		14,169	
Other Charges		5,413	
Special Education Equipment		35,617	
Total Special Education Program			573,147

Vocational Education Program

Instructional Supplies and Materials	\$	2,708	
Other Supplies and Materials		1,562	
Vocational Instruction Equipment		19,444	
Total Vocational Education Program			23,714

(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.)

Support Services

Other Student Support

Travel	\$	9,603	
Other Supplies and Materials		<u>3,092</u>	
Total Other Student Support			\$ 12,695

Regular Instruction Program

Supervisor/Director	\$	23,994	
Other Salaries and Wages		51,362	
Social Security		3,452	
State Retirement		5,182	
Medical Insurance		10,182	
Unemployment Compensation		44	
Employer Medicare		1,172	
Consultants		1,500	
Travel		2,111	
Other Supplies and Materials		8,723	
In Service/Staff Development		27,211	
Other Charges		4,951	
Other Equipment		<u>13,887</u>	
Total Regular Instruction Program			153,771

Vocational Education Program

Travel	\$	<u>437</u>	
Total Vocational Education Program			437

Operation of Plant

Custodial Personnel	\$	17,932	
Social Security		1,112	
Unemployment Compensation		37	
Employer Medicare		<u>260</u>	
Total Operation of Plant			<u>19,341</u>

Total School Federal Projects Fund \$ 1,300,202

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,061	
Clerical Personnel		25,659	
Cafeteria Personnel		346,549	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Salaries and Wages	\$	31,259	
Social Security		27,682	
State Retirement		28,058	
Medical Insurance		20,325	
Unemployment Compensation		984	
Employer Medicare		6,474	
Other Fringe Benefits		701	
Communication		2,414	
Maintenance and Repair Services - Equipment		29,261	
Travel		5,484	
Other Contracted Services		4,774	
Food Preparation Supplies		26,269	
Food Supplies		470,602	
Office Supplies		3,994	
Uniforms		3,048	
USDA - Commodities		74,107	
Other Supplies and Materials		28,707	
In Service/Staff Development		3,781	
Other Charges		12,343	
Total Food Service			\$ 1,206,536

Total Central Cafeteria Fund \$ 1,206,536

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	36	
Total Board of Education			\$ 36

Transportation

Transportation Equipment	\$	164,684	
Total Transportation			164,684

Total School Transportation Fund 164,720

Total Governmental Funds - Stewart County School Department \$ 18,031,681

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, 2011

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 320,198
Total Cash Receipts	<u>\$ 320,198</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 316,996
Trustee's Commission	<u>3,202</u>
Total Cash Disbursements	<u>\$ 320,198</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
Cash Balance, June 30, 2011	<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*

February 10, 2012

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, 2011, which collectively comprise Stewart County's basic financial statements and have issued our report thereon dated February 10, 2012. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Stewart County Emergency Communications District, a discretely presented component unit, as described in our report on Stewart County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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: 11.01 and 11.09.

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: 11.03, 11.04, 11.05, 11.07 and 11.08.

#### Compliance and Other Matters

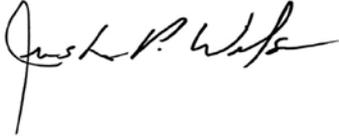
As part of obtaining reasonable assurance about whether Stewart County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 11.02 and 11.06.

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 written in a cursive style with a prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 10, 2012

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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.

In our opinion, Stewart County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

#### 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

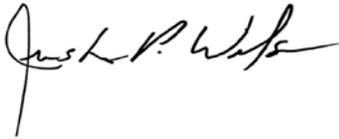
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County as of and for the year ended June 30, 2011, and have issued our report thereon dated February 10, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Stewart County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 194,558
National School Lunch Program	10.555	N/A	437,501 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	74,107 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	2,449
Passed-through State Department of Finance and Administration:			
Schools and Roads - Grants to States	10.665	(2)	93,545
Total U.S. Department of Agriculture			<u>\$ 802,160</u>
U.S. Department of Housing and Urban Development:			
Direct Grant:			
Shelter Plus Care	14.238	N/A	\$ 16,304
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-09-40	198,544
Total U.S. Department of Housing and Urban Development			<u>\$ 214,848</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23448	\$ 470
Total U.S. Department of Justice			<u>\$ 470</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction, Recovery Act	20.205	(2)	\$ 295,320
Total U.S. Department of Transportation			<u>\$ 295,320</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,050
Total U.S. Institute of Museum and Library Services			<u>\$ 1,050</u>
U.S. Department of Education:			
Direct Programs:			
Impact Aid	84.041	N/A	\$ 266,423
Fund for the Improvement of Education	84.215	N/A	352,830
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z1021854900	74,254
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	381,347
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	110,750
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	511,755
Special Education - Preschool Grants	84.173	N/A	14,521
Special Education - Grants to States, Recovery Act	84.391	N/A	46,525
Special Education - Preschool Grants, Recovery Act	84.392	N/A	346
Career and Technical Education - Basic Grants to States	84.048	N/A	33,754
Educational Technology State Grants	84.318	(2)	1,326
Improving Teacher Quality State Grants	84.367	N/A	55,531

(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 Education (Cont.):			
Passed-through State Department of Education (Cont.):			
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	\$ 1,192,618
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	193,947
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	48,834
Education Jobs Fund	84.410	N/A	<u>95,514</u>
Total U.S. Department of Education			<u>\$ 3,380,275</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 2,000
Total U.S. Election Assistance Commission			<u>\$ 2,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Temporary Assistance for Needy Families	93.558	(2)	\$ 13,815
ARRA - Grants to Health Center Programs	93.703	34360-531-10	321,066
Passed-through State Department of Mental Health:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG1132406	<u>42,192</u>
Total U.S. Department of Health and Human Services			<u>\$ 377,073</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 212,898
Emergency Management Performance Grants	97.042	(2)	11,115
Buffer Zone Protection Program (BZPP)	97.078	(2)	<u>82,649</u>
Total U.S. Department of Homeland Security			<u>\$ 306,662</u>
Total Expenditures of Federal Awards			<u>\$ 5,379,858</u>

State Grants		Contract Number	Expenditures
Litter Program - State Department of Transportation	N/A	(2)	\$ 23,504
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	57,299
Early Childhood Education - State Department of Education	N/A	(2)	488,548
Local Health Services - State Department of Health	N/A	GG1132068	180,861
Archives Grant - Tennessee Secretary of State	N/A	(2)	608
Library Grant - Tennessee Secretary of State	N/A	(2)	18,983
Juvenile Justice Reimbursement - State Department of Children's Services	N/A	(2)	70
State Supplement - State Department of Children's Services	N/A	GG1029965	9,000
Child and Family Intervention - State Department of Children's Services	N/A	GG1132118	14,607
Adult Education - State Department of Labor and Workforce Development	N/A	Z1021854900	<u>25,952</u>
Total State Grants			<u>\$ 819,432</u>

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Information not available.  
(3) Total for CFDA No. 10.555 is \$511,608.

Stewart County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*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, 2010, which have not been corrected.

**OFFICE OF COUNTY ENGINEER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.02	142	The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation
10.03	143	Purchase orders were not completed properly
10.04	143	The Highway Department did not maintain a system to account for the use of some road materials

**OFFICE OF ASSESSOR OF PROPERTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.08	147	Assessment records were changed during the year as property transfers were made

**OFFICE OF COUNTY CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.09	147	Separate cash drawers were not maintained

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.14	150	Stewart County has a material recurring audit finding
10.15	151	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, 2011**

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

1. Our report on the financial statements of Stewart County is unqualified.
2. The audit of the financial statements of Stewart County disclosed significant deficiencies in internal control. Two 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. An unqualified opinion was issued on compliance for major programs.
6. 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); Fund for the Improvement of Education (CFDA No. 84.215); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act, and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and ARRA – Grants to Health Center Programs (CFDA No. 93.703) were determined to be major programs.
7. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
8. 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 director of schools and assessor of property provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICES OF COUNTY ENGINEER AND DIRECTOR OF SCHOOLS**

**FINDING 11.01**      **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, certain general ledger account balances of the Highway/Public Works and Central Cafeteria funds 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 and the School Department to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and School Department's financial reporting systems 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 and the School Department have ineffective controls over the maintenance of their 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 and the School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

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

The Stewart County School System will have the appropriate processes and procedures in place to ensure that our general ledgers are materially correct.

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**OFFICE OF COUNTY ENGINEER**

**FINDING 11.02      EXPENDITURES EXCEEDED TOTAL APPROPRIATIONS  
APPROVED BY THE COUNTY COMMISSION**  
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by \$7,586. Section 5-9-401, *Tennessee Code Annotated*, states, “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.

**RECOMMENDATION**

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

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**FINDING 11.03      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 11.04      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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## OFFICE OF DIRECTOR OF SCHOOLS

### FINDING 11.05      **THE OFFICE HAD DEFICIENCIES IN ACCOUNTING FOR EMPLOYEE HEALTH INSURANCE TRANSACTIONS**

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

The School Department participates in the state-administered Local Education Group Insurance Fund (LEGIF) to provide its employees with health insurance coverage. Insurance premiums are funded by employee payroll deductions and School Department contributions. Our review of employee health insurance transactions revealed the following deficiencies:

- A. Employee payroll deductions and corresponding School Department contributions for health insurance premiums were not reconciled with health insurance billings monthly. We could not determine the last time such a reconciling procedure was performed. Sound business practices dictate that payroll insurance deductions and the employer's contributions for health insurance premiums be reconciled with billings for health insurance coverage monthly. The failure to regularly reconcile payroll deduction accounts and the employer's contributions with billings is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner.
- B. At June 30, 2011, the School Department had an unidentified balance of \$17,535 in the insurance clearing account. This account is used to deposit employee payroll deductions and School Department contributions for employee health insurance premiums, which are then withdrawn from the account by the LEGIF. This unidentified balance can be attributed directly to the deficiencies noted in part A above.

These deficiencies resulted from a lack of management oversight and the failure to ensure that employee health insurance transactions were reconciled.

## RECOMMENDATION

Officials should ensure that payroll health insurance deductions and School Department health insurance contributions are reconciled with health insurance billings monthly. Any errors discovered should be corrected promptly. Steps should be taken to identify and correct the balance in the insurance clearing account.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Stewart County School System will ensure that payroll health insurance deductions and health insurance contributions are reconciled with health insurance billings in a timely manner. Any errors discovered will be corrected promptly.

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## OFFICE OF ASSESSOR OF PROPERTY

### FINDING 11.06      **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.”

**OFFICES OF DIRECTOR OF SCHOOLS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**

**FINDING 11.07**

**DUTIES WERE NOT SEGREGATED ADEQUATELY**

(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. Also, this deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

**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.

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**OFFICES OF COUNTY CLERK AND CLERK AND MASTER**

**FINDING 11.08**

**MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

Multiple employees operated from the same cash drawer in the Offices of County Clerk and Clerk and Master. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

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STEWART COUNTY

FINDING 11.09      **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>
11.01, 10.02, 09.01	Several funds required material audit adjustments for proper financial statement presentation.

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. 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 has established an Audit Committee and will provide guidance to correct all reported material weaknesses in internal control and material noncompliance.

## 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: 1) provide an independent review and oversight of the county's financial reporting processes and the county's internal controls, 2) review the external auditor's report and 3) follow up on management's corrective action, and compliance with laws, regulations, and ethics.

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## BEST PRACTICE

### **STEWART COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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**

There were no findings and questioned costs for federal awards.

**STEWART COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2011**

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

**Director of Schools – Summary Schedule of Prior-Year's Findings**

**FINDINGS 10.07 and 10.16**

The Finance Department confirmed the validity of any bids piggy-backed off of other bids. Purchases estimated to exceed \$10,000 were competitively bid through a newspaper in a manner as required by state statute.