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# ANNUAL FINANCIAL REPORT STEWART COUNTY, TENNESSEE



**FOR THE YEAR ENDED JUNE 30, 2013**



**ANNUAL FINANCIAL REPORT**  
**STEWART COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT***  
***JAMES R. ARNETTE***  
***Director***

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

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

***SHELBI TUCKER***  
***WENDY HEATH, CFE***  
***State Auditors***

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

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# ***Audit Highlights***

Annual Financial Report  
Stewart County, Tennessee  
For the Year Ended June 30, 2013

## ***Scope***

We have audited the basic financial statements of Stewart County as of and for the year ended June 30, 2013.

## ***Results***

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

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

## ***Findings and Best Practice***

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

### **OFFICE OF COUNTY ENGINEER**

- ◆ Purchase orders were not completed properly.
- ◆ The Highway Department did not maintain a system to account for the use of some road materials.

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### **OFFICE OF DIRECTOR OF SCHOOLS**

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

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

- ◆ Duties were not segregated adequately.
-

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

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

### **BEST PRACTICE**

Stewart County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government 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, 2013

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### **Officials**

Rick Joiner, County Mayor  
Jerry Cunningham, County Engineer  
Dr. Phillip Wallace, Director of Schools  
Wilby Williams, Trustee  
Tim Borens, Assessor of Property  
Jimmy Fitzhugh, County Clerk  
Jason Wallace, Circuit, General Sessions, and Juvenile Courts Clerk  
Jane Link, Clerk and Master  
Derek Earhart, Register of Deeds  
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

### **Audit Committee (appointed 7-8-13)**

Marty Grasty  
Katie Kenworthy  
Bryan Watson

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## **FINANCIAL SECTION**

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note V.B., Stewart County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Stewart County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

### ***Other Matters***

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedule of funding progress – pension plan and other postemployment benefit plans on pages 62 - 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

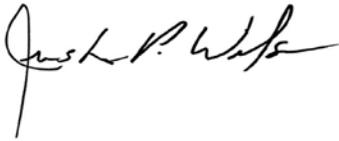
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Stewart County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013, on our consideration of Stewart County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stewart County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 13, 2013

JPW/kp

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**STEWART COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Stewart County, Tennessee  
Statement of Net Position  
June 30, 2013

|  | Primary<br>Governmental<br>Activities | Component<br>Unit<br>Stewart<br>County<br>School<br>Department |
|--|---------------------------------------|--|
| <u>ASSETS</u>  |                                       |  |
| Cash   | \$ 1,344                              | \$ 714   |
| Equity in Pooled Cash and Investments                          | 11,741,256                            | 950,257  |
| Accounts Receivable  | 1,189,108                             | 10,678   |
| Allowance for Uncollectibles                                   | (603,480)                             | 0  |
| Due from Other Governments                                     | 516,813                               | 224,304  |
| Due from Primary Government                                    | 0                                     | 46,486   |
| Property Taxes Receivable                                      | 5,944,831                             | 853,193  |
| Allowance for Uncollectible Property Taxes                     | (241,084)                             | (34,600)   |
| Capital Assets:  |                                       |  |
| Assets Not Depreciated:  |                                       |  |
| Land   | 967,563                               | 1,265,886  |
| Construction in Progress                                       | 0                                     | 147,441  |
| Assets Net of Accumulated Depreciation:                        |                                       |  |
| Buildings and Improvements                                     | 4,027,974                             | 23,908,351   |
| Infrastructure   | 748,201                               | 0  |
| Other Capital Assets   | 857,623                               | 1,647,699  |
| Total Assets   | <u>\$ 25,150,149</u>                  | <u>\$ 29,020,409</u>   |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u>                          |                                       |  |
| Deferred Charge on Refunding                                   | \$ 57,075                             | \$ 0   |
| Total Deferred Outflows of Resources                           | <u>\$ 57,075</u>                      | <u>\$ 0</u>  |
| <u>LIABILITIES</u>   |                                       |  |
| Accounts Payable   | \$ 84,566                             | \$ 11,064  |
| Payroll Deductions Payable                                     | 72,558                                | 0  |
| Contracts Payable  | 106,189                               | 42,765   |
| Due to Component Units   | 46,486                                | 0  |
| Due to State of Tennessee                                      | 1,996                                 | 0  |
| Due to Cities  | 8                                     | 0  |
| Accrued Interest Payable                                       | 229,373                               | 0  |
| Noncurrent Liabilities:  |                                       |  |
| Due Within One Year  | 1,986,455                             | 0  |
| Due in More Than One Year (net of unamortized premium on debt) | 27,768,006                            | 229,790  |
| Total Liabilities  | <u>\$ 30,295,637</u>                  | <u>\$ 283,619</u>  |
| <u>DEFERRED INFLOWS OF RESOURCES</u>                           |                                       |  |
| Deferred Current Property Taxes                                | \$ 5,563,545                          | \$ 798,472   |
| Total Deferred Inflows of Resources                            | <u>\$ 5,563,545</u>                   | <u>\$ 798,472</u>  |
| <u>NET POSITION</u>  |                                       |  |
| Net Investment in Capital Assets                               | \$ 5,744,538                          | \$ 26,969,377  |
| Restricted for:  |                                       |  |
| Administration of Justice                                      | 30,502                                | 0  |
| Public Safety  | 29,903                                | 0  |
| Other Operations   | 56,441                                | 0  |
| Highway/Public Works   | 406,879                               | 0  |
| Education  | 0                                     | 188,948  |
| Operation of Non-Instructional Services                        | 0                                     | 373,707  |
| Debt Service   | 124,298                               | 0  |
| Capital Projects   | 7,981,760                             | 420,712  |
| Other Purposes   | 19,834                                | 0  |
| Unrestricted   | <u>(25,046,113)</u>                   | <u>(14,426)</u>  |
| Total Net Position   | <u>\$ (10,651,958)</u>                | <u>\$ 27,938,318</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, 2013

| Functions/Programs                          | Program Revenues |                            |   |   | Net (Expense) Revenue and<br>Changes in Net Position |   | Component<br>Unit |
|---|------------------|----------------------------|---|---|--|---|-------------------|
|   | Expenses         | Charges<br>for<br>Services | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions | Primary<br>Government                                |   |                   |
|   |                  |                            |   |   | Total<br>Governmental<br>Activities                  | Stewart<br>County<br>School<br>Department |                   |
| Primary Government:                         |                  |                            |   |   |  |   |                   |
| Governmental Activities:                    |                  |                            |   |   |  |   |                   |
| General Government                          | \$ 745,588       | \$ 71,792                  | \$ 282,825                                  | \$ 0                                      | \$ (390,971)   | \$ 0                                      | 0                 |
| Finance                                     | 687,633          | 354,029                    | 0   | 0   | (333,604)  | 0   | 0                 |
| Administration of Justice                   | 574,705          | 269,798                    | 24,012                                      | 0   | (280,895)  | 0   | 0                 |
| Public Safety                               | 3,033,645        | 133,940                    | 240,479                                     | 0   | (2,659,226)  | 0   | 0                 |
| Public Health and Welfare                   | 1,674,420        | 813,269                    | 188,768                                     | 47,862                                    | (624,521)  | 0   | 0                 |
| Social, Cultural, and Recreational Services | 326,505          | 0                          | 48,635                                      | 0   | (277,870)  | 0   | 0                 |
| Agriculture and Natural Resources           | 90,715           | 0                          | 0   | 0   | (90,715)   | 0   | 0                 |
| Other Operations                            | 728,424          | 7,986                      | 222,788                                     | 170,931                                   | (326,719)  | 0   | 0                 |
| Highway/Public Works                        | 2,407,232        | 25,642                     | 1,599,683                                   | 276,738                                   | (505,169)  | 0   | 0                 |
| Education                                   | 199,288          | 0                          | 0   | 0   | (199,288)  | 0   | 0                 |
| Interest on Long-term Debt                  | 919,899          | 0                          | 211,248                                     | 0   | (708,651)  | 0   | 0                 |
| Other Debt Service                          | 295,415          | 0                          | 1,533                                       | 0   | (293,882)  | 0   | 0                 |
| Total Primary Government                    | \$ 11,683,469    | \$ 1,676,456               | \$ 2,819,971                                | \$ 495,531                                | \$ (6,691,511)                                       | \$ 0                                      | 0                 |
| Component Unit:                             |                  |                            |   |   |  |   |                   |
| Stewart County School Department            | \$ 20,047,898    | \$ 436,192                 | \$ 2,468,424                                | \$ 199,288                                | \$ 0   | \$ (16,943,994)                           | 0                 |
| Total Component Unit                        | \$ 20,047,898    | \$ 436,192                 | \$ 2,468,424                                | \$ 199,288                                | \$ 0   | \$ (16,943,994)                           | 0                 |

Exhibit B

Stewart County, Tennessee  
Statement of Activities (Cont.)

| Functions/Programs   | Program Revenues           |   |   | Net (Expense) Revenue and<br>Changes in Net Position |   |
|--|----------------------------|---|---|--|---|
|  | Charges<br>for<br>Services | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions | Primary  | Component                                 |
|  |                            |   |   | Governmental<br>Activities                           | Stewart<br>County<br>School<br>Department |
| General Revenues:  |                            |   |   |  |   |
| Taxes:   |                            |   |   |  |   |
| Property Taxes Levied for General Purposes                   |                            |   |   | \$ 3,843,782   | \$ 813,637                                |
| Property Taxes Levied for Debt Service                       |                            |   |   | 1,852,097  | 0   |
| Local Option Sales Taxes                                     |                            |   |   | 433,095  | 757,303                                   |
| Wheel Tax  |                            |   |   | 411,875  | 0   |
| Litigation Taxes   |                            |   |   | 122,440  | 0   |
| Wholesale Beer Tax   |                            |   |   | 120,666  | 0   |
| Other Local Taxes  |                            |   |   | 37,796   | 46,115                                    |
| Grants and Contributions Not Restricted to Specific Programs |                            |   |   | 1,275,878  | 13,700,449                                |
| Unrestricted Investment Income                               |                            |   |   | 3,134  | 17,304                                    |
| Miscellaneous  |                            |   |   | 40,359   | 91,923                                    |
| Total General Revenues                                       |                            |   |   | \$ 8,141,122   | \$ 15,426,731                             |
| Change in Net Position                                       |                            |   |   | \$ 1,449,611   | \$ (1,517,263)                            |
| Net Position, July 1, 2012                                   |                            |   |   | (12,101,569)   | 29,455,581                                |
| Net Position, June 30, 2013                                  |                            |   |   | \$ (10,651,958)                                      | \$ 27,938,318                             |

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

Stewart County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2013

ASSETS

|  |                  |                |                  |          |          |                  |          |              |                   |
|--|------------------|----------------|------------------|----------|----------|------------------|----------|--------------|-------------------|
| Cash                                       | 0                | 0              | 0                | 0        | 0        | 1,344            | 0        | 0            | 1,344             |
| Equity in Pooled Cash and Investments      | 2,047,656        | 277,653        | 1,344,449        | 0        | 0        | 8,063,199        | 0        | 0            | 11,741,256        |
| Accounts Receivable                        | 1,189,108        | 0              | 0                | 0        | 0        | 0                | 0        | 0            | 1,189,108         |
| Allowance for Uncollectibles               | (603,480)        | 0              | 0                | 0        | 0        | 0                | 0        | 0            | (603,480)         |
| Due from Other Governments                 | 234,333          | 282,480        | 0                | 0        | 0        | 0                | 0        | 0            | 516,813           |
| Due from Other Funds                       | 1,344            | 0              | 47,008           | 0        | 0        | 0                | 0        | 0            | 48,352            |
| Property Taxes Receivable                  | 3,687,997        | 247,701        | 2,009,133        | 0        | 0        | 0                | 0        | 0            | 5,944,831         |
| Allowance for Uncollectible Property Taxes | (149,561)        | (10,045)       | (81,478)         | 0        | 0        | 0                | 0        | 0            | (241,084)         |
| <b>Total Assets</b>                        | <b>6,407,397</b> | <b>797,789</b> | <b>3,319,112</b> | <b>0</b> | <b>0</b> | <b>8,063,199</b> | <b>0</b> | <b>9,643</b> | <b>18,597,140</b> |

LIABILITIES

|                            |                |               |          |          |               |          |              |          |                |
|----------------------------|----------------|---------------|----------|----------|---------------|----------|--------------|----------|----------------|
| Accounts Payable           | 77,109         | 7,457         | 0        | 0        | 0             | 0        | 0            | 0        | 84,566         |
| Payroll Deductions Payable | 72,558         | 0             | 0        | 0        | 0             | 0        | 0            | 0        | 72,558         |
| Contracts Payable          | 11,515         | 56,000        | 0        | 0        | 38,674        | 0        | 0            | 0        | 106,189        |
| Due to Other Funds         | 47,008         | 0             | 0        | 0        | 0             | 0        | 1,344        | 0        | 48,352         |
| Due to Component Units     | 3,721          | 0             | 0        | 0        | 42,765        | 0        | 0            | 0        | 46,486         |
| Due to State of Tennessee  | 1,996          | 0             | 0        | 0        | 0             | 0        | 0            | 0        | 1,996          |
| Due to Cities              | 8              | 0             | 0        | 0        | 0             | 0        | 0            | 0        | 8              |
| <b>Total Liabilities</b>   | <b>213,915</b> | <b>63,457</b> | <b>0</b> | <b>0</b> | <b>81,439</b> | <b>0</b> | <b>1,344</b> | <b>0</b> | <b>360,155</b> |

DEFERRED INFLOWS OF RESOURCES

|  |                  |                |                  |          |          |          |          |          |                  |
|--|------------------|----------------|------------------|----------|----------|----------|----------|----------|------------------|
| Deferred Current Property Taxes            | 3,451,459        | 231,814        | 1,880,272        | 0        | 0        | 0        | 0        | 0        | 5,563,545        |
| Deferred Delinquent Property Taxes         | 79,341           | 5,242          | 43,223           | 0        | 0        | 0        | 0        | 0        | 127,806          |
| Other Deferred/Unavailable Revenue         | 552,830          | 144,801        | 24,000           | 0        | 0        | 0        | 0        | 0        | 721,631          |
| <b>Total Deferred Inflows of Resources</b> | <b>4,083,630</b> | <b>381,857</b> | <b>1,947,495</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>6,412,982</b> |

FUND BALANCES

|  |        |         |   |   |   |   |       |   |         |
|--|--------|---------|---|---|---|---|-------|---|---------|
| Restricted:                              | 12,679 | 0       | 0 | 0 | 0 | 0 | 0     | 0 | 12,679  |
| Restricted for General Government        | 2,672  | 0       | 0 | 0 | 0 | 0 | 0     | 0 | 2,672   |
| Restricted for Finance                   | 30,502 | 0       | 0 | 0 | 0 | 0 | 0     | 0 | 30,502  |
| Restricted for Administration of Justice | 21,604 | 0       | 0 | 0 | 0 | 0 | 8,299 | 0 | 29,903  |
| Restricted for Public Safety             | 49,941 | 0       | 0 | 0 | 0 | 0 | 0     | 0 | 49,941  |
| Restricted for Other Operations          | 0      | 294,000 | 0 | 0 | 0 | 0 | 0     | 0 | 294,000 |
| Restricted for Highways/Public Works     | 4,483  | 0       | 0 | 0 | 0 | 0 | 0     | 0 | 4,483   |
| Restricted for Capital Outlay            |        |         |   |   |   |   |       |   |         |

(Continued)

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

FUND BALANCES (Cont.)

|  | Major Funds         |                        |                      |                          | Nonmajor Funds           |                      | Total Governmental Funds |
|--|---------------------|------------------------|----------------------|--------------------------|--------------------------|----------------------|--------------------------|
|  | General             | Highway / Public Works | General Debt Service | General Capital Projects | Other Governmental Funds |                      |                          |
| Restricted (Cont.):  |                     |                        |                      |                          |                          |                      |                          |
| Restricted for Capital Projects Committed:                                 |                     |                        |                      |                          |                          |                      |                          |
| Committed for Public Health and Welfare                                    | 11,071              | 0                      | 0                    | 0                        | 0                        | 0                    | 11,071                   |
| Committed for Highways/Public Works  | 0                   | 58,475                 | 0                    | 0                        | 0                        | 0                    | 58,475                   |
| Committed for Debt Service   | 0                   | 0                      | 1,371,617            | 0                        | 0                        | 0                    | 1,371,617                |
| Assigned:  |                     |                        |                      |                          |                          |                      |                          |
| Assigned for Public Health and Welfare                                     | 15,000              | 0                      | 0                    | 0                        | 0                        | 0                    | 15,000                   |
| Assigned for Social, Cultural, and Recreational Services                   | 19,597              | 0                      | 0                    | 0                        | 0                        | 0                    | 19,597                   |
| Unassigned   | 1,942,303           | 0                      | 0                    | 0                        | 0                        | 0                    | 1,942,303                |
| <b>Total Fund Balances</b>   | <b>\$ 2,109,852</b> | <b>\$ 352,475</b>      | <b>\$ 1,371,617</b>  | <b>\$ 7,981,760</b>      | <b>\$ 8,299</b>          | <b>\$ 11,824,003</b> |                          |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 6,407,397</b> | <b>\$ 797,789</b>      | <b>\$ 3,319,112</b>  | <b>\$ 8,063,199</b>      | <b>\$ 9,643</b>          | <b>\$ 18,597,140</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 Position  
June 30, 2013

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

|   |    |                  |                     |
|---|----|------------------|---------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit C-1)  |    | \$               | 11,824,003          |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.  |    |                  |                     |
| Add: land   | \$ | 967,563          |                     |
| Add: buildings and improvements net of accumulated depreciation   |    | 4,027,974        |                     |
| Add: infrastructure net of accumulated depreciation   |    | 748,201          |                     |
| Add: other capital assets net of accumulated depreciation   |    | <u>857,623</u>   | 6,601,361           |
| (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   | \$ | (1,296,378)      |                     |
| Less: bonds payable   |    | (27,762,000)     |                     |
| Add: deferred amount on refunding   |    | 57,075           |                     |
| Less: compensated absences payable  |    | (148,003)        |                     |
| Less: other postemployment benefits liability   |    | (149,630)        |                     |
| Less: accrued interest on notes and bonds   |    | (229,373)        |                     |
| Less: other deferred revenue - premium on debt  |    | (190,144)        |                     |
| Less: other long-term liabilities   |    | <u>(208,306)</u> | (29,926,759)        |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. |    |                  | <u>849,437</u>      |
| Net position of governmental activities (Exhibit A)   |    | \$               | <u>(10,651,958)</u> |

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

Stewart County, Tennessee  
 Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2013

|  | Major Funds         |                              |                            | Nonmajor<br>Fund<br>Drug<br>Control | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
|  | General             | Highway /<br>Public<br>Works | General<br>Debt<br>Service |                                     |                                |
| <b>Revenues</b>  |                     |                              |                            |                                     |                                |
| Local Taxes  | \$ 4,282,485        | \$ 240,828                   | \$ 2,404,149               | \$ 68,799                           | \$ 6,996,261                   |
| Licenses and Permits   | 10,501              | 0                            | 0                          | 0                                   | 10,501                         |
| Fines, Forfeitures, and Penalties                            | 53,007              | 0                            | 0                          | 3,114                               | 56,121                         |
| Charges for Current Services                                 | 752,551             | 2,417                        | 0                          | 0                                   | 754,968                        |
| Other Local Revenues   | 38,421              | 30,355                       | 0                          | 3,134                               | 75,985                         |
| Fees Received from County Officials                          | 635,043             | 0                            | 0                          | 4,075                               | 635,043                        |
| State of Tennessee   | 1,430,896           | 1,927,974                    | 0                          | 0                                   | 3,358,870                      |
| Federal Government   | 516,892             | 15,510                       | 0                          | 0                                   | 532,402                        |
| Other Governments and Citizens Groups                        | 455,453             | 0                            | 211,248                    | 0                                   | 666,701                        |
| <b>Total Revenues</b>  | <b>\$ 8,175,249</b> | <b>\$ 2,217,084</b>          | <b>\$ 2,615,397</b>        | <b>\$ 71,933</b>                    | <b>\$ 13,086,852</b>           |
| <b>Expenditures</b>  |                     |                              |                            |                                     |                                |
| Current:   |                     |                              |                            |                                     |                                |
| General Government   | \$ 708,349          | \$ 0                         | \$ 0                       | \$ 0                                | \$ 708,349                     |
| Finance  | 687,422             | 0                            | 0                          | 0                                   | 687,422                        |
| Administration of Justice                                    | 569,973             | 0                            | 0                          | 0                                   | 569,973                        |
| Public Safety  | 3,112,604           | 0                            | 0                          | 18,306                              | 3,130,910                      |
| Public Health and Welfare                                    | 1,498,970           | 0                            | 0                          | 0                                   | 1,498,970                      |
| Social, Cultural, and Recreational Services                  | 297,307             | 0                            | 0                          | 0                                   | 297,307                        |
| Agriculture and Natural Resources                            | 84,228              | 0                            | 0                          | 0                                   | 84,228                         |
| Other Operations   | 837,912             | 0                            | 0                          | 21                                  | 837,933                        |
| Highways   | 0                   | 2,324,551                    | 0                          | 0                                   | 2,324,551                      |
| Debt Service:  |                     |                              |                            |                                     |                                |
| Principal on Debt  | 0                   | 0                            | 1,751,015                  | 0                                   | 1,751,015                      |
| Interest on Debt   | 0                   | 0                            | 871,372                    | 0                                   | 871,372                        |
| Other Debt Service   | 0                   | 0                            | 50,068                     | 245,347                             | 295,415                        |
| Capital Projects   | 0                   | 0                            | 0                          | 431,266                             | 431,266                        |
| <b>Total Expenditures</b>                                    | <b>\$ 7,796,765</b> | <b>\$ 2,324,551</b>          | <b>\$ 2,672,455</b>        | <b>\$ 676,613</b>                   | <b>\$ 13,488,711</b>           |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>\$ 378,484</b>   | <b>\$ (107,467)</b>          | <b>\$ (57,058)</b>         | <b>\$ (604,680)</b>                 | <b>\$ (401,859)</b>            |
| <b>Other Financing Sources (Uses)</b>                        |                     |                              |                            |                                     |                                |
| Bonds Issued   | \$ 0                | \$ 0                         | \$ 0                       | \$ 8,200,000                        | \$ 8,200,000                   |
| Notes Issued   | 175,000             | 0                            | 0                          | 0                                   | 175,000                        |
| Refunding Debt Issued  | 0                   | 0                            | 765,000                    | 0                                   | 765,000                        |
| Premiums on Debt Issued                                      | 0                   | 0                            | 0                          | 191,677                             | 191,677                        |
| Insurance Recovery   | 209,445             | 0                            | 0                          | 0                                   | 209,445                        |
| Transfers In   | 0                   | 0                            | 239,656                    | 0                                   | 239,656                        |

(Continued)

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

|   | General      | Highway /<br>Public<br>Works | General<br>Debt<br>Service | General<br>Capital<br>Projects | Nonmajor<br>Fund |           | Total<br>Governmental<br>Funds |
|---|--------------|------------------------------|----------------------------|--------------------------------|------------------|-----------|--------------------------------|
|   |              |                              |                            |                                | Drug<br>Control  |           |                                |
| <u>Other Financing Sources (Uses) (Cont.)</u> |              |                              |                            |                                |                  |           |                                |
| Transfers Out                                 | \$ (239,656) | \$ 0                         | \$ 0                       | \$ 0                           | \$ 0             | \$ 0      | \$ (239,656)                   |
| Payments to Refunded Debt Escrow Agent        | 0            | 0                            | (803,629)                  | 0                              | 0                | 0         | (803,629)                      |
| Total Other Financing Sources (Uses)          | \$ 144,789   | \$ 0                         | \$ 201,027                 | \$ 8,391,677                   | \$ 0             | \$ 0      | \$ 8,737,493                   |
| Net Change in Fund Balances                   | \$ 523,273   | \$ (107,467)                 | \$ 143,969                 | \$ 7,786,997                   | \$ (11,138)      | \$ 19,437 | \$ 8,335,634                   |
| Fund Balance, July 1, 2012                    | 1,586,579    | 459,942                      | 1,227,648                  | 194,763                        |                  |           | 3,488,369                      |
| Fund Balance, June 30, 2013                   | \$ 2,109,852 | \$ 352,475                   | \$ 1,371,617               | \$ 7,981,760                   | \$ 8,299         | \$        | \$ 11,824,003                  |

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, 2013

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)  |                  | \$ 8,335,634        |
|   |                  |                     |
| (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   | \$ 536,853       |                     |
| Less: current-year depreciation expense   | <u>(522,084)</u> | 14,769              |
|   |                  |                     |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.  |                  |                     |
| Less: loss on disposal of capital assets  |                  | (79,649)            |
|   |                  |                     |
| (3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |                  |                     |
| Add: deferred delinquent property taxes and other deferred June 30, 2013  | \$ 849,437       |                     |
| Less: deferred delinquent property taxes and other deferred June 30, 2012   | <u>(804,742)</u> | 44,695              |
|   |                  |                     |
| (4) The issuance of long-term debt (e.g. bonds and notes) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items. |                  |                     |
| Less: note proceeds   | \$ (175,000)     |                     |
| Less: bond proceeds   | (8,200,000)      |                     |
| Less: refunding bond proceeds   | (765,000)        |                     |
| Less: change in premium on debt issuances   | (190,144)        |                     |
| Add: principal payments on bonds  | 1,561,000        |                     |
| Add: principal payments on notes  | 190,015          |                     |
| Add: payment to refunding agent   | 803,629          |                     |
| Less: change in deferred amount on refunding debt   | <u>(12,544)</u>  | (6,788,044)         |
|   |                  |                     |
| (5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.   |                  |                     |
| Change in accrued interest payable  | \$ (35,983)      |                     |
| Change in other long-term liabilities   | 2,911            |                     |
| Change in compensated absences payable  | (12,644)         |                     |
| Change in other postemployment benefits liability   | <u>(32,078)</u>  | (77,794)            |
|   |                  |                     |
| Change in net position of governmental activities (Exhibit B)   |                  | <u>\$ 1,449,611</u> |

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

Exhibit C-5

Stewart County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2013

|                                       | Actual       | Budgeted Amounts |              | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|--------------|------------------|--------------|--|
|                                       |              | Original         | Final        |  |
| <u>Revenues</u>                       |              |                  |              |  |
| Local Taxes                           | \$ 4,282,485 | \$ 4,186,208     | \$ 4,219,108 | \$ 63,377  |
| Licenses and Permits                  | 10,501       | 11,000           | 11,000       | (499)  |
| Fines, Forfeitures, and Penalties     | 53,007       | 47,500           | 47,500       | 5,507  |
| Charges for Current Services          | 752,551      | 788,865          | 788,865      | (36,314)   |
| Other Local Revenues                  | 38,421       | 41,550           | 42,588       | (4,167)  |
| Fees Received from County Officials   | 635,043      | 561,000          | 561,000      | 74,043   |
| State of Tennessee                    | 1,430,896    | 1,487,001        | 1,499,549    | (68,653)   |
| Federal Government                    | 516,892      | 148,358          | 565,073      | (48,181)   |
| Other Governments and Citizens Groups | 455,453      | 209,890          | 452,300      | 3,153  |
| Total Revenues                        | \$ 8,175,249 | \$ 7,481,372     | \$ 8,186,983 | \$ (11,734)                                      |
| <u>Expenditures</u>                   |              |                  |              |  |
| <u>General Government</u>             |              |                  |              |  |
| County Commission                     | \$ 27,819    | \$ 28,424        | \$ 28,424    | \$ 605   |
| County Mayor/Executive                | 148,537      | 149,499          | 149,499      | 962  |
| Election Commission                   | 125,115      | 131,333          | 131,333      | 6,218  |
| Register of Deeds                     | 135,247      | 140,443          | 140,443      | 5,196  |
| County Buildings                      | 238,243      | 251,221          | 253,646      | 15,403   |
| Other General Administration          | 29,903       | 32,775           | 32,775       | 2,872  |
| Preservation of Records               | 3,485        | 2,026            | 3,706        | 221  |
| <u>Finance</u>                        |              |                  |              |  |
| Accounting and Budgeting              | 74,662       | 75,235           | 75,235       | 573  |
| Property Assessor's Office            | 177,782      | 165,276          | 179,276      | 1,494  |
| Reappraisal Program                   | 46,311       | 51,056           | 49,056       | 2,745  |
| County Trustee's Office               | 191,247      | 197,267          | 197,267      | 6,020  |
| County Clerk's Office                 | 197,420      | 210,761          | 210,761      | 13,341   |
| <u>Administration of Justice</u>      |              |                  |              |  |
| Circuit Court                         | 151,710      | 156,266          | 156,266      | 4,556  |
| General Sessions Judge                | 117,946      | 118,358          | 118,358      | 412  |
| General Sessions Court Clerk          | 64,823       | 67,192           | 67,192       | 2,369  |
| Chancery Court                        | 122,474      | 124,619          | 124,619      | 2,145  |
| Juvenile Court                        | 110,435      | 104,113          | 114,613      | 4,178  |
| District Attorney General             | 2,585        | 2,585            | 2,585        | 0  |
| <u>Public Safety</u>                  |              |                  |              |  |
| Sheriff's Department                  | 1,773,876    | 1,658,386        | 1,827,864    | 53,988   |
| Jail                                  | 764,228      | 979,010          | 980,272      | 216,044  |
| Fire Prevention and Control           | 90,000       | 90,000           | 90,000       | 0  |
| Other Emergency Management            | 443,590      | 161,805          | 448,032      | 4,442  |
| County Coroner/Medical Examiner       | 40,910       | 37,834           | 43,834       | 2,924  |
| <u>Public Health and Welfare</u>      |              |                  |              |  |
| Local Health Center                   | 26,104       | 29,000           | 29,000       | 2,896  |
| Rabies and Animal Control             | 185          | 0                | 186          | 1  |
| Ambulance/Emergency Medical Services  | 1,220,908    | 1,240,218        | 1,246,303    | 25,395   |
| Alcohol and Drug Programs             | 47,860       | 50,000           | 50,000       | 2,140  |
| Waste Pickup                          | 54,048       | 44,237           | 54,200       | 152  |
| Other Public Health and Welfare       | 149,865      | 184,300          | 184,300      | 34,435   |

(Continued)

Exhibit C-5

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

|  | Actual              | Budgeted Amounts    |                     | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|--|
|  |                     | Original            | Final               |  |
| <u>Expenditures (Cont.)</u>                          |                     |                     |                     |  |
| <u>Social, Cultural, and Recreational Services</u>   |                     |                     |                     |  |
| Senior Citizens Assistance                           | \$ 12,000           | \$ 12,000           | \$ 12,000           | \$ 0   |
| Libraries  | 231,754             | 233,955             | 235,740             | 3,986  |
| Other Social, Cultural, and Recreational             | 53,553              | 56,980              | 56,980              | 3,427  |
| <u>Agriculture and Natural Resources</u>             |                     |                     |                     |  |
| Agriculture Extension Service                        | 57,552              | 57,552              | 57,552              | 0  |
| Soil Conservation                                    | 26,676              | 26,764              | 26,764              | 88   |
| <u>Other Operations</u>                              |                     |                     |                     |  |
| Tourism  | 9,105               | 12,000              | 21,000              | 11,895   |
| Tourism-Resort District                              | 64,282              | 63,000              | 65,500              | 1,218  |
| Housing and Urban Development                        | 183,463             | 28,470              | 188,210             | 4,747  |
| Other Economic and Community Development             | 174,331             | 2,700               | 207,231             | 32,900   |
| Veterans' Services                                   | 63,890              | 65,393              | 65,393              | 1,503  |
| Other Charges  | 244,891             | 232,893             | 251,630             | 6,739  |
| Miscellaneous  | 97,950              | 97,951              | 97,951              | 1  |
| Total Expenditures                                   | <u>\$ 7,796,765</u> | <u>\$ 7,372,897</u> | <u>\$ 8,274,996</u> | <u>\$ 478,231</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ 378,484</u>   | <u>\$ 108,475</u>   | <u>\$ (88,013)</u>  | <u>\$ 466,497</u>  |
| <u>Other Financing Sources (Uses)</u>                |                     |                     |                     |  |
| Notes Issued   | \$ 175,000          | \$ 175,057          | \$ 175,057          | \$ (57)  |
| Insurance Recovery                                   | 209,445             | 1,000               | 186,439             | 23,006   |
| Transfers Out  | (239,656)           | (266,000)           | (266,000)           | 26,344   |
| Total Other Financing Sources                        | <u>\$ 144,789</u>   | <u>\$ (89,943)</u>  | <u>\$ 95,496</u>    | <u>\$ 49,293</u>   |
| Net Change in Fund Balance                           | \$ 523,273          | \$ 18,532           | \$ 7,483            | \$ 515,790   |
| Fund Balance, July 1, 2012                           | <u>1,586,579</u>    | <u>1,585,279</u>    | <u>1,585,279</u>    | <u>1,300</u>   |
| Fund Balance, June 30, 2013                          | <u>\$ 2,109,852</u> | <u>\$ 1,603,811</u> | <u>\$ 1,592,762</u> | <u>\$ 517,090</u>  |

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

Exhibit C-6

Stewart County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2013

|  | Actual<br>(GAAP<br>Basis) | Add:<br>Encumbrances<br>6/30/2013 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |              | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|---|------------------|--------------|--|
|  |                           |                                   |   | Original         | Final        |  |
| <u>Revenues</u>  |                           |                                   |   |                  |              |  |
| Local Taxes  | \$ 240,828                | \$ 0                              | \$ 240,828  | \$ 227,662       | \$ 240,226   | \$ 602   |
| Charges for Current Services                             | 2,417                     | 0                                 | 2,417   | 5,000            | 2,417        | 0  |
| Other Local Revenues                                     | 30,355                    | 0                                 | 30,355  | 22,500           | 30,267       | 88   |
| State of Tennessee                                       | 1,927,974                 | 0                                 | 1,927,974   | 1,882,582        | 1,927,974    | 0  |
| Federal Government                                       | 15,510                    | 0                                 | 15,510  | 0                | 15,510       | 0  |
| Total Revenues   | \$ 2,217,084              | \$ 0                              | \$ 2,217,084  | \$ 2,137,744     | \$ 2,216,394 | \$ 690   |
| <u>Expenditures</u>                                      |                           |                                   |   |                  |              |  |
| <u>Highways</u>  |                           |                                   |   |                  |              |  |
| Administration   | \$ 141,242                | \$ 0                              | \$ 141,242  | \$ 136,228       | \$ 141,423   | \$ 181   |
| Highway and Bridge Maintenance                           | 1,032,679                 | 0                                 | 1,032,679   | 1,257,200        | 1,038,350    | 5,671  |
| Operation and Maintenance of Equipment                   | 370,286                   | 0                                 | 370,286   | 320,400          | 370,286      | 0  |
| Other Charges  | 105,880                   | 0                                 | 105,880   | 106,575          | 105,995      | 115  |
| Employee Benefits  | 278,509                   | 0                                 | 278,509   | 280,191          | 278,509      | 0  |
| Capital Outlay   | 395,955                   | 294,000                           | 689,955   | 375,113          | 689,955      | 0  |
| Total Expenditures                                       | \$ 2,324,551              | \$ 294,000                        | \$ 2,618,551  | \$ 2,475,707     | \$ 2,624,518 | \$ 5,967   |
| Excess (Deficiency) of Revenues<br>Over Expenditures     | \$ (107,467)              | \$ (294,000)                      | \$ (401,467)  | \$ (337,963)     | \$ (408,124) | \$ 6,657   |
| Net Change in Fund Balance<br>Fund Balance, July 1, 2012 | \$ (107,467)              | \$ (294,000)                      | \$ (401,467)  | \$ (337,963)     | \$ (408,124) | \$ 6,657   |
| Fund Balance, July 1, 2012                               | 459,942                   | 0                                 | 459,942   | 603,663          | 603,663      | (143,721)  |
| Fund Balance, June 30, 2013                              | \$ 352,475                | \$ (294,000)                      | \$ 58,475   | \$ 265,700       | \$ 195,539   | \$ (137,064)   |

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, 2013

|                                     | <u>Agency<br/>Funds</u> |
|-------------------------------------|-------------------------|
| <u>ASSETS</u>                       |                         |
| Cash                                | \$ 643,008              |
| Due from Other Governments          | <u>61,500</u>           |
| Total Assets                        | <u>\$ 704,508</u>       |
| <u>LIABILITIES</u>                  |                         |
| Due to Other Taxing Units           | \$ 61,500               |
| Due to Litigants, Heirs, and Others | <u>643,008</u>          |
| Total Liabilities                   | <u>\$ 704,508</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, 2013**

**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 and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Stewart County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Stewart County, and the Stewart County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Stewart County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion this omission is not material to the component unit's opinion unit.

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

Stewart County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Stewart County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of 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. Net debt issues totaling \$199,288 were contributed by the county to the School Department during the year ended June 30, 2013.

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, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; 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.

**Capital Projects Fund** – The General Capital Projects Fund accounts for transactions for the acquisition or construction of major capital facilities.

Additionally, Stewart County reports the following fund type:

**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 are the foundational revenues of this fund.

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Stewart County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other

funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

Activity between funds for unremitted current collections 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 2.12 percent of total taxes levied.

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

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

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

## **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. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for

reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from two sources: current and delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**5. 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.

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

## 7. **Net Position and Fund Balance**

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

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

The government-wide Statement of Net Position reports \$8,649,617 of restricted net position, of which \$56,441 is restricted by enabling legislation.

As of June 30, 2013, Stewart County had \$20,465,729 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 position with no corresponding increase in the county's capital assets.

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

amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

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

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

**Primary Government**

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

**Discretely Presented 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 Position.

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

**Primary Government**

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

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

**Budgetary Information**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in presenting the information for both municipal and county governments in Tennessee.

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.

At June 30, 2013, Stewart County and the Stewart County School Department reported the following significant encumbrances:

| Funds                  | Description         | Amount     |
|------------------------|---------------------|------------|
| Primary Government:    |                     |            |
| Major Fund:            |                     |            |
| Highway/Public Works   | Bridge Construction | \$ 294,000 |
| School Department:     |                     |            |
| Major Fund:            |                     |            |
| General Purpose School | School Construction | 420,712    |

**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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets

or statements of net position represents nonpooled amounts held separately by individual funds.

### **Deposits**

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

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

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2013.

## **B. Capital Assets**

Capital assets activity for the year ended June 30, 2013, was as follows:

**Primary Government**

**Governmental Activities:**

|   | Balance<br>7-1-12    | Increases          | Decreases           | Balance<br>6-30-13   |
|---|----------------------|--------------------|---------------------|----------------------|
| Capital Assets Not Depreciated:             |                      |                    |                     |                      |
| Land  | \$ 963,163           | \$ 64,400          | \$ (60,000)         | \$ 967,563           |
| Total Capital Assets Not Depreciated        | <u>\$ 963,163</u>    | <u>\$ 64,400</u>   | <u>\$ (60,000)</u>  | <u>\$ 967,563</u>    |
| Capital Assets Depreciated:                 |                      |                    |                     |                      |
| Buildings and Improvements                  | \$ 5,665,185         | \$ 18,110          | \$ 0                | \$ 5,683,295         |
| Infrastructure                              | 1,057,992            | 52,976             | 0                   | 1,110,968            |
| Other Capital Assets                        | 3,439,973            | 401,367            | (168,423)           | 3,672,917            |
| Total Capital Assets Depreciated            | <u>\$ 10,163,150</u> | <u>\$ 472,453</u>  | <u>\$ (168,423)</u> | <u>\$ 10,467,180</u> |
| Less Accumulated Depreciation For:          |                      |                    |                     |                      |
| Buildings and Improvements                  | \$ 1,522,835         | \$ 132,486         | \$ 0                | \$ 1,655,321         |
| Infrastructure                              | 295,216              | 67,551             | 0                   | 362,767              |
| Other Capital Assets                        | 2,642,021            | 322,047            | (148,774)           | 2,815,294            |
| Total Accumulated Depreciation              | <u>\$ 4,460,072</u>  | <u>\$ 522,084</u>  | <u>\$ (148,774)</u> | <u>\$ 4,833,382</u>  |
| Total Capital Assets Depreciated, Net       | <u>\$ 5,703,078</u>  | <u>\$ (49,631)</u> | <u>\$ (19,649)</u>  | <u>\$ 5,633,798</u>  |
| Governmental Activities Capital Assets, Net | <u>\$ 6,666,241</u>  | <u>\$ 14,769</u>   | <u>\$ (79,649)</u>  | <u>\$ 6,601,361</u>  |

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

**Governmental Activities:**

|   |                              |
|---|------------------------------|
| General Government  | \$ 26,195                    |
| Finance   | 315                          |
| Administration of Justice                                   | 860                          |
| Public Safety   | 163,167                      |
| Public Health and Welfare                                   | 155,534                      |
| Social, Cultural, and Recreational Services                 | 10,401                       |
| Agriculture and Natural Resources                           | 84                           |
| Other Operations  | 33,273                       |
| Highway/Public Works  | <u>132,255</u>               |
| <br>Total Depreciation Expense -<br>Governmental Activities | <br><u><u>\$ 522,084</u></u> |

**Discretely Presented Stewart County School Department**

**Governmental Activities:**

|   | Balance<br>7-1-12    | Increases         | Decreases           | Balance<br>6-30-13   |
|---|----------------------|-------------------|---------------------|----------------------|
| Capital Assets                          |                      |                   |                     |                      |
| Not Depreciated:                        |                      |                   |                     |                      |
| Land                                    | \$ 1,265,886         | \$ 0              | \$ 0                | \$ 1,265,886         |
| Construction in<br>Progress             | 0                    | 147,441           | 0                   | 147,441              |
| Total Capital Assets<br>Not Depreciated | <u>\$ 1,265,886</u>  | <u>\$ 147,441</u> | <u>\$ 0</u>         | <u>\$ 1,413,327</u>  |
| Capital Assets<br>Depreciated:          |                      |                   |                     |                      |
| Buildings and<br>Improvements           | \$ 35,081,064        | \$ 71,816         | \$ 0                | \$ 35,152,880        |
| Other Capital Assets                    | 4,328,656            | 182,512           | (199,868)           | 4,311,300            |
| Total Capital Assets<br>Depreciated     | <u>\$ 39,409,720</u> | <u>\$ 254,328</u> | <u>\$ (199,868)</u> | <u>\$ 39,464,180</u> |

**Governmental Activities (Cont.):**

|  | Balance<br>7-1-12    | Increases           | Decreases           | Balance<br>6-30-13   |
|--|----------------------|---------------------|---------------------|----------------------|
| Less Accumulated<br>Depreciation For:<br>Buildings and<br>Improvements | \$ 10,377,079        | \$ 867,450          | \$ 0                | \$ 11,244,529        |
| Other Capital Assets   | 2,584,894            | 278,575             | (199,868)           | 2,663,601            |
| Total Accumulated<br>Depreciation                                      | <u>\$ 12,961,973</u> | <u>\$ 1,146,025</u> | <u>\$ (199,868)</u> | <u>\$ 13,908,130</u> |
| Total Capital Assets<br>Depreciated, Net                               | <u>\$ 26,447,747</u> | <u>\$ (891,697)</u> | <u>\$ 0</u>         | <u>\$ 25,556,050</u> |
| Governmental Activities<br>Capital Assets, Net                         | <u>\$ 27,713,633</u> | <u>\$ (744,256)</u> | <u>\$ 0</u>         | <u>\$ 26,969,377</u> |

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

**Governmental Activities:**

|   |                     |
|---|---------------------|
| Instruction   | \$ 761,372          |
| Support Services  | 301,156             |
| Operation of Non-Instructional Services                 | <u>83,497</u>       |
| Total Depreciation Expense -<br>Governmental Activities | <u>\$ 1,146,025</u> |

**C. Construction Commitments**

At June 30, 2013, the Highway Department had uncompleted construction contracts of \$294,000 for the construction of three bridges. Funding for these future expenditures is expected to be received from the State Aid Bridge Program.

At June 30, 2013, the School Department had uncompleted construction contracts of \$420,712 for the construction of a sports complex. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2013, was as follows:

**Due to/from Other Funds:**

| Receivable Fund      | Payable Fund          | Amount   |
|----------------------|-----------------------|----------|
| Primary Government:  |                       |          |
| General              | Nonmajor governmental | \$ 1,344 |
| General Debt Service | General               | 47,008   |

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 Unit:**

| Receivable Fund        | Payable Fund             | Amount   |
|------------------------|--------------------------|----------|
| Component Unit:        |                          |          |
| School Department:     | Primary Government:      |          |
| General Purpose School | General                  | \$ 3,721 |
| "                      | General Capital Projects | 42,765   |

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

**Primary Government**

| Transfer Out | Transfer In                        |
|--------------|------------------------------------|
|              | General<br>Debt<br>Service<br>Fund |
| General Fund | \$ 239,656                         |

**Discretely Presented Stewart County  
School Department**

| Transfer Out                | Transfer In                  |
|-----------------------------|------------------------------|
|                             | Central<br>Cafeteria<br>Fund |
| General Purpose School Fund | \$ 32,205                    |

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.

**E. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

Stewart County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. In addition, capital outlay notes have been issued to refund other capital outlay notes.

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, 2013, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2013, for governmental activities are as follows:

| Type                                 | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-13 |
|--------------------------------------|---------------|----------------|--------------------------|-----------------|
| General Obligation Bonds             | 2 to 5%       | 4-1-38         | \$ 18,154,000            | \$ 10,362,000   |
| General Obligation Bonds - Refunding | 2.5 to 4.55   | 3-1-29         | 24,855,000               | 17,400,000      |
| Capital Outlay Notes                 | 2.9 to 4.45   | 8-25-23        | 535,800                  | 431,378         |
| Capital Outlay Notes - Refunding     | 2             | 3-1-19         | 1,125,000                | 865,000         |

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

| Year Ending<br>June 30 | Bonds                |                     |                      |
|------------------------|----------------------|---------------------|----------------------|
|                        | Principal            | Interest            | Total                |
| 2014                   | \$ 1,611,000         | \$ 954,554          | \$ 2,565,554         |
| 2015                   | 1,676,000            | 897,678             | 2,573,678            |
| 2016                   | 1,735,000            | 836,308             | 2,571,308            |
| 2017                   | 1,805,000            | 772,169             | 2,577,169            |
| 2018                   | 1,525,000            | 715,304             | 2,240,304            |
| 2019-2023              | 8,340,000            | 2,698,392           | 11,038,392           |
| 2024-2028              | 5,755,000            | 1,352,788           | 7,107,788            |
| 2029-2033              | 2,780,000            | 603,306             | 3,383,306            |
| 2034-2038              | 2,535,000            | 240,214             | 2,775,214            |
| Total                  | <u>\$ 27,762,000</u> | <u>\$ 9,070,713</u> | <u>\$ 36,832,713</u> |

| Year Ending<br>June 30 | Notes               |                   |                     |
|------------------------|---------------------|-------------------|---------------------|
|                        | Principal           | Interest          | Total               |
| 2014                   | \$ 225,252          | \$ 31,540         | \$ 256,792          |
| 2015                   | 233,504             | 25,688            | 259,192             |
| 2016                   | 214,815             | 19,605            | 234,420             |
| 2017                   | 190,909             | 14,545            | 205,454             |
| 2018                   | 202,351             | 10,204            | 212,555             |
| 2019-2023              | 216,886             | 11,520            | 228,406             |
| 2024                   | 12,661              | 380               | 13,041              |
| Total                  | <u>\$ 1,296,378</u> | <u>\$ 113,482</u> | <u>\$ 1,409,860</u> |

There is \$1,371,617 in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes, totaled \$2,181, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

|                             | Bonds                | Notes               |
|-----------------------------|----------------------|---------------------|
| Balance, July 1, 2012       | \$ 21,123,000        | \$ 1,311,393        |
| Additions                   | 8,965,000            | 175,000             |
| Reductions                  | (2,326,000)          | (190,015)           |
| Balance, June 30, 2013      | <u>\$ 27,762,000</u> | <u>\$ 1,296,378</u> |
| Balance Due Within One Year | <u>\$ 1,611,000</u>  | <u>\$ 225,252</u>   |

|                             | Other<br>Long-term<br>Liabilities | Compensated<br>Absences |
|-----------------------------|-----------------------------------|-------------------------|
| Balance, July 1, 2012       | \$ 211,217                        | \$ 135,359              |
| Additions                   | 0                                 | 213,971                 |
| Reductions                  | (2,911)                           | (201,327)               |
| Balance, June 30, 2013      | <u>\$ 208,306</u>                 | <u>\$ 148,003</u>       |
| Balance Due Within One Year | <u>\$ 3,038</u>                   | <u>\$ 147,165</u>       |

|                             | Other<br>Postemployment<br>Benefits |
|-----------------------------|-------------------------------------|
| Balance, July 1, 2012       | \$ 117,552                          |
| Additions                   | 39,711                              |
| Reductions                  | (7,633)                             |
| Balance, June 30, 2013      | <u>\$ 149,630</u>                   |
| Balance Due Within One Year | <u>\$ 0</u>                         |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

|   |                      |
|---|----------------------|
| Total Noncurrent Liabilities, June 30, 2013                       | \$ 29,564,317        |
| Less: Balance Due Within One Year                                 | (1,986,455)          |
| Add: Deferred Revenue - Premium on Debt                           | <u>190,144</u>       |
| Noncurrent Liabilities - Due in<br>More Than One Year - Exhibit A | <u>\$ 27,768,006</u> |

Other long-term obligations 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.

Current Refunding

On May 15, 2013, Stewart County issued \$765,000 in general obligation school refunding bonds for a current refunding of \$765,000 in Series 2005 school bonds. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Also, as a result of the refunding, total debt service payments over the next 11 years will be reduced by \$65,923. The economic gain on this refunding was not available.

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, 2013, the following outstanding bonds are considered defeased:

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

**Discretely Presented Stewart County School Department**

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented Stewart County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

|                             | <u>Other<br/>Postemployment<br/>Benefits</u> |
|-----------------------------|--|
| Balance, July 1, 2012       | \$ 168,742                                   |
| Additions                   | 163,585                                      |
| Reductions                  | <u>(102,537)</u>                             |
| Balance, June 30, 2013      | <u>\$ 229,790</u>                            |
| Balance Due Within One Year | <u>\$ 0</u>                                  |

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

**F. 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, 2013, were \$38,371 and \$14,124, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Short-term Debt**

During the year, Stewart County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Purpose School 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, 2013, was as follows:

|                        | Balance<br>7-1-12 | Issued     | Paid         | Balance<br>6-30-13 |
|------------------------|-------------------|------------|--------------|--------------------|
| Tax Anticipation Notes | \$ 0              | \$ 200,000 | \$ (200,000) | \$ 0               |

**V. OTHER INFORMATION**

**A. Risk Management**

**Employee Health Insurance**

**Primary Government**

Stewart County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for

losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

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

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

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

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

## **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Stewart County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limited fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modified guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

**C. Subsequent Event**

On July 16, 2013, the county borrowed an \$800,000 tax anticipation note for the General Purpose School Fund for temporary operating funds.

**D. Contingent Liabilities**

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

**E. Change in Administration**

On August 31, 2012, Connie Brigham left the Office of Assessor of Property and was succeeded by Tim Borens.

**F. Joint Venture**

**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. 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 Industrial Development Board of Houston-Stewart Counties has been delegated the authority to develop, operate and maintain an industrial site located near the Stewart-Houston County line near Cumberland City, Tennessee. The board operates in conjunction with the Houston-Stewart Industrial Park Board and is comprised of eight members. The Stewart and Houston County Commissions appoint the board members; however, the counties do not have any ongoing financial interest or responsibility for the entity.

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.

#### **H. Retirement Commitments**

Information for this footnote for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2012.

##### **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, 2012, 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, 2012, the county’s annual pension cost of \$443,461 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 frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement 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, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-12           | \$443,461                 | 100%                          | \$0                    |
| 6-30-11           | 599,430                   | 100                           | 0                      |
| 6-30-10           | 418,341                   | 100                           | 0                      |

## **Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 82.54 percent funded. The actuarial accrued liability for benefits was \$7.51 million, and the actuarial value of assets was \$6.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.31 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.16 million, and the ratio of the UAAL to the covered payroll was 25.43 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.

## **SCHOOL TEACHERS**

### **Plan Description**

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew

Jackson Building, Nashville, TN 37243-0230 or can be accessed at [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, 2012, 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, 2012, 2011, and 2010, were \$748,927, \$699,074, and \$494,671 respectively, equal to the required contributions for each year.

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

#### Plan Description

Stewart County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://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, 2013, Stewart County and the Stewart County

School Department contributed \$7,633 and \$102,537, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

|                              | Local<br>Government<br>Group<br>Plan | Local<br>Education<br>Group<br>Plan |
|------------------------------|--------------------------------------|-------------------------------------|
| ARC                          | \$ 40,000                            | \$ 164,000                          |
| Interest on the NOPEBO       | 4,702                                | 6,750                               |
| Adjustment to the ARC        | (4,991)                              | (7,165)                             |
| Annual OPEB cost             | \$ 39,711                            | \$ 163,585                          |
| Less: Amount of contribution | (7,633)                              | (102,537)                           |
| Increase/decrease in NOPEBO  | \$ 32,078                            | \$ 61,048                           |
| Net OPEB obligation, 7-1-12  | 117,552                              | 168,742                             |
| Net OPEB obligation, 6-30-13 | \$ 149,630                           | \$ 229,790                          |

| Fiscal Year Ended | Plans                  | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------|------------------------|------------------|--|---------------------------------|
| 6-30-11           | Local Government Group | \$ 56,116        | 23   | % \$ 91,761                     |
| 6-30-12           | "                      | 39,774           | 35   | 117,552                         |
| 6-30-13           | "                      | 39,711           | 19   | 149,630                         |
| 6-30-11           | Local Education Group  | 123,232          | 96   | 102,932                         |
| 6-30-12           | "                      | 161,747          | 59   | 168,742                         |
| 6-30-13           | "                      | 163,585          | 63   | 229,790                         |

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

|   | Local<br>Government<br>Group<br>Plan | Local<br>Education<br>Group<br>Plan |
|---|--------------------------------------|-------------------------------------|
| Actuarial valuation date                    | 7-1-11                               | 7-1-11                              |
| Actuarial accrued liability (AAL)           | \$ 309,000                           | \$ 1,535,000                        |
| Actuarial value of plan assets              | \$ 0                                 | \$ 0                                |
| Unfunded actuarial accrued liability (UAAL) | \$ 309,000                           | \$ 1,535,000                        |
| Actuarial value of assets as a % of the AAL | 0%                                   | 0%                                  |
| Covered payroll (active plan members)       | \$ 2,650,256                         | \$ 6,206,421                        |
| UAAL as a % of covered payroll              | 12%                                  | 25%                                 |

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Government Group and the Local Education Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

**J. 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Stewart County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Stewart County School Department  
June 30, 2013

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial 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) |
|--------------------------|------------------------------------|---|-----------------------------|--------------------|---------------------|---|
| 7-1-11                   | \$ 6,198                           | \$ 7,509                                | \$ 1,311                    | 82.54 %            | \$ 5,157            | 24.43 %   |
| 7-1-09                   | 3,742                              | 5,513                                   | 1,771                       | 67.87              | 4,963               | 35.69   |
| 7-1-07                   | 0                                  | 0                                       | 0                           | 0                  | 0                   | 0   |

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit E-2

Stewart County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Stewart County School Department  
June 30, 2013

(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                                       | 7-1-09                   | \$ 0                          | 416                                   | \$ 416                      | 0%                 | \$ 2,268            | 18%   |
| "  | 7-1-10                   | 0                             | 448                                   | 448                         | 0                  | 2,312               | 19  |
| "  | 7-1-11                   | 0                             | 309                                   | 309                         | 0                  | 2,650               | 12  |
| <u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u> |                          |                               |                                       |                             |                    |                     |   |
| Local Education Group  | 7-1-09                   | 0                             | 1,202                                 | 1,202                       | 0                  | 5,888               | 20  |
| "  | 7-1-10                   | 0                             | 1,250                                 | 1,250                       | 0                  | 5,930               | 21  |
| "  | 7-1-11                   | 0                             | 1,535                                 | 1,535                       | 0                  | 6,206               | 25  |

**STEWART COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2013**

**BUDGETARY INFORMATION**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in presenting the information for both municipal and county governments in Tennessee.

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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.

Stewart County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

|                                       | <u>Special Revenue Funds</u> |  |  |
|---------------------------------------|------------------------------|--|--|
|                                       | <u>Drug Control</u>          | <u>Constitu -<br/>tional<br/>Officers -<br/>Fees</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
| <u>ASSETS</u>                         |                              |  |  |
| Cash                                  | \$ 0                         | \$ 1,344   | \$ 1,344   |
| Equity in Pooled Cash and Investments | 8,299                        | 0  | 8,299  |
| Total Assets                          | <u>\$ 8,299</u>              | <u>\$ 1,344</u>                                      | <u>\$ 9,643</u>                                      |
| <u>LIABILITIES</u>                    |                              |  |  |
| Due to Other Funds                    | \$ 0                         | \$ 1,344   | \$ 1,344   |
| Total Liabilities                     | <u>\$ 0</u>                  | <u>\$ 1,344</u>                                      | <u>\$ 1,344</u>                                      |
| <u>FUND BALANCES</u>                  |                              |  |  |
| Restricted:                           |                              |  |  |
| Restricted for Public Safety          | \$ 8,299                     | \$ 0   | \$ 8,299   |
| Total Fund Balances                   | <u>\$ 8,299</u>              | <u>\$ 0</u>  | <u>\$ 8,299</u>                                      |
| Total Liabilities and Fund Balances   | <u>\$ 8,299</u>              | <u>\$ 1,344</u>                                      | <u>\$ 9,643</u>                                      |

Exhibit F-2

Stewart County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2013

|  | Actual      | Budgeted Amounts |             | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------|------------------|-------------|--|
|  |             | Original         | Final       |  |
| <u>Revenues</u>                                      |             |                  |             |  |
| Fines, Forfeitures, and Penalties                    | \$ 3,114    | \$ 1,100         | \$ 3,300    | \$ (186)   |
| Other Local Revenues                                 | 4,075       | 0                | 0           | 4,075  |
| Total Revenues                                       | \$ 7,189    | \$ 1,100         | \$ 3,300    | \$ 3,889   |
| <u>Expenditures</u>                                  |             |                  |             |  |
| <u>Public Safety</u>                                 |             |                  |             |  |
| Drug Enforcement                                     | \$ 18,306   | \$ 500           | \$ 19,921   | \$ 1,615   |
| <u>Other Operations</u>                              |             |                  |             |  |
| Other Charges  | 21          | 40               | 40          | 19   |
| Total Expenditures                                   | \$ 18,327   | \$ 540           | \$ 19,961   | \$ 1,634   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (11,138) | \$ 560           | \$ (16,661) | \$ 5,523   |
| Net Change in Fund Balance                           | \$ (11,138) | \$ 560           | \$ (16,661) | \$ 5,523   |
| Fund Balance, July 1, 2012                           | 19,437      | 19,437           | 19,437      | 0  |
| Fund Balance, June 30, 2013                          | \$ 8,299    | \$ 19,997        | \$ 2,776    | \$ 5,523   |

# **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, 2013

|  | Actual              | Budgeted Amounts    |                     | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|--|
|  |                     | Original            | Final               |  |
| <u>Revenues</u>                                      |                     |                     |                     |  |
| Local Taxes  | \$ 2,404,149        | \$ 2,314,729        | \$ 2,314,729        | \$ 89,420  |
| Other Governments and Citizens Groups                | 211,248             | 238,000             | 238,000             | (26,752)   |
| Total Revenues                                       | <u>\$ 2,615,397</u> | <u>\$ 2,552,729</u> | <u>\$ 2,552,729</u> | <u>\$ 62,668</u>   |
| <u>Expenditures</u>                                  |                     |                     |                     |  |
| <u>Principal on Debt</u>                             |                     |                     |                     |  |
| General Government                                   | \$ 153,203          | \$ 153,197          | \$ 153,203          | \$ 0   |
| Education  | 1,597,812           | 1,597,813           | 1,597,813           | 1  |
| <u>Interest on Debt</u>                              |                     |                     |                     |  |
| General Government                                   | 87,397              | 167,485             | 154,755             | 67,358   |
| Education  | 783,975             | 826,352             | 789,447             | 5,472  |
| <u>Other Debt Service</u>                            |                     |                     |                     |  |
| General Government                                   | 47,718              | 50,000              | 60,500              | 12,782   |
| Education  | 2,350               | 1,850               | 2,350               | 0  |
| Total Expenditures                                   | <u>\$ 2,672,455</u> | <u>\$ 2,796,697</u> | <u>\$ 2,758,068</u> | <u>\$ 85,613</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ (57,058)</u>  | <u>\$ (243,968)</u> | <u>\$ (205,339)</u> | <u>\$ 148,281</u>  |
| <u>Other Financing Sources (Uses)</u>                |                     |                     |                     |  |
| Refunding Debt Issued                                | \$ 765,000          | \$ 0                | \$ 765,000          | \$ 0   |
| Transfers In   | 239,656             | 266,000             | 266,000             | (26,344)   |
| Payments to Refunded Debt Escrow Agent               | (803,629)           | 0                   | (803,629)           | 0  |
| Total Other Financing Sources                        | <u>\$ 201,027</u>   | <u>\$ 266,000</u>   | <u>\$ 227,371</u>   | <u>\$ (26,344)</u>   |
| Net Change in Fund Balance                           | \$ 143,969          | \$ 22,032           | \$ 22,032           | \$ 121,937   |
| Fund Balance, July 1, 2012                           | <u>1,227,648</u>    | <u>1,227,647</u>    | <u>1,227,647</u>    | <u>1</u>   |
| Fund Balance, June 30, 2013                          | <u>\$ 1,371,617</u> | <u>\$ 1,249,679</u> | <u>\$ 1,249,679</u> | <u>\$ 121,938</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, 2013

|                                     | <u>Agency Funds</u> |                   |                   |
|-------------------------------------|---------------------|-------------------|-------------------|
|                                     | Cities -            | Constitu-         |                   |
|                                     | Sales               | tional            |                   |
|                                     | Tax                 | Officers -        |                   |
|                                     |                     | Agency            | Total             |
|                                     |                     |                   |                   |
| <u>ASSETS</u>                       |                     |                   |                   |
| Cash                                | \$ 0                | \$ 643,008        | \$ 643,008        |
| Due from Other Governments          | 61,500              | 0                 | 61,500            |
|                                     |                     |                   |                   |
| Total Assets                        | <u>\$ 61,500</u>    | <u>\$ 643,008</u> | <u>\$ 704,508</u> |
| <u>LIABILITIES</u>                  |                     |                   |                   |
| Due to Other Taxing Units           | \$ 61,500           | \$ 0              | \$ 61,500         |
| Due to Litigants, Heirs, and Others | 0                   | 643,008           | 643,008           |
|                                     |                     |                   |                   |
| Total Liabilities                   | <u>\$ 61,500</u>    | <u>\$ 643,008</u> | <u>\$ 704,508</u> |

Exhibit H-2

Stewart County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2013

|  | Beginning<br>Balance | Additions    | Deductions   | Ending<br>Balance |
|--|----------------------|--------------|--------------|-------------------|
| <u>Cities - Sales Tax Fund</u>               |                      |              |              |                   |
| <u>Assets</u>                                |                      |              |              |                   |
| Equity in Pooled Cash and Investments        | \$ 0                 | \$ 335,700   | \$ 335,700   | \$ 0              |
| Due from Other Governments                   | 60,961               | 61,500       | 60,961       | 61,500            |
| Total Assets                                 | \$ 60,961            | \$ 397,200   | \$ 396,661   | \$ 61,500         |
| <u>Liabilities</u>                           |                      |              |              |                   |
| Due to Other Taxing Units                    | \$ 60,961            | \$ 397,200   | \$ 396,661   | \$ 61,500         |
| Total Liabilities                            | \$ 60,961            | \$ 397,200   | \$ 396,661   | \$ 61,500         |
| <u>Constitutional Officers - Agency Fund</u> |                      |              |              |                   |
| <u>Assets</u>                                |                      |              |              |                   |
| Cash   | \$ 575,763           | \$ 3,023,830 | \$ 2,956,585 | \$ 643,008        |
| Total Assets                                 | \$ 575,763           | \$ 3,023,830 | \$ 2,956,585 | \$ 643,008        |
| <u>Liabilities</u>                           |                      |              |              |                   |
| Due to Litigants, Heirs, and Others          | \$ 575,763           | \$ 3,023,830 | \$ 2,956,585 | \$ 643,008        |
| Total Liabilities                            | \$ 575,763           | \$ 3,023,830 | \$ 2,956,585 | \$ 643,008        |
| <u>Totals - All Agency Funds</u>             |                      |              |              |                   |
| <u>Assets</u>                                |                      |              |              |                   |
| Cash   | \$ 575,763           | \$ 3,023,830 | \$ 2,956,585 | \$ 643,008        |
| Equity in Pooled Cash and Investments        | 0                    | 335,700      | 335,700      | 0                 |
| Due from Other Governments                   | 60,961               | 61,500       | 60,961       | 61,500            |
| Total Assets                                 | \$ 636,724           | \$ 3,421,030 | \$ 3,353,246 | \$ 704,508        |
| <u>Liabilities</u>                           |                      |              |              |                   |
| Due to Other Taxing Units                    | \$ 60,961            | \$ 397,200   | \$ 396,661   | \$ 61,500         |
| Due to Litigants, Heirs, and Others          | 575,763              | 3,023,830    | 2,956,585    | 643,008           |
| Total Liabilities                            | \$ 636,724           | \$ 3,421,030 | \$ 3,353,246 | \$ 704,508        |

# 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, 2013

| Functions/Programs  | Program Revenues     |                                    |                                  | Expenses          | Net (Expense) Revenue and Changes in Net Position |                         |
|---|----------------------|------------------------------------|----------------------------------|-------------------|---|-------------------------|
|   | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                   | Total   | Governmental Activities |
| Governmental Activities:                                      |                      |                                    |                                  |                   |   |                         |
| Instruction   | \$ 10,896,964        | \$ 849,767                         | \$ 0                             | \$ 520            | \$  | \$ (10,046,677)         |
| Support Services  | 7,072,054            | 429,644                            | 199,288                          | 82,605            |   | (6,360,517)             |
| Operation of Non-Instructional Services                       | 1,867,632            | 1,189,013                          | 0                                | 353,067           |   | (325,552)               |
| Other Debt Service  | 211,248              | 0                                  | 0                                | 0                 |   | (211,248)               |
| <b>Total Governmental Activities</b>                          | <b>\$ 20,047,898</b> | <b>\$ 2,468,424</b>                | <b>\$ 199,288</b>                | <b>\$ 436,192</b> | <b>\$</b>   | <b>\$ (16,943,994)</b>  |
| General Revenues:   |                      |                                    |                                  |                   |   |                         |
| Taxes:  |                      |                                    |                                  |                   |   |                         |
| Property Taxes Levied for General Purposes                    |                      |                                    |                                  |                   | \$  | 813,637                 |
| Local Option Sales Taxes                                      |                      |                                    |                                  |                   |   | 757,303                 |
| Other Local Taxes   |                      |                                    |                                  |                   |   | 46,115                  |
| Grants and Contributions Not Restricted for Specific Programs |                      |                                    |                                  |                   |   | 13,700,449              |
| Unrestricted Investment Income                                |                      |                                    |                                  |                   |   | 17,304                  |
| Miscellaneous   |                      |                                    |                                  |                   |   | 91,923                  |
| <b>Total General Revenues</b>                                 |                      |                                    |                                  |                   | <b>\$</b>   | <b>\$ 15,426,731</b>    |
| Change in Net Position  |                      |                                    |                                  |                   | \$  | (1,517,263)             |
| Net Position, July 1, 2012                                    |                      |                                    |                                  |                   |   | 29,455,581              |
| Net Position, June 30, 2013                                   |                      |                                    |                                  |                   | \$  | <u>27,938,318</u>       |

Exhibit I-2

Stewart County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Stewart County School Department  
June 30, 2013

|  | Major Funds                  |                      |                                | Nonmajor                              | Total<br>Governmental<br>Funds |
|--|------------------------------|----------------------|--------------------------------|---------------------------------------|--------------------------------|
|  | General<br>Purpose<br>School | Central<br>Cafeteria | School<br>Transpor -<br>tation | Fund<br>School<br>Federal<br>Projects |                                |
| <b>ASSETS</b>  |                              |                      |                                |                                       |                                |
| Cash   | \$ 0                         | \$ 714               | \$ 0                           | \$ 0                                  | 714                            |
| Equity in Pooled Cash and Investments                                      | 402,950                      | 363,168              | 136,687                        | 47,452                                | 950,257                        |
| Accounts Receivable  | 853                          | 9,825                | 0                              | 0                                     | 10,678                         |
| Due from Other Governments   | 221,259                      | 0                    | 0                              | 3,045                                 | 224,304                        |
| Due from Primary Government  | 46,486                       | 0                    | 0                              | 0                                     | 46,486                         |
| Property Taxes Receivable  | 688,059                      | 0                    | 165,134                        | 0                                     | 853,193                        |
| Allowance for Uncollectible Property Taxes                                 | (27,903)                     | 0                    | (6,697)                        | 0                                     | (34,600)                       |
| <b>Total Assets</b>  | <b>\$ 1,331,704</b>          | <b>\$ 373,707</b>    | <b>\$ 295,124</b>              | <b>\$ 50,497</b>                      | <b>\$ 2,051,032</b>            |
| <b>LIABILITIES</b>   |                              |                      |                                |                                       |                                |
| Accounts Payable   | \$ 11,064                    | \$ 0                 | \$ 0                           | \$ 0                                  | 11,064                         |
| Contracts Payable  | 42,765                       | 0                    | 0                              | 0                                     | 42,765                         |
| <b>Total Liabilities</b>   | <b>\$ 53,829</b>             | <b>\$ 0</b>          | <b>\$ 0</b>                    | <b>\$ 0</b>                           | <b>\$ 53,829</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                              |                      |                                |                                       |                                |
| Deferred Current Property Taxes  | \$ 643,929                   | \$ 0                 | \$ 154,543                     | \$ 0                                  | 798,472                        |
| Deferred Delinquent Property Taxes   | 14,677                       | 0                    | 3,519                          | 0                                     | 18,196                         |
| Other Deferred/Unavailable Revenue   | 71,755                       | 0                    | 0                              | 0                                     | 71,755                         |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>\$ 730,361</b>            | <b>\$ 0</b>          | <b>\$ 158,062</b>              | <b>\$ 0</b>                           | <b>\$ 888,423</b>              |
| <b>FUND BALANCES</b>   |                              |                      |                                |                                       |                                |
| Restricted:  |                              |                      |                                |                                       |                                |
| Restricted for Education   | \$ 13,703                    | \$ 0                 | \$ 136,229                     | \$ 35,497                             | 185,429                        |
| Restricted for Operation of Non-Instructional Services                     | 0                            | 373,707              | 0                              | 0                                     | 373,707                        |
| Restricted for Capital Outlay  | 420,712                      | 0                    | 0                              | 0                                     | 420,712                        |
| Committed:   |                              |                      |                                |                                       |                                |
| Committed for Education  | 0                            | 0                    | 833                            | 0                                     | 833                            |
| Assigned:  |                              |                      |                                |                                       |                                |
| Assigned for Education   | 0                            | 0                    | 0                              | 15,000                                | 15,000                         |
| Unassigned   | 113,099                      | 0                    | 0                              | 0                                     | 113,099                        |
| <b>Total Fund Balances</b>   | <b>\$ 547,514</b>            | <b>\$ 373,707</b>    | <b>\$ 137,062</b>              | <b>\$ 50,497</b>                      | <b>\$ 1,108,780</b>            |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 1,331,704</b>          | <b>\$ 373,707</b>    | <b>\$ 295,124</b>              | <b>\$ 50,497</b>                      | <b>\$ 2,051,032</b>            |

Exhibit I-3

Stewart County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Stewart County School Department  
June 30, 2013

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

|   |                             |
|---|-----------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit I-2)  | \$ 1,108,780                |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.  |                             |
| Add: land   | \$ 1,265,886                |
| Add: construction in progress   | 147,441                     |
| Add: buildings and improvements net of accumulated depreciation   | 23,908,351                  |
| Add: other capital assets net of accumulated depreciation   | <u>1,647,699</u> 26,969,377 |
| (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   | (229,790)                   |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. |                             |
|   | <u>89,951</u>               |
| Net position of governmental activities (Exhibit A)   | <u>\$ 27,938,318</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, 2013

|   | Major Funds            |                     |                       | Nonmajor Fund           | Total Governmental Funds |
|---|------------------------|---------------------|-----------------------|-------------------------|--------------------------|
|   | General Purpose School | Central Cafeteria   | School Transportation | School Federal Projects |                          |
| <u>Revenues</u>                                   |                        |                     |                       |                         |                          |
| Local Taxes                                       | \$ 1,490,350           | \$ 0                | \$ 156,284            | \$ 0                    | \$ 1,646,634             |
| Licenses and Permits                              | 638                    | 0                   | 0                     | 0                       | 638                      |
| Charges for Current Services                      | 83,125                 | 353,067             | 0                     | 0                       | 436,192                  |
| Other Local Revenues                              | 83,945                 | 27,282              | 0                     | 0                       | 111,227                  |
| State of Tennessee                                | 13,568,381             | 11,827              | 0                     | 0                       | 13,580,208               |
| Federal Government                                | 684,373                | 772,186             | 0                     | 1,112,656               | 2,569,215                |
| Other Governments and Citizens Groups             | 199,288                | 0                   | 0                     | 0                       | 199,288                  |
| Total Revenues                                    | <u>\$ 16,110,100</u>   | <u>\$ 1,164,362</u> | <u>\$ 156,284</u>     | <u>\$ 1,112,656</u>     | <u>\$ 18,543,402</u>     |
| <u>Expenditures</u>                               |                        |                     |                       |                         |                          |
| Current:  |                        |                     |                       |                         |                          |
| Instruction                                       | \$ 9,171,992           | \$ 0                | \$ 0                  | \$ 887,715              | \$ 10,059,707            |
| Support Services                                  | 6,673,787              | 0                   | 185,667               | 219,399                 | 7,078,853                |
| Operation of Non-Instructional Services           | 447,050                | 1,271,338           | 0                     | 0                       | 1,718,388                |
| Capital Outlay                                    | 174,762                | 0                   | 0                     | 0                       | 174,762                  |
| Debt Service:                                     |                        |                     |                       |                         |                          |
| Other Debt Service                                | 211,248                | 0                   | 0                     | 0                       | 211,248                  |
| Total Expenditures                                | <u>\$ 16,678,839</u>   | <u>\$ 1,271,338</u> | <u>\$ 185,667</u>     | <u>\$ 1,107,114</u>     | <u>\$ 19,242,958</u>     |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (568,739)</u>    | <u>\$ (106,976)</u> | <u>\$ (29,383)</u>    | <u>\$ 5,542</u>         | <u>\$ (699,556)</u>      |
| <u>Other Financing Sources (Uses)</u>             |                        |                     |                       |                         |                          |
| Insurance Recovery                                | \$ 364                 | \$ 0                | \$ 0                  | \$ 0                    | \$ 364                   |
| Transfers In                                      | 0                      | 32,205              | 0                     | 0                       | 32,205                   |
| Transfers Out                                     | (32,205)               | 0                   | 0                     | 0                       | (32,205)                 |
| Total Other Financing Sources (Uses)              | <u>\$ (31,841)</u>     | <u>\$ 32,205</u>    | <u>\$ 0</u>           | <u>\$ 0</u>             | <u>\$ 364</u>            |
| Net Change in Fund Balances                       | \$ (600,580)           | \$ (74,771)         | \$ (29,383)           | \$ 5,542                | \$ (699,192)             |
| Fund Balance, July 1, 2012                        | 1,148,094              | 448,478             | 166,445               | 44,955                  | 1,807,972                |
| Fund Balance, June 30, 2013                       | <u>\$ 547,514</u>      | <u>\$ 373,707</u>   | <u>\$ 137,062</u>     | <u>\$ 50,497</u>        | <u>\$ 1,108,780</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, 2013

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)  |                    | \$ (699,192)          |
| (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   | \$ 401,769         |                       |
| Less: current-year depreciation expense   | <u>(1,146,025)</u> | (744,256)             |
| (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, 2013  | \$ 89,951          |                       |
| Less: deferred delinquent property taxes and other deferred June 30, 2012   | <u>(102,718)</u>   | (12,767)              |
| (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>(61,048)</u>       |
| Change in net position of governmental activities (Exhibit B)   |                    | <u>\$ (1,517,263)</u> |

Exhibit I-6

Stewart County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discreetly Presented Stewart County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2013

|                                       | Actual<br>(GAAP<br>Basis) | Add:<br>Encumbrances<br>6/30/2013 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |               | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|---------------------------------------|---------------------------|-----------------------------------|---|------------------|---------------|--|
|                                       |                           |                                   |   | Original         | Final         |  |
| <u>Revenues</u>                       |                           |                                   |   |                  |               |  |
| Local Taxes                           | \$ 1,490,350              | \$ 0                              | \$ 1,490,350  | \$ 1,347,059     | \$ 1,498,307  | \$ (7,957)   |
| Licenses and Permits                  | 638                       | 0                                 | 638   | 625              | 625           | 13   |
| Charges for Current Services          | 83,125                    | 0                                 | 83,125  | 71,750           | 71,750        | 11,375   |
| Other Local Revenues                  | 83,945                    | 0                                 | 83,945  | 104,500          | 106,876       | (22,931)   |
| State of Tennessee                    | 13,568,381                | 0                                 | 13,568,381  | 13,365,315       | 13,602,055    | (33,674)   |
| Federal Government                    | 684,373                   | 0                                 | 684,373   | 299,775          | 303,942       | 380,431  |
| Other Governments and Citizens Groups | 199,288                   | 0                                 | 199,288   | 0                | 620,000       | (420,712)  |
| Total Revenues                        | \$ 16,110,100             | \$ 0                              | \$ 16,110,100   | \$ 15,189,024    | \$ 16,203,555 | \$ (93,455)  |
| <u>Expenditures</u>                   |                           |                                   |   |                  |               |  |
| <u>Instruction</u>                    |                           |                                   |   |                  |               |  |
| Regular Instruction Program           | \$ 7,495,200              | \$ 0                              | \$ 7,495,200  | \$ 7,057,170     | \$ 7,495,562  | \$ 362   |
| Alternative Instruction Program       | 62,210                    | 0                                 | 62,210  | 64,867           | 62,792        | 582  |
| Special Education Program             | 916,759                   | 0                                 | 916,759   | 928,883          | 932,883       | 16,124   |
| Vocational Education Program          | 644,250                   | 0                                 | 644,250   | 678,648          | 644,623       | 373  |
| Adult Education Program               | 53,573                    | 0                                 | 53,573  | 52,487           | 53,602        | 29   |
| <u>Support Services</u>               |                           |                                   |   |                  |               |  |
| Attendance                            | 58,237                    | 0                                 | 58,237  | 84,983           | 83,983        | 25,746   |
| Health Services                       | 358,609                   | 0                                 | 358,609   | 288,427          | 468,662       | 110,053  |
| Other Student Support                 | 482,872                   | 0                                 | 482,872   | 472,870          | 485,070       | 2,198  |
| Regular Instruction Program           | 575,366                   | 0                                 | 575,366   | 574,458          | 579,797       | 4,431  |
| Special Education Program             | 134,471                   | 0                                 | 134,471   | 138,944          | 134,944       | 473  |
| Vocational Education Program          | 1,575                     | 0                                 | 1,575   | 2,000            | 2,000         | 425  |
| Adult Programs                        | 73,914                    | 0                                 | 73,914  | 75,678           | 74,063        | 149  |

(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<br>(GAAP<br>Basis) | Add:<br>Encumbrances<br>6/30/2013 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |                | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|---|------------------|----------------|--|
|  |                           |                                   |   | Original         | Final          |  |
| <u>Expenditures (Cont.)</u>                          |                           |                                   |   |                  |                |  |
| <u>Support Services (Cont.)</u>                      |                           |                                   |   |                  |                |  |
| Other Programs                                       | \$ 52,495                 | \$ 0                              | \$ 52,495   | \$ 0             | \$ 52,495      | 0  |
| Board of Education                                   | 331,227                   | 0                                 | 331,227   | 333,727          | 336,502        | 5,275  |
| Director of Schools                                  | 263,167                   | 0                                 | 263,167   | 242,210          | 267,135        | 3,968  |
| Office of the Principal                              | 886,362                   | 0                                 | 886,362   | 877,943          | 887,593        | 1,231  |
| Fiscal Services                                      | 115,404                   | 0                                 | 115,404   | 108,716          | 115,566        | 162  |
| Operation of Plant                                   | 1,428,267                 | 0                                 | 1,428,267   | 1,424,760        | 1,434,860      | 6,593  |
| Maintenance of Plant                                 | 485,187                   | 0                                 | 485,187   | 518,540          | 488,585        | 3,398  |
| Transportation                                       | 1,248,366                 | 0                                 | 1,248,366   | 1,121,387        | 1,250,637      | 2,271  |
| Central and Other                                    | 178,268                   | 0                                 | 178,268   | 164,925          | 193,655        | 15,387   |
| <u>Operation of Non-Instructional Services</u>       |                           |                                   |   |                  |                |  |
| Food Service   | 9,687                     | 0                                 | 9,687   | 9,500            | 10,000         | 313  |
| Community Services                                   | 27,947                    | 0                                 | 27,947  | 28,040           | 29,612         | 1,665  |
| Early Childhood Education                            | 409,416                   | 0                                 | 409,416   | 412,263          | 409,486        | 70   |
| Capital Outlay                                       |                           |                                   |   |                  |                |  |
| Regular Capital Outlay                               | 174,762                   | 420,712                           | 595,474   | 70,000           | 600,700        | 5,226  |
| Other Debt Service                                   |                           |                                   |   |                  |                |  |
| Education  | 211,248                   | 0                                 | 211,248   | 60,000           | 211,248        | 0  |
| Total Expenditures                                   | \$ 16,678,839             | \$ 420,712                        | \$ 17,099,551   | \$ 15,791,426    | \$ 17,306,055  | \$ 206,504   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (568,739)              | \$ (420,712)                      | \$ (989,451)  | \$ (602,402)     | \$ (1,102,500) | \$ 113,049   |

(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<br>(GAAP<br>Basis) | Add:<br>Encumbrances<br>6/30/2013 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |                | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|---|------------------|----------------|--|
|  |                           |                                   |   | Original         | Final          |  |
| <u>Other Financing Sources (Uses)</u>                    |                           |                                   |   |                  |                |  |
| Insurance Recovery                                       | \$ 364 \$                 | 0 \$                              | 364 \$  | 15,000 \$        | 15,000 \$      | (14,636)   |
| Transfers Out  | (32,205)                  | 0                                 | (32,205)  | (34,500)         | (34,500)       | 2,295  |
| Total Other Financing Sources                            | \$ (31,841) \$            | 0 \$                              | (31,841) \$   | (19,500) \$      | (19,500) \$    | (12,341)   |
| Net Change in Fund Balance<br>Fund Balance, July 1, 2012 | \$ (600,580) \$           | (420,712) \$                      | (1,021,292) \$  | (621,902) \$     | (1,122,000) \$ | 100,708  |
| Fund Balance, June 30, 2013                              | 1,148,094                 | 0                                 | 1,148,094   | 1,122,000        | 1,122,000      | 26,094   |
|  | \$ 547,514 \$             | (420,712) \$                      | 126,802 \$  | 500,098 \$       | 0 \$           | 126,802  |

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, 2013

|   | Actual       | Budgeted Amounts |              | Variance with Final Budget - Positive (Negative) |
|---|--------------|------------------|--------------|--|
|   |              | Original         | Final        |  |
| <u>Revenues</u>                                   |              |                  |              |  |
| Federal Government                                | \$ 1,112,656 | \$ 1,350,132     | \$ 1,340,103 | \$ (227,447)                                     |
| Total Revenues                                    | \$ 1,112,656 | \$ 1,350,132     | \$ 1,340,103 | \$ (227,447)                                     |
| <u>Expenditures</u>                               |              |                  |              |  |
| <u>Instruction</u>                                |              |                  |              |  |
| Regular Instruction Program                       | \$ 419,841   | \$ 514,582       | \$ 488,386   | \$ 68,545  |
| Special Education Program                         | 449,018      | 529,500          | 529,500      | 80,482   |
| Vocational Education Program                      | 18,856       | 18,856           | 18,856       | 0  |
| <u>Support Services</u>                           |              |                  |              |  |
| Other Student Support                             | 17,541       | 51,921           | 46,921       | 29,380   |
| Regular Instruction Program                       | 188,544      | 234,025          | 255,188      | 66,644   |
| Vocational Education Program                      | 1,250        | 1,250            | 1,250        | 0  |
| Transportation                                    | 12,064       | 12,064           | 12,064       | 0  |
| Total Expenditures                                | \$ 1,107,114 | \$ 1,362,198     | \$ 1,352,165 | \$ 245,051                                       |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 5,542     | \$ (12,066)      | \$ (12,062)  | \$ 17,604  |
| Net Change in Fund Balance                        | \$ 5,542     | \$ (12,066)      | \$ (12,062)  | \$ 17,604  |
| Fund Balance, July 1, 2012                        | 44,955       | 44,955           | 44,955       | 0  |
| Fund Balance, June 30, 2013                       | \$ 50,497    | \$ 32,889        | \$ 32,893    | \$ 17,604  |

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, 2013

|   | Actual              | Budgeted Amounts    |                     | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
|   |                     | Original            | Final               |  |
| <u>Revenues</u>                                   |                     |                     |                     |  |
| Charges for Current Services                      | \$ 353,067          | \$ 399,000          | \$ 307,603          | \$ 45,464  |
| Other Local Revenues                              | 27,282              | 37,000              | 37,512              | (10,230)   |
| State of Tennessee                                | 11,827              | 12,000              | 12,000              | (173)  |
| Federal Government                                | 772,186             | 730,000             | 875,702             | (103,516)  |
| Total Revenues                                    | <u>\$ 1,164,362</u> | <u>\$ 1,178,000</u> | <u>\$ 1,232,817</u> | <u>\$ (68,455)</u>                               |
| <u>Expenditures</u>                               |                     |                     |                     |  |
| <u>Operation of Non-Instructional Services</u>    |                     |                     |                     |  |
| Food Service                                      | \$ 1,271,338        | \$ 1,507,836        | \$ 1,506,573        | \$ 235,235                                       |
| Total Expenditures                                | <u>\$ 1,271,338</u> | <u>\$ 1,507,836</u> | <u>\$ 1,506,573</u> | <u>\$ 235,235</u>                                |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (106,976)</u> | <u>\$ (329,836)</u> | <u>\$ (273,756)</u> | <u>\$ 166,780</u>                                |
| <u>Other Financing Sources (Uses)</u>             |                     |                     |                     |  |
| Transfers In                                      | \$ 32,205           | \$ 62,936           | \$ 62,936           | \$ (30,731)                                      |
| Total Other Financing Sources                     | <u>\$ 32,205</u>    | <u>\$ 62,936</u>    | <u>\$ 62,936</u>    | <u>\$ (30,731)</u>                               |
| Net Change in Fund Balance                        | \$ (74,771)         | \$ (266,900)        | \$ (210,820)        | \$ 136,049                                       |
| Fund Balance, July 1, 2012                        | <u>448,478</u>      | <u>512,266</u>      | <u>512,266</u>      | <u>(63,788)</u>                                  |
| Fund Balance, June 30, 2013                       | <u>\$ 373,707</u>   | <u>\$ 245,366</u>   | <u>\$ 301,446</u>   | <u>\$ 72,261</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, 2013

|  | Actual      | Budgeted Amounts |             | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------|------------------|-------------|--|
|  |             | Original         | Final       |  |
| <u>Revenues</u>                                      |             |                  |             |  |
| Local Taxes  | \$ 156,284  | \$ 148,670       | \$ 149,045  | \$ 7,239   |
| Total Revenues                                       | \$ 156,284  | \$ 148,670       | \$ 149,045  | \$ 7,239   |
| <u>Expenditures</u>                                  |             |                  |             |  |
| <u>Support Services</u>                              |             |                  |             |  |
| Board of Education                                   | \$ 3,137    | \$ 3,018         | \$ 3,018    | \$ (119)   |
| Transportation                                       | 182,530     | 187,000          | 187,000     | 4,470  |
| Total Expenditures                                   | \$ 185,667  | \$ 190,018       | \$ 190,018  | \$ 4,351   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (29,383) | \$ (41,348)      | \$ (40,973) | \$ 11,590  |
| Net Change in Fund Balance                           | \$ (29,383) | \$ (41,348)      | \$ (40,973) | \$ 11,590  |
| Fund Balance, July 1, 2012                           | 166,445     | 166,073          | 166,073     | 372  |
| Fund Balance, June 30, 2013                          | \$ 137,062  | \$ 124,725       | \$ 125,100  | \$ 11,962  |

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Stewart County, Tennessee  
 Schedule of Changes in Long-term Notes and Bonds  
 For the Year Ended June 30, 2013

| Description of Indebtedness                              | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-12  | Issued During Period | Paid and/or Matured During Period | Debt Refunded | Outstanding 6-30-13 |
|--|--------------------------|---------------|---------------|--------------------|---------------------|----------------------|-----------------------------------|---------------|---------------------|
|  |                          |               |               |                    |                     |                      |                                   |               |                     |
| <b>NOTES PAYABLE</b>                                     |                          |               |               |                    |                     |                      |                                   |               |                     |
| <b>Payable through General Debt Service Fund</b>         |                          |               |               |                    |                     |                      |                                   |               |                     |
| Ambulance  | \$ 118,800               | 4.45          | 11-5-09       | 11-5-14            | \$ 74,393           | \$ 0                 | \$ 23,712                         | \$ 0          | \$ 50,681           |
| Courthouse Capital Outlay Note, Series 2012              | 126,000                  | 3.5           | 8-25-11       | 8-25-23            | 126,000             | 0                    | 8,558                             | 0             | 117,442             |
| Ambulance Capital Outlay Note, Series 2012               | 116,000                  | 2.9           | 11-4-11       | 11-4-15            | 116,000             | 0                    | 27,745                            | 0             | 88,255              |
| G.O. Capital Outlay Refunding Note, Series 2011          | 1,125,000                | 2             | 11-10-11      | 3-1-19             | 995,000             | 0                    | 130,000                           | 0             | 865,000             |
| Public Safety Vehicles Capital Outlay Notes, Series 2013 | 175,000                  | 3             | 11-1-12       | 11-1-17            | 0                   | 175,000              | 0                                 | 0             | 175,000             |
| <b>Total Notes Payable</b>                               |                          |               |               |                    | <b>\$ 1,311,393</b> | <b>\$ 175,000</b>    | <b>\$ 190,015</b>                 | <b>\$ 0</b>   | <b>\$ 1,296,378</b> |

|  |           |             |          |         |                      |                     |                     |                   |                      |
|--|-----------|-------------|----------|---------|----------------------|---------------------|---------------------|-------------------|----------------------|
| <b>BONDS PAYABLE</b>                             |           |             |          |         |                      |                     |                     |                   |                      |
| <b>Payable through General Debt Service Fund</b> |           |             |          |         |                      |                     |                     |                   |                      |
| Industrial Park Development (FmHA)               | 454,000   | 5           | 10-15-77 | 10-1-16 | \$ 88,000            | \$ 0                | \$ 16,000           | \$ 0              | \$ 72,000            |
| School Bonds, Series 2001                        | 1,200,000 | 4 to 5      | 3-6-01   | 3-1-13  | 60,000               | 0                   | 60,000              | 0                 | 0                    |
| School Refunding, Series 2003                    | 6,035,000 | 3.4         | 5-11-03  | 9-1-16  | 2,755,000            | 0                   | 515,000             | 0                 | 2,240,000            |
| School Refunding, Series 2003A                   | 8,255,000 | 2.5 to 4.55 | 12-1-03  | 12-1-23 | 6,260,000            | 0                   | 420,000             | 0                 | 5,840,000            |
| School Bonds, Series 2004                        | 9,500,000 | 3 to 4.75   | 8-1-04   | 3-1-19  | 2,395,000            | 0                   | 305,000             | 0                 | 2,090,000            |
| School Bonds, Series 2005                        | 1,600,000 | 3 to 4.65   | 1-1-05   | 5-15-13 | 820,000              | 0                   | 55,000              | 765,000           | 0                    |
| School Refunding, Series 2005                    | 3,470,000 | 3.79        | 3-3-05   | 6-1-24  | 2,475,000            | 0                   | 170,000             | 0                 | 2,305,000            |
| School Refunding, Series 2007                    | 6,330,000 | 3.98        | 1-26-07  | 3-1-29  | 6,270,000            | 0                   | 20,000              | 0                 | 6,250,000            |
| Public Improvement Bonds, Series 2012            | 8,200,000 | 2 to 3.125  | 12-20-12 | 4-1-38  | 0                    | 8,200,000           | 0                   | 0                 | 8,200,000            |
| School Refunding Bond, Series 2013               | 765,000   | 2.69        | 5-15-13  | 3-1-24  | 0                    | 765,000             | 0                   | 0                 | 765,000              |
| <b>Total Bonds Payable</b>                       |           |             |          |         | <b>\$ 21,123,000</b> | <b>\$ 8,965,000</b> | <b>\$ 1,561,000</b> | <b>\$ 765,000</b> | <b>\$ 27,762,000</b> |

Exhibit J-2

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

| Year<br>Ending<br>June 30 | Notes        |            | Total        |
|---------------------------|--------------|------------|--------------|
|                           | Principal    | Interest   |              |
| 2014                      | \$ 225,252   | \$ 31,540  | \$ 256,792   |
| 2015                      | 233,504      | 25,688     | 259,192      |
| 2016                      | 214,815      | 19,605     | 234,420      |
| 2017                      | 190,909      | 14,545     | 205,454      |
| 2018                      | 202,351      | 10,204     | 212,555      |
| 2019                      | 170,609      | 5,632      | 176,241      |
| 2020                      | 10,981       | 2,061      | 13,042       |
| 2021                      | 11,360       | 1,681      | 13,041       |
| 2022                      | 11,762       | 1,279      | 13,041       |
| 2023                      | 12,174       | 867        | 13,041       |
| 2024                      | 12,661       | 380        | 13,041       |
| Total                     | \$ 1,296,378 | \$ 113,482 | \$ 1,409,860 |

| Year<br>Ending<br>June 30 | Bonds         |              | Total         |
|---------------------------|---------------|--------------|---------------|
|                           | Principal     | Interest     |               |
| 2014                      | \$ 1,611,000  | \$ 954,554   | \$ 2,565,554  |
| 2015                      | 1,676,000     | 897,678      | 2,573,678     |
| 2016                      | 1,735,000     | 836,308      | 2,571,308     |
| 2017                      | 1,805,000     | 772,169      | 2,577,169     |
| 2018                      | 1,525,000     | 715,304      | 2,240,304     |
| 2019                      | 1,585,000     | 660,012      | 2,245,012     |
| 2020                      | 1,640,000     | 601,711      | 2,241,711     |
| 2021                      | 1,705,000     | 541,687      | 2,246,687     |
| 2022                      | 1,675,000     | 478,597      | 2,153,597     |
| 2023                      | 1,735,000     | 416,385      | 2,151,385     |
| 2024                      | 1,805,000     | 351,405      | 2,156,405     |
| 2025                      | 935,000       | 298,625      | 1,233,625     |
| 2026                      | 970,000       | 267,294      | 1,237,294     |
| 2027                      | 1,000,000     | 234,743      | 1,234,743     |
| 2028                      | 1,045,000     | 200,721      | 1,245,721     |
| 2029                      | 1,080,000     | 164,680      | 1,244,680     |
| 2030                      | 400,000       | 127,394      | 527,394       |
| 2031                      | 415,000       | 116,394      | 531,394       |
| 2032                      | 435,000       | 103,944      | 538,944       |
| 2033                      | 450,000       | 90,894       | 540,894       |
| 2034                      | 470,000       | 77,394       | 547,394       |
| 2035                      | 485,000       | 63,294       | 548,294       |
| 2036                      | 505,000       | 48,744       | 553,744       |
| 2037                      | 525,000       | 33,594       | 558,594       |
| 2038                      | 550,000       | 17,188       | 567,188       |
| Total                     | \$ 27,762,000 | \$ 9,070,713 | \$ 36,832,713 |

Exhibit J-3

Stewart County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Stewart County School Department  
For the Year Ended June 30, 2013

| <u>From Fund</u>  | <u>To Fund</u>       | <u>Purpose</u>   | <u>Amount</u>     |
|---|----------------------|--|-------------------|
| <u>PRIMARY GOVERNMENT</u>   |                      |  |                   |
| General   | General Debt Service | Debt payments  | \$ 239,656        |
| Total Transfers Primary Government                                    |                      |  | <u>\$ 239,656</u> |
| <u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>          |                      |  |                   |
| General Purpose School  | Central Cafeteria    | Deferred compensation, insurance, and retirement match | \$ 32,205         |
| Total Transfers Discretely Presented Stewart County School Department |                      |  | <u>\$ 32,205</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, 2013

| Official   | Authorization for Salary                               | Salary Paid During Period | Bond      | Surety                                    |
|--|--|---------------------------|-----------|---|
| County Mayor   | Section 8-24-102, TCA                                  | \$ 71,880                 | \$ 25,000 | State Automobile Mutual Insurance Company |
| County Engineer                                      | Section 8-24-102, TCA                                  | 64,613                    | 100,000   | "   |
| Director of Schools                                  | State Board of Education and County Board of Education | 93,677 (1)                | 50,000    | "   |
| Trustee  | Section 8-24-102, TCA                                  | 58,739                    | 645,600   | "   |
| Assessor of Property:                                |  |                           |           |   |
| Connie Brigham (7-1-12 through 8-31-12)              | Section 8-24-102, TCA                                  | 9,790                     | 10,000    | "   |
| Tim Borens (9-1-12 through 6-30-13)                  | Section 8-24-102, TCA                                  | 48,949                    | 50,000    | "   |
| County Clerk   | Section 8-24-102, TCA                                  | 58,739                    | 25,000    | "   |
| Circuit, General Sessions, and Juvenile Courts Clerk | Section 8-24-102, TCA                                  | 58,739                    | 25,000    | "   |
| Clerk and Master                                     | Section 8-24-102, TCA, and Chancery Court Judge        | 58,739 (2)                | 50,000    | "   |
| Register of Deeds                                    | Section 8-24-102, TCA                                  | 58,739                    | 15,000    | "   |
| Sheriff  | Section 8-24-102, TCA                                  | 64,613 (3)                | 25,000    | "   |
| Employee Blanket Bonds:                              |  |                           |           |   |
| County Mayor and County Engineer:                    |  |                           | 150,000   | Tennessee Risk Management Trust           |
| All Employees  |  |                           | 150,000   | "   |
| Director of Schools:                                 |  |                           |           |   |
| All Employees  |  |                           |           |   |

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Does not include special commissioner fees of \$5,814.
- (3) Does not include a law enforcement training supplement of \$600.

Stewart County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

|  | Special Revenue Funds |              |                        |                      | Debt Service Fund |                  | Capital Projects Fund |              | Total |
|--|-----------------------|--------------|------------------------|----------------------|-------------------|------------------|-----------------------|--------------|-------|
|  | General               | Drug Control | Highway / Public Works | General Debt Service | Capital Projects  |                  | Total                 |              |       |
|  |                       |              |                        |                      | General           | Capital Projects |                       |              |       |
| <b>Local Taxes</b>                               |                       |              |                        |                      |                   |                  |                       |              |       |
| County Property Taxes                            |                       |              |                        |                      |                   |                  |                       |              |       |
| Current Property Tax                             | \$ 3,369,727          | \$ 0         | \$ 208,089             | \$ 1,835,751         | \$ 0              | \$ 0             | \$ 0                  | \$ 5,413,567 |       |
| Trustee's Collections - Prior Year               | 82,972                | 0            | 7,070                  | 51,676               | 0                 | 0                | 0                     | 141,718      |       |
| Trustee's Collections - Bankruptcy               | 1,345                 | 0            | 90                     | 733                  | 0                 | 0                | 0                     | 2,168        |       |
| Circuit/Clerk & Master Collections - Prior Years | 79,572                | 0            | 6,355                  | 46,884               | 0                 | 0                | 0                     | 132,811      |       |
| Interest and Penalty                             | 17,518                | 0            | 1,295                  | 10,559               | 0                 | 0                | 0                     | 29,372       |       |
| Payments in-Lieu-of Taxes - T.V.A.               | 949                   | 0            | 64                     | 517                  | 0                 | 0                | 0                     | 1,530        |       |
| Payments in-Lieu-of Taxes - Local Utilities      | 0                     | 0            | 17,839                 | 0                    | 0                 | 0                | 0                     | 17,839       |       |
| Payments in-Lieu-of Taxes - Other                | 84,192                | 0            | 26                     | 46,154               | 0                 | 0                | 0                     | 130,998      |       |
| County Local Option Taxes                        |                       |              |                        |                      |                   |                  |                       |              |       |
| Local Option Sales Tax                           | 433,481               | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 433,481      |       |
| Hotel/Motel Tax                                  | 18,747                | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 18,747       |       |
| Wheel Tax  | 0                     | 0            | 0                      | 411,875              | 0                 | 0                | 0                     | 411,875      |       |
| Litigation Tax - General                         | 37,775                | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 37,775       |       |
| Litigation Tax - Special Purpose                 | 16,492                | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 16,492       |       |
| Litigation Tax - Jail, Workhouse, or Courthouse  | 0                     | 0            | 0                      | 0                    | 0                 | 0                | 68,173                | 68,173       |       |
| Business Tax                                     | 18,060                | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 18,060       |       |
| Statutory Local Taxes                            |                       |              |                        |                      |                   |                  |                       |              |       |
| Wholesale Beer Tax                               | 120,666               | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 120,666      |       |
| Interstate Telecommunications Tax                | 989                   | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 989          |       |
| Total Local Taxes                                | \$ 4,282,485          | \$ 0         | \$ 240,828             | \$ 2,404,149         | \$ 68,799         | \$ 0             | \$ 6,996,261          |              |       |
| <b>Licenses and Permits</b>                      |                       |              |                        |                      |                   |                  |                       |              |       |
| Licenses   |                       |              |                        |                      |                   |                  |                       |              |       |
| Animal Vaccination                               | 4,572                 | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 4,572        |       |
| Cable TV Franchise                               | 3,158                 | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 3,158        |       |
| Permits  |                       |              |                        |                      |                   |                  |                       |              |       |
| Beer Permits                                     | 2,771                 | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 2,771        |       |
| Total Licenses and Permits                       | \$ 10,501             | \$ 0         | \$ 0                   | \$ 0                 | \$ 0              | \$ 0             | \$ 0                  | \$ 10,501    |       |
| <b>Fines, Forfeitures, and Penalties</b>         |                       |              |                        |                      |                   |                  |                       |              |       |
| Circuit Court                                    |                       |              |                        |                      |                   |                  |                       |              |       |
| Fines  | 3,330                 | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 3,330        |       |
| Officers Costs                                   | 5,151                 | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 5,151        |       |
| Drug Control Fines                               | 1,188                 | 1,188        | 0                      | 0                    | 0                 | 0                | 0                     | 2,376        |       |
| Data Entry Fee - Circuit Court                   | 894                   | 0            | 0                      | 0                    | 0                 | 0                | 0                     | 894          |       |

(Continued)

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

|  | Special Revenue Funds |                 |                        | Debt Service Fund    |             | Capital Projects Fund    |             | Total             |
|--|-----------------------|-----------------|------------------------|----------------------|-------------|--------------------------|-------------|-------------------|
|  | General               | Drug Control    | Highway / Public Works | General Debt Service |             | General Capital Projects |             |                   |
|  |                       |                 |                        |                      |             |                          |             |                   |
| <b>Fines, Forfeitures, and Penalties (Cont.)</b> |                       |                 |                        |                      |             |                          |             |                   |
| <u>Criminal Court</u>                            |                       |                 |                        |                      |             |                          |             |                   |
| DUI Treatment Fines                              | \$ 475                | \$ 0            | \$ 0                   | \$ 0                 | \$ 0        | \$ 0                     | \$ 0        | 475               |
| <u>General Sessions Court</u>                    |                       |                 |                        |                      |             |                          |             |                   |
| Fines  | 6,517                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 6,517             |
| Officers Costs                                   | 16,185                | 0               | 0                      | 0                    | 0           | 0                        | 0           | 16,185            |
| Game and Fish Fines                              | 470                   | 0               | 0                      | 0                    | 0           | 0                        | 0           | 470               |
| Drug Control Fines                               | 974                   | 926             | 0                      | 0                    | 0           | 0                        | 0           | 1,900             |
| Jail Fees  | 2,930                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 2,930             |
| DUI Treatment Fines                              | 1,805                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 1,805             |
| Data Entry Fee - General Sessions Court          | 4,091                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 4,091             |
| <u>Juvenile Court</u>                            |                       |                 |                        |                      |             |                          |             |                   |
| Fines  | 462                   | 0               | 0                      | 0                    | 0           | 0                        | 0           | 462               |
| Officers Costs                                   | 853                   | 0               | 0                      | 0                    | 0           | 0                        | 0           | 853               |
| Drug Court Fees                                  | 720                   | 0               | 0                      | 0                    | 0           | 0                        | 0           | 720               |
| Data Entry Fee - Juvenile Court                  | 100                   | 0               | 0                      | 0                    | 0           | 0                        | 0           | 100               |
| <u>Chancery Court</u>                            |                       |                 |                        |                      |             |                          |             |                   |
| Officers Costs                                   | 1,007                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 1,007             |
| Data Entry Fee - Chancery Court                  | 1,638                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 1,638             |
| <u>Other Fines, Forfeitures, and Penalties</u>   |                       |                 |                        |                      |             |                          |             |                   |
| Proceeds from Confiscated Property               | 550                   | 1,000           | 0                      | 0                    | 0           | 0                        | 0           | 1,550             |
| Other Fines, Forfeitures, and Penalties          | 3,667                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 3,667             |
| <b>Total Fines, Forfeitures, and Penalties</b>   | <b>\$ 53,007</b>      | <b>\$ 3,114</b> | <b>\$ 0</b>            | <b>\$ 0</b>          | <b>\$ 0</b> | <b>\$ 0</b>              | <b>\$ 0</b> | <b>\$ 56,121</b>  |
| <u>Charges for Current Services</u>              |                       |                 |                        |                      |             |                          |             |                   |
| <u>General Service Charges</u>                   |                       |                 |                        |                      |             |                          |             |                   |
| Patient Charges                                  | \$ 737,449            | \$ 0            | \$ 0                   | \$ 0                 | \$ 0        | \$ 0                     | \$ 0        | 737,449           |
| Work Release Charges for Board Fees              | 615                   | 0               | 0                      | 0                    | 0           | 0                        | 0           | 615               |
| Copy Fees  | 8                     | 0               | 0                      | 0                    | 0           | 0                        | 0           | 8                 |
| Telephone Commissions                            | 4,303                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 4,303             |
| Data Processing Fee - Register                   | 4,978                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 4,978             |
| Probation Fees                                   | 900                   | 0               | 0                      | 0                    | 0           | 0                        | 0           | 900               |
| Data Processing Fee - Sheriff                    | 1,812                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 1,812             |
| Sexual Offender Registration Fees - Sheriff      | 1,800                 | 0               | 0                      | 0                    | 0           | 0                        | 0           | 1,800             |
| Data Processing Fee - County Clerk               | 686                   | 0               | 0                      | 0                    | 0           | 0                        | 0           | 686               |
| <u>Other Charges for Services</u>                |                       |                 |                        |                      |             |                          |             |                   |
| Other Charges for Services                       | 0                     | 0               | 2,417                  | 0                    | 0           | 0                        | 0           | 2,417             |
| <b>Total Charges for Current Services</b>        | <b>\$ 752,551</b>     | <b>\$ 0</b>     | <b>\$ 2,417</b>        | <b>\$ 0</b>          | <b>\$ 0</b> | <b>\$ 0</b>              | <b>\$ 0</b> | <b>\$ 754,968</b> |

(Continued)

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

|  | Special Revenue Funds |                 |                        | Debt Service Fund    |                          | Capital Projects Fund |  | Total             |
|--|-----------------------|-----------------|------------------------|----------------------|--------------------------|-----------------------|--|-------------------|
|  | General               | Drug Control    | Highway / Public Works | General Debt Service | General Capital Projects |                       |  |                   |
| <b>Other Local Revenues</b>                      |                       |                 |                        |                      |                          |                       |  |                   |
| <u>Recurring Items</u>                           |                       |                 |                        |                      |                          |                       |  |                   |
| Investment Income                                | \$ 0                  | \$ 0            | \$ 0                   | \$ 0                 | \$ 3,134                 | \$ 3,134              |  | 3,134             |
| Lease/Rentals                                    | 7,986                 | 0               | 0                      | 0                    | 0                        | 0                     |  | 7,986             |
| Commissary Sales                                 | 1,281                 | 0               | 0                      | 0                    | 0                        | 0                     |  | 1,281             |
| Sale of Gasoline                                 | 0                     | 0               | 23,225                 | 0                    | 0                        | 0                     |  | 23,225            |
| Miscellaneous Refunds                            | 10,114                | 0               | 7,130                  | 0                    | 0                        | 0                     |  | 17,244            |
| <u>Nonrecurring Items</u>                        |                       |                 |                        |                      |                          |                       |  |                   |
| Sale of Equipment                                | 3,733                 | 4,075           | 0                      | 0                    | 0                        | 0                     |  | 7,808             |
| Sale of Property                                 | 14,470                | 0               | 0                      | 0                    | 0                        | 0                     |  | 14,470            |
| Damages Recovered from Individuals               | 837                   | 0               | 0                      | 0                    | 0                        | 0                     |  | 837               |
| <b>Total Other Local Revenues</b>                | <b>\$ 38,421</b>      | <b>\$ 4,075</b> | <b>\$ 30,355</b>       | <b>\$ 0</b>          | <b>\$ 3,134</b>          | <b>\$ 3,134</b>       |  | <b>\$ 75,985</b>  |
| <u>Fees Received from County Officials</u>       |                       |                 |                        |                      |                          |                       |  |                   |
| <u>Fees in-Lieu-of Salary</u>                    |                       |                 |                        |                      |                          |                       |  |                   |
| County Clerk                                     | \$ 120,301            | \$ 0            | \$ 0                   | \$ 0                 | \$ 0                     | \$ 0                  |  | 120,301           |
| Circuit Court Clerk                              | 70,022                | 0               | 0                      | 0                    | 0                        | 0                     |  | 70,022            |
| General Sessions Court Clerk                     | 75,336                | 0               | 0                      | 0                    | 0                        | 0                     |  | 75,336            |
| Clerk and Master                                 | 65,325                | 0               | 0                      | 0                    | 0                        | 0                     |  | 65,325            |
| Juvenile Court Clerk                             | 5,761                 | 0               | 0                      | 0                    | 0                        | 0                     |  | 5,761             |
| Register   | 60,885                | 0               | 0                      | 0                    | 0                        | 0                     |  | 60,885            |
| Sheriff  | 4,379                 | 0               | 0                      | 0                    | 0                        | 0                     |  | 4,379             |
| Trustee  | 233,034               | 0               | 0                      | 0                    | 0                        | 0                     |  | 233,034           |
| <b>Total Fees Received from County Officials</b> | <b>\$ 635,043</b>     | <b>\$ 0</b>     | <b>\$ 0</b>            | <b>\$ 0</b>          | <b>\$ 0</b>              | <b>\$ 0</b>           |  | <b>\$ 635,043</b> |
| <u>State of Tennessee</u>                        |                       |                 |                        |                      |                          |                       |  |                   |
| <u>General Government Grants</u>                 |                       |                 |                        |                      |                          |                       |  |                   |
| Juvenile Services Program                        | \$ 24,012             | \$ 0            | \$ 0                   | \$ 0                 | \$ 0                     | \$ 0                  |  | 24,012            |
| Public Safety Grants                             | 9,000                 | 0               | 0                      | 0                    | 0                        | 0                     |  | 9,000             |
| Law Enforcement Training Programs                | 134,568               | 0               | 0                      | 0                    | 0                        | 0                     |  | 134,568           |
| <u>Health and Welfare Grants</u>                 |                       |                 |                        |                      |                          |                       |  |                   |
| Health Department Programs                       | 0                     | 0               | 276,738                | 0                    | 0                        | 0                     |  | 276,738           |
| Public Works Grants                              | 54,200                | 0               | 0                      | 0                    | 0                        | 0                     |  | 54,200            |
| State Aid Program                                | 824                   | 0               | 0                      | 0                    | 0                        | 0                     |  | 824               |
| <u>Other State Revenues</u>                      |                       |                 |                        |                      |                          |                       |  |                   |
| Flood Control                                    | 25,068                | 0               | 0                      | 0                    | 0                        | 0                     |  | 25,068            |
| Income Tax                                       |                       |                 |                        |                      |                          |                       |  |                   |

(Continued)

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

|  | Special Revenue Funds |              |                        | Debt Service Fund    |                          | Capital Projects Fund |   | Total      |
|--|-----------------------|--------------|------------------------|----------------------|--------------------------|-----------------------|---|------------|
|  | General               | Drug Control | Highway / Public Works | General Debt Service | General Capital Projects |                       |   |            |
|  |                       |              |                        |                      |                          |                       |   |            |
| <b>State of Tennessee (Cont.)</b>                  |                       |              |                        |                      |                          |                       |   |            |
| <b>Other State Revenues (Cont.)</b>                |                       |              |                        |                      |                          |                       |   |            |
| Resort District Sales Tax                          | \$ 120,886            | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 120,886    |
| Beer Tax   | 18,586                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 18,586     |
| Alcoholic Beverage Tax                             | 38,054                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 38,054     |
| Mixed Drink Tax                                    | 2,487                 | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 2,487      |
| State Revenue Sharing - T.V.A.                     | 910,919               | 0            | 71,238                 | 0                    | 0                        | 0                     | 0 | 982,157    |
| Contracted Prisoner Boarding                       | 30,382                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 30,382     |
| Gasoline and Motor Fuel Tax                        | 0                     | 0            | 1,570,384              | 0                    | 0                        | 0                     | 0 | 1,570,384  |
| Petroleum Special Tax                              | 15,164                | 0            | 9,614                  | 0                    | 0                        | 0                     | 0 | 24,778     |
| Registrar's Salary Supplement                      | 46,746                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 46,746     |
| Other State Grants                                 | 1,430,896             | 0            | 1,927,974              | 0                    | 0                        | 0                     | 0 | 3,358,870  |
| <b>Total State of Tennessee</b>                    |                       |              |                        |                      |                          |                       |   |            |
| <b>Federal Government</b>                          |                       |              |                        |                      |                          |                       |   |            |
| <b>Federal Through State</b>                       |                       |              |                        |                      |                          |                       |   |            |
| USDA - Other                                       | \$ 3,105              | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 3,105      |
| Community Development                              | 47,862                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 47,862     |
| Disaster Relief                                    | 4,801                 | 0            | 15,510                 | 0                    | 0                        | 0                     | 0 | 20,311     |
| Homeland Security Grants                           | 2,938                 | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 2,938      |
| Law Enforcement Grants                             | 31,262                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 31,262     |
| Other Federal through State                        | 370,744               | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 370,744    |
| <b>Direct Federal Revenue</b>                      |                       |              |                        |                      |                          |                       |   |            |
| Police Service (Lake Area)                         | 12,980                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 12,980     |
| Forest Service                                     | 43,200                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 43,200     |
| <b>Total Federal Government</b>                    | \$ 516,892            | 0            | 15,510                 | 0                    | 0                        | 0                     | 0 | 532,402    |
| <b>Other Governments and Citizens Groups</b>       |                       |              |                        |                      |                          |                       |   |            |
| <b>Other Governments</b>                           |                       |              |                        |                      |                          |                       |   |            |
| Contributions                                      | \$ 380,843            | 0            | 0                      | 211,248              | 0                        | 0                     | 0 | 592,091    |
| Contracted Services                                | 72,721                | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 72,721     |
| Citizens Groups                                    | 1,889                 | 0            | 0                      | 0                    | 0                        | 0                     | 0 | 1,889      |
| Donations  | 455,453               | 0            | 0                      | 211,248              | 0                        | 0                     | 0 | 666,701    |
| <b>Total Other Governments and Citizens Groups</b> | \$ 8,175,249          | 7,189        | 2,217,084              | 2,615,397            | 0                        | 0                     | 0 | 13,086,852 |
| <b>Total</b>                                       |                       |              |                        |                      |                          |                       |   |            |

Stewart County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Stewart County School Department  
 For the Year Ended June 30, 2013

|   | Special Revenue Funds  |                         |                   |                       | Total               |
|---|------------------------|-------------------------|-------------------|-----------------------|---------------------|
|   | General Purpose School | School Federal Projects | Central Cafeteria | School Transportation |                     |
| <u>Local Taxes</u>                                |                        |                         |                   |                       |                     |
| <u>County Property Taxes</u>                      |                        |                         |                   |                       |                     |
| Current Property Tax                              | \$ 624,240             | \$ 0                    | \$ 0              | \$ 149,787            | \$ 774,027          |
| Trustee's Collections - Prior Year                | 19,640                 | 0                       | 0                 | 4,742                 | 24,382              |
| Trustee's Collections - Bankruptcy                | 251                    | 0                       | 0                 | 60                    | 311                 |
| Circuit/Clerk & Master Collections - Prior Years  | 16,486                 | 0                       | 0                 | 0                     | 16,486              |
| Interest and Penalty                              | 3,593                  | 0                       | 0                 | 862                   | 4,455               |
| Payments in-Lieu-of Taxes - T.V.A.                | 177                    | 0                       | 0                 | 42                    | 219                 |
| Payments in-Lieu-of Taxes - Local Utilities       | 3,222                  | 0                       | 0                 | 773                   | 3,995               |
| Payments in-Lieu-of Taxes - Other                 | 12,765                 | 0                       | 0                 | 18                    | 12,783              |
| <u>County Local Option Taxes</u>                  |                        |                         |                   |                       |                     |
| Local Option Sales Tax                            | 768,715                | 0                       | 0                 | 0                     | 768,715             |
| Business Tax                                      | 40,125                 | 0                       | 0                 | 0                     | 40,125              |
| <u>Statutory Local Taxes</u>                      |                        |                         |                   |                       |                     |
| Interstate Telecommunications Tax                 | 1,136                  | 0                       | 0                 | 0                     | 1,136               |
| <b>Total Local Taxes</b>                          | <b>\$ 1,490,350</b>    | <b>\$ 0</b>             | <b>\$ 0</b>       | <b>\$ 156,284</b>     | <b>\$ 1,646,634</b> |
| <u>Licenses and Permits</u>                       |                        |                         |                   |                       |                     |
| <u>Licenses</u>                                   |                        |                         |                   |                       |                     |
| Marriage Licenses                                 | \$ 638                 | \$ 0                    | \$ 0              | \$ 0                  | \$ 638              |
| <b>Total Licenses and Permits</b>                 | <b>\$ 638</b>          | <b>\$ 0</b>             | <b>\$ 0</b>       | <b>\$ 0</b>           | <b>\$ 638</b>       |
| <u>Charges for Current Services</u>               |                        |                         |                   |                       |                     |
| <u>Education Charges</u>                          |                        |                         |                   |                       |                     |
| Tuition - Regular Day Students                    | \$ 520                 | \$ 0                    | \$ 0              | \$ 0                  | \$ 520              |
| Lunch Payments - Children                         | 0                      | 0                       | 158,599           | 0                     | 158,599             |
| Lunch Payments - Adults                           | 0                      | 0                       | 22,850            | 0                     | 22,850              |
| A la carte Sales                                  | 0                      | 0                       | 124,971           | 0                     | 124,971             |
| Receipts from Individual Schools                  | 28,704                 | 0                       | 46,647            | 0                     | 75,351              |
| <u>Other Charges for Services</u>                 |                        |                         |                   |                       |                     |
| Other Charges for Services                        | 53,901                 | 0                       | 0                 | 0                     | 53,901              |
| <b>Total Charges for Current Services</b>         | <b>\$ 83,125</b>       | <b>\$ 0</b>             | <b>\$ 353,067</b> | <b>\$ 0</b>           | <b>\$ 436,192</b>   |
| <u>Other Local Revenues</u>                       |                        |                         |                   |                       |                     |
| <u>Recurring Items</u>                            |                        |                         |                   |                       |                     |
| Investment Income                                 | \$ 16,074              | \$ 0                    | \$ 1,230          | \$ 0                  | \$ 17,304           |
| Miscellaneous Refunds                             | 49,461                 | 0                       | 26,052            | 0                     | 75,513              |
| <u>Nonrecurring Items</u>                         |                        |                         |                   |                       |                     |
| Sale of Equipment                                 | 14,388                 | 0                       | 0                 | 0                     | 14,388              |
| Sale of Property                                  | 1,960                  | 0                       | 0                 | 0                     | 1,960               |
| Contributions and Gifts                           | 2,000                  | 0                       | 0                 | 0                     | 2,000               |
| <u>Other Local Revenues</u>                       |                        |                         |                   |                       |                     |
| Other Local Revenues                              | 62                     | 0                       | 0                 | 0                     | 62                  |
| <b>Total Other Local Revenues</b>                 | <b>\$ 83,945</b>       | <b>\$ 0</b>             | <b>\$ 27,282</b>  | <b>\$ 0</b>           | <b>\$ 111,227</b>   |
| <u>State of Tennessee</u>                         |                        |                         |                   |                       |                     |
| <u>General Government Grants</u>                  |                        |                         |                   |                       |                     |
| On-Behalf Contributions for OPEB                  | \$ 52,495              | \$ 0                    | \$ 0              | \$ 0                  | \$ 52,495           |
| <u>State Education Funds</u>                      |                        |                         |                   |                       |                     |
| Basic Education Program                           | 10,918,577             | 0                       | 0                 | 0                     | 10,918,577          |
| Early Childhood Education                         | 405,000                | 0                       | 0                 | 0                     | 405,000             |
| School Food Service                               | 0                      | 0                       | 11,827            | 0                     | 11,827              |
| Energy Efficient School Initiative                | 26,245                 | 0                       | 0                 | 0                     | 26,245              |
| Other State Education Funds                       | 203,127                | 0                       | 0                 | 0                     | 203,127             |
| Statewide Student Management System (SSMS) - ARRA | 5,789                  | 0                       | 0                 | 0                     | 5,789               |
| Career Ladder Program                             | 80,097                 | 0                       | 0                 | 0                     | 80,097              |
| Career Ladder - Extended Contract                 | 32,100                 | 0                       | 0                 | 0                     | 32,100              |

(Continued)

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

|  | <u>Special Revenue Funds</u> |                         |                     |                       | Total                |
|--|------------------------------|-------------------------|---------------------|-----------------------|----------------------|
|  | General Purpose School       | School Federal Projects | Central Cafeteria   | School Transportation |                      |
| <u>State of Tennessee (Cont.)</u>                |                              |                         |                     |                       |                      |
| <u>Other State Revenues</u>                      |                              |                         |                     |                       |                      |
| Mixed Drink Tax                                  | \$ 2,095                     | \$ 0                    | \$ 0                | \$ 0                  | \$ 2,095             |
| State Revenue Sharing - T.V.A.                   | 1,781,209                    | 0                       | 0                   | 0                     | 1,781,209            |
| Other State Grants                               | 61,647                       | 0                       | 0                   | 0                     | 61,647               |
| Total State of Tennessee                         | <u>\$ 13,568,381</u>         | <u>\$ 0</u>             | <u>\$ 11,827</u>    | <u>\$ 0</u>           | <u>\$ 13,580,208</u> |
| <u>Federal Government</u>                        |                              |                         |                     |                       |                      |
| <u>Federal Through State</u>                     |                              |                         |                     |                       |                      |
| USDA School Lunch Program                        | \$ 0                         | \$ 0                    | \$ 485,731          | \$ 0                  | \$ 485,731           |
| USDA - Commodities                               | 0                            | 0                       | 64,334              | 0                     | 64,334               |
| Breakfast  | 0                            | 0                       | 222,121             | 0                     | 222,121              |
| Adult Education State Grant Program              | 62,827                       | 0                       | 0                   | 0                     | 62,827               |
| Vocational Education - Basic Grants to States    | 0                            | 31,383                  | 0                   | 0                     | 31,383               |
| Title I Grants to Local Education Agencies       | 0                            | 418,473                 | 0                   | 0                     | 418,473              |
| Special Education - Grants to States             | 0                            | 463,850                 | 0                   | 0                     | 463,850              |
| Special Education Preschool Grants               | 0                            | 14,710                  | 0                   | 0                     | 14,710               |
| Rural Education                                  | 0                            | 23,400                  | 0                   | 0                     | 23,400               |
| Eisenhower Professional Development State Grants | 0                            | 73,940                  | 0                   | 0                     | 73,940               |
| Race-to-the-Top - ARRA                           | 0                            | 86,900                  | 0                   | 0                     | 86,900               |
| Other Federal through State                      | 58,901                       | 0                       | 0                   | 0                     | 58,901               |
| <u>Direct Federal Revenue</u>                    |                              |                         |                     |                       |                      |
| Public Law 874 - Maintenance and Operation       | 562,645                      | 0                       | 0                   | 0                     | 562,645              |
| Total Federal Government                         | <u>\$ 684,373</u>            | <u>\$ 1,112,656</u>     | <u>\$ 772,186</u>   | <u>\$ 0</u>           | <u>\$ 2,569,215</u>  |
| <u>Other Governments and Citizens Groups</u>     |                              |                         |                     |                       |                      |
| <u>Other Governments</u>                         |                              |                         |                     |                       |                      |
| Contributions                                    | \$ 199,288                   | \$ 0                    | \$ 0                | \$ 0                  | \$ 199,288           |
| Total Other Governments and Citizens Groups      | <u>\$ 199,288</u>            | <u>\$ 0</u>             | <u>\$ 0</u>         | <u>\$ 0</u>           | <u>\$ 199,288</u>    |
| Total  | <u>\$ 16,110,100</u>         | <u>\$ 1,112,656</u>     | <u>\$ 1,164,362</u> | <u>\$ 156,284</u>     | <u>\$ 18,543,402</u> |

Exhibit J-7

Stewart County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

|                                  |    |        |           |
|----------------------------------|----|--------|-----------|
| Board and Committee Members Fees | \$ | 20,550 |           |
| Social Security                  |    | 1,274  |           |
| Employer Medicare                |    | 298    |           |
| Audit Services                   |    | 3,997  |           |
| Dues and Memberships             |    | 1,700  |           |
| Total County Commission          |    |        | \$ 27,819 |

County Mayor/Executive

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 71,880 |         |
| Secretary(ies)                         |    | 24,282 |         |
| Longevity Pay                          |    | 550    |         |
| Overtime Pay                           |    | 342    |         |
| Social Security                        |    | 5,787  |         |
| State Retirement                       |    | 6,726  |         |
| Employee and Dependent Insurance       |    | 11,124 |         |
| Life Insurance                         |    | 195    |         |
| Unemployment Compensation              |    | 72     |         |
| Employer Medicare                      |    | 1,354  |         |
| Communication                          |    | 3,275  |         |
| Data Processing Services               |    | 9,016  |         |
| Dues and Memberships                   |    | 1,700  |         |
| Maintenance Agreements                 |    | 190    |         |
| Postal Charges                         |    | 2,421  |         |
| Rentals                                |    | 88     |         |
| Travel                                 |    | 2,406  |         |
| Office Supplies                        |    | 2,989  |         |
| Office Equipment                       |    | 4,140  |         |
| Total County Mayor/Executive           |    |        | 148,537 |

Election Commission

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer             | \$ | 52,865 |  |
| Part-time Personnel                                |    | 15,035 |  |
| Election Commission                                |    | 6,050  |  |
| Election Workers                                   |    | 11,210 |  |
| Social Security                                    |    | 4,641  |  |
| State Retirement                                   |    | 3,685  |  |
| Life Insurance                                     |    | 98     |  |
| Unemployment Compensation                          |    | 145    |  |
| Employer Medicare                                  |    | 1,085  |  |
| Communication                                      |    | 2,439  |  |
| Data Processing Services                           |    | 11,768 |  |
| Dues and Memberships                               |    | 50     |  |
| Legal Notices, Recording, and Court Costs          |    | 1,574  |  |
| Maintenance and Repair Services - Buildings        |    | 116    |  |
| Maintenance and Repair Services - Office Equipment |    | 157    |  |
| Postal Charges                                     |    | 1,197  |  |
| Printing, Stationery, and Forms                    |    | 1,138  |  |
| Rentals  |    | 744    |  |
| Travel   |    | 1,957  |  |
| Office Supplies                                    |    | 465    |  |

(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.)

|                           |    |       |            |
|---------------------------|----|-------|------------|
| Office Equipment          | \$ | 1,179 |            |
| Voting Machines           |    | 7,517 |            |
| Total Election Commission |    |       | \$ 125,115 |

Register of Deeds

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 58,739 |         |
| Deputy(ies)                            |    | 25,092 |         |
| Longevity Pay                          |    | 500    |         |
| Social Security                        |    | 4,694  |         |
| State Retirement                       |    | 5,843  |         |
| Employee and Dependent Insurance       |    | 28,403 |         |
| Life Insurance                         |    | 195    |         |
| Unemployment Compensation              |    | 55     |         |
| Employer Medicare                      |    | 1,098  |         |
| Communication                          |    | 1,711  |         |
| Dues and Memberships                   |    | 522    |         |
| Operating Lease Payments               |    | 6,374  |         |
| Postal Charges                         |    | 500    |         |
| Office Supplies                        |    | 1,521  |         |
| Total Register of Deeds                |    |        | 135,247 |

County Buildings

|   |    |        |  |
|---|----|--------|--|
| Custodial Personnel                         | \$ | 46,230 |  |
| Maintenance Personnel                       |    | 40,905 |  |
| Part-time Personnel                         |    | 985    |  |
| Longevity Pay                               |    | 1,600  |  |
| Social Security                             |    | 5,389  |  |
| State Retirement                            |    | 4,130  |  |
| Employee and Dependent Insurance            |    | 5,401  |  |
| Life Insurance                              |    | 326    |  |
| Medical Insurance                           |    | 147    |  |
| Dental Insurance                            |    | 335    |  |
| Unemployment Compensation                   |    | 306    |  |
| Employer Medicare                           |    | 1,260  |  |
| Communication                               |    | 1,795  |  |
| Contracts with Private Agencies             |    | 3,842  |  |
| Engineering Services                        |    | 950    |  |
| Maintenance Agreements                      |    | 13,104 |  |
| Maintenance and Repair Services - Buildings |    | 30,997 |  |
| Maintenance and Repair Services - Vehicles  |    | 1,251  |  |
| Medical and Dental Services                 |    | 96     |  |
| Pest Control                                |    | 1,800  |  |
| Rentals                                     |    | 430    |  |
| Permits                                     |    | 115    |  |
| Custodial Supplies                          |    | 6,168  |  |
| Electricity                                 |    | 47,533 |  |
| Gasoline                                    |    | 5,694  |  |
| Office Supplies                             |    | 171    |  |
| Tires and Tubes                             |    | 40     |  |
| Water and Sewer                             |    | 5,116  |  |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

|                        |    |       |            |
|------------------------|----|-------|------------|
| Other Charges          | \$ | 295   |            |
| Principal on Notes     |    | 2,911 |            |
| Interest on Notes      |    | 8,921 |            |
| Total County Buildings |    |       | \$ 238,243 |

Other General Administration

|   |    |        |        |
|---|----|--------|--------|
| Accounting Services                       | \$ | 690    |        |
| Contracts with Private Agencies           |    | 150    |        |
| Dues and Memberships                      |    | 250    |        |
| Operating Lease Payments                  |    | 5,528  |        |
| Legal Services                            |    | 12,600 |        |
| Legal Notices, Recording, and Court Costs |    | 8,007  |        |
| Penalties                                 |    | 716    |        |
| Duplicating Supplies                      |    | 1,018  |        |
| Other Charges                             |    | 944    |        |
| Total Other General Administration        |    |        | 29,903 |

Preservation of Records

|                               |    |       |       |
|-------------------------------|----|-------|-------|
| Operating Lease Payments      | \$ | 245   |       |
| Maintenance Agreements        |    | 190   |       |
| Office Supplies               |    | 1,688 |       |
| Office Equipment              |    | 1,362 |       |
| Total Preservation of Records |    |       | 3,485 |

Finance

Accounting and Budgeting

|                                  |    |        |        |
|----------------------------------|----|--------|--------|
| Accountants/Bookkeepers          | \$ | 52,865 |        |
| Longevity Pay                    |    | 150    |        |
| Social Security                  |    | 2,940  |        |
| State Retirement                 |    | 3,685  |        |
| Employee and Dependent Insurance |    | 13,969 |        |
| Life Insurance                   |    | 98     |        |
| Medical Insurance                |    | 63     |        |
| Dental Insurance                 |    | 132    |        |
| Unemployment Compensation        |    | 72     |        |
| Employer Medicare                |    | 688    |        |
| Total Accounting and Budgeting   |    |        | 74,662 |

Property Assessor's Office

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 58,739 |  |
| Deputy(ies)                            |    | 28,787 |  |
| Clerical Personnel                     |    | 27,258 |  |
| Longevity Pay                          |    | 2,250  |  |
| Board and Committee Members Fees       |    | 990    |  |
| Social Security                        |    | 6,653  |  |
| State Retirement                       |    | 8,000  |  |
| Employee and Dependent Insurance       |    | 23,454 |  |
| Life Insurance                         |    | 277    |  |
| Medical Insurance                      |    | 180    |  |
| Dental Insurance                       |    | 407    |  |

(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.)

|                                  |    |       |            |
|----------------------------------|----|-------|------------|
| Unemployment Compensation        | \$ | 144   |            |
| Employer Medicare                |    | 1,556 |            |
| Communication                    |    | 1,503 |            |
| Contracts with Private Agencies  |    | 8,462 |            |
| Data Processing Services         |    | 4,000 |            |
| Dues and Memberships             |    | 1,013 |            |
| Operating Lease Payments         |    | 538   |            |
| Medical and Dental Services      |    | 96    |            |
| Postal Charges                   |    | 434   |            |
| Travel                           |    | 1,722 |            |
| Office Supplies                  |    | 1,119 |            |
| Office Equipment                 |    | 200   |            |
| Total Property Assessor's Office |    |       | \$ 177,782 |

Reappraisal Program

|  |    |        |        |
|--|----|--------|--------|
| Assessment Personnel                       | \$ | 21,275 |        |
| Part-time Personnel                        |    | 8,001  |        |
| Longevity Pay                              |    | 600    |        |
| Social Security                            |    | 1,725  |        |
| State Retirement                           |    | 1,615  |        |
| Employee and Dependent Insurance           |    | 6,043  |        |
| Life Insurance                             |    | 77     |        |
| Medical Insurance                          |    | 6      |        |
| Unemployment Compensation                  |    | 185    |        |
| Employer Medicare                          |    | 403    |        |
| Data Processing Services                   |    | 2,070  |        |
| Maintenance and Repair Services - Vehicles |    | 1,289  |        |
| Postal Charges                             |    | 652    |        |
| Gasoline                                   |    | 723    |        |
| Office Supplies                            |    | 536    |        |
| Office Equipment                           |    | 1,111  |        |
| Total Reappraisal Program                  |    |        | 46,311 |

County Trustee's Office

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 58,739 |  |
| Deputy(ies)                            |    | 68,746 |  |
| Longevity Pay                          |    | 1,850  |  |
| Social Security                        |    | 7,764  |  |
| State Retirement                       |    | 6,879  |  |
| Employee and Dependent Insurance       |    | 10,954 |  |
| Life Insurance                         |    | 391    |  |
| Medical Insurance                      |    | 190    |  |
| Dental Insurance                       |    | 265    |  |
| Unemployment Compensation              |    | 216    |  |
| Local Retirement                       |    | 898    |  |
| Employer Medicare                      |    | 1,816  |  |
| Communication                          |    | 3,196  |  |
| Data Processing Services               |    | 9,078  |  |
| Dues and Memberships                   |    | 517    |  |
| Operating Lease Payments               |    | 1,467  |  |

(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.)

|                               |    |       |            |
|-------------------------------|----|-------|------------|
| Postal Charges                | \$ | 2,646 |            |
| Travel                        |    | 225   |            |
| Data Processing Supplies      |    | 8,690 |            |
| Office Supplies               |    | 2,133 |            |
| Other Charges                 |    | 195   |            |
| Office Equipment              |    | 4,392 |            |
| Total County Trustee's Office |    |       | \$ 191,247 |

County Clerk's Office

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 58,739 |         |
| Deputy(ies)                            |    | 89,832 |         |
| Longevity Pay                          |    | 2,850  |         |
| Social Security                        |    | 8,983  |         |
| State Retirement                       |    | 10,356 |         |
| Employee and Dependent Insurance       |    | 14,592 |         |
| Life Insurance                         |    | 416    |         |
| Medical Insurance                      |    | 227    |         |
| Dental Insurance                       |    | 472    |         |
| Unemployment Compensation              |    | 240    |         |
| Employer Medicare                      |    | 2,101  |         |
| Communication                          |    | 1,923  |         |
| Dues and Memberships                   |    | 507    |         |
| Postal Charges                         |    | 2,602  |         |
| Travel                                 |    | 113    |         |
| Office Supplies                        |    | 3,467  |         |
| Total County Clerk's Office            |    |        | 197,420 |

Administration of Justice

Circuit Court

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 58,739 |  |
| Deputy(ies)                            |    | 46,001 |  |
| Longevity Pay                          |    | 650    |  |
| Overtime Pay                           |    | 300    |  |
| Jury and Witness Expense               |    | 6,950  |  |
| Social Security                        |    | 6,432  |  |
| State Retirement                       |    | 5,600  |  |
| Employee and Dependent Insurance       |    | 5,174  |  |
| Life Insurance                         |    | 293    |  |
| Medical Insurance                      |    | 127    |  |
| Dental Insurance                       |    | 265    |  |
| Unemployment Compensation              |    | 144    |  |
| Local Retirement                       |    | 759    |  |
| Employer Medicare                      |    | 1,504  |  |
| Communication                          |    | 2,297  |  |
| Data Processing Services               |    | 6,799  |  |
| Dues and Memberships                   |    | 407    |  |
| Operating Lease Payments               |    | 2,691  |  |
| Postal Charges                         |    | 1,455  |  |
| Travel                                 |    | 52     |  |
| Food Supplies                          |    | 71     |  |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

|                     |    |       |            |
|---------------------|----|-------|------------|
| Office Supplies     | \$ | 2,271 |            |
| Other Charges       |    | 64    |            |
| Office Equipment    |    | 2,665 |            |
| Total Circuit Court |    |       | \$ 151,710 |

General Sessions Judge

|                              |    |        |         |
|------------------------------|----|--------|---------|
| Judge(s)                     | \$ | 86,320 |         |
| Longevity Pay                |    | 600    |         |
| Other Per Diem and Fees      |    | 14,097 |         |
| Social Security              |    | 6,211  |         |
| State Retirement             |    | 6,486  |         |
| Life Insurance               |    | 98     |         |
| Unemployment Compensation    |    | 79     |         |
| Local Retirement             |    | 6      |         |
| Employer Medicare            |    | 1,452  |         |
| Dues and Memberships         |    | 605    |         |
| Travel                       |    | 1,842  |         |
| Office Supplies              |    | 150    |         |
| Total General Sessions Judge |    |        | 117,946 |

General Sessions Court Clerk

|                                    |    |        |        |
|------------------------------------|----|--------|--------|
| Deputy(ies)                        | \$ | 44,552 |        |
| Longevity Pay                      |    | 650    |        |
| Overtime Pay                       |    | 127    |        |
| Social Security                    |    | 2,786  |        |
| State Retirement                   |    | 3,114  |        |
| Life Insurance                     |    | 196    |        |
| Dental Insurance                   |    | 132    |        |
| Unemployment Compensation          |    | 144    |        |
| Employer Medicare                  |    | 651    |        |
| Communication                      |    | 1,807  |        |
| Data Processing Services           |    | 3,327  |        |
| Operating Lease Payments           |    | 734    |        |
| Postal Charges                     |    | 1,365  |        |
| Travel                             |    | 291    |        |
| Office Supplies                    |    | 2,282  |        |
| Office Equipment                   |    | 2,665  |        |
| Total General Sessions Court Clerk |    |        | 64,823 |

Chancery Court

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 58,739 |  |
| Deputy(ies)                            |    | 24,158 |  |
| Part-time Personnel                    |    | 1,009  |  |
| Longevity Pay                          |    | 700    |  |
| Social Security                        |    | 4,953  |  |
| State Retirement                       |    | 5,778  |  |
| Employee and Dependent Insurance       |    | 11,409 |  |
| Life Insurance                         |    | 195    |  |
| Medical Insurance                      |    | 63     |  |
| Dental Insurance                       |    | 132    |  |

(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.)

|   |    |       |            |
|---|----|-------|------------|
| Unemployment Compensation                 | \$ | 80    |            |
| Employer Medicare                         |    | 1,158 |            |
| Communication                             |    | 1,693 |            |
| Data Processing Services                  |    | 3,764 |            |
| Dues and Memberships                      |    | 487   |            |
| Legal Notices, Recording, and Court Costs |    | 1,744 |            |
| Postal Charges                            |    | 3,400 |            |
| Travel                                    |    | 87    |            |
| Office Supplies                           |    | 2,925 |            |
| Total Chancery Court                      |    |       | \$ 122,474 |

Juvenile Court

|  |    |        |         |
|--|----|--------|---------|
| Probation Officer(s)                       | \$ | 25,356 |         |
| Youth Service Officer(s)                   |    | 36,600 |         |
| Longevity Pay                              |    | 750    |         |
| Social Security                            |    | 3,317  |         |
| State Retirement                           |    | 4,318  |         |
| Employee and Dependent Insurance           |    | 15,701 |         |
| Life Insurance                             |    | 195    |         |
| Medical Insurance                          |    | 111    |         |
| Dental Insurance                           |    | 132    |         |
| Unemployment Compensation                  |    | 144    |         |
| Employer Medicare                          |    | 776    |         |
| Communication                              |    | 4,556  |         |
| Contracts with Government Agencies         |    | 1,125  |         |
| Contracts with Private Agencies            |    | 468    |         |
| Operating Lease Payments                   |    | 2,446  |         |
| Maintenance Agreements                     |    | 190    |         |
| Maintenance and Repair Services - Vehicles |    | 196    |         |
| Postal Charges                             |    | 823    |         |
| Travel                                     |    | 1,864  |         |
| Gasoline                                   |    | 1,214  |         |
| Office Supplies                            |    | 5,498  |         |
| Uniforms                                   |    | 430    |         |
| Other Charges                              |    | 274    |         |
| Office Equipment                           |    | 3,951  |         |
| Total Juvenile Court                       |    |        | 110,435 |

District Attorney General

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

Public Safety

Sheriff's Department

|  |    |         |  |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 64,613  |  |
| Deputy(ies)                            |    | 319,409 |  |
| Investigator(s)                        |    | 33,238  |  |
| Lieutenant(s)                          |    | 33,424  |  |
| Sergeant(s)                            |    | 60,074  |  |
| Salary Supplements                     |    | 9,000   |  |

(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.)

|   |    |         |              |
|---|----|---------|--------------|
| Dispatchers/Radio Operators                 | \$ | 211,408 |              |
| Clerical Personnel                          |    | 39,426  |              |
| Part-time Personnel                         |    | 22,818  |              |
| School Resource Officer                     |    | 88,587  |              |
| Longevity Pay                               |    | 8,600   |              |
| Overtime Pay                                |    | 46,092  |              |
| Other Salaries and Wages                    |    | 8,236   |              |
| In-Service Training                         |    | 5,275   |              |
| Social Security                             |    | 53,293  |              |
| State Retirement                            |    | 51,219  |              |
| Employee and Dependent Insurance            |    | 213,218 |              |
| Life Insurance                              |    | 2,800   |              |
| Medical Insurance                           |    | 866     |              |
| Dental Insurance                            |    | 2,348   |              |
| Unemployment Compensation                   |    | 2,461   |              |
| Employer Medicare                           |    | 12,464  |              |
| Communication                               |    | 7,846   |              |
| Data Processing Services                    |    | 2,930   |              |
| Dues and Memberships                        |    | 1,604   |              |
| Operating Lease Payments                    |    | 2,446   |              |
| Licenses                                    |    | 122     |              |
| Maintenance Agreements                      |    | 2,180   |              |
| Maintenance and Repair Services - Buildings |    | 873     |              |
| Maintenance and Repair Services - Equipment |    | 1,878   |              |
| Maintenance and Repair Services - Vehicles  |    | 21,365  |              |
| Medical and Dental Services                 |    | 2,453   |              |
| Postal Charges                              |    | 1,513   |              |
| Towing Services                             |    | 950     |              |
| Travel                                      |    | 3,180   |              |
| Custodial Supplies                          |    | 1,491   |              |
| Electricity                                 |    | 8,949   |              |
| Gasoline                                    |    | 71,100  |              |
| Law Enforcement Supplies                    |    | 2,636   |              |
| Office Supplies                             |    | 3,633   |              |
| Propane Gas                                 |    | 1,381   |              |
| Tires and Tubes                             |    | 7,802   |              |
| Uniforms                                    |    | 5,349   |              |
| Water and Sewer                             |    | 2,229   |              |
| Other Charges                               |    | 2,342   |              |
| Law Enforcement Equipment                   |    | 4,458   |              |
| Motor Vehicles                              |    | 179,526 |              |
| Office Equipment                            |    | 3,739   |              |
| Other Equipment                             |    | 141,032 |              |
| Total Sheriff's Department                  |    |         | \$ 1,773,876 |

Jail

|                     |    |         |
|---------------------|----|---------|
| Supervisor/Director | \$ | 34,707  |
| Guards              |    | 268,671 |
| Longevity Pay       |    | 3,350   |
| Overtime Pay        |    | 15,940  |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

|   |    |         |            |
|---|----|---------|------------|
| In-Service Training                         | \$ | 200     |            |
| Social Security                             |    | 18,498  |            |
| State Retirement                            |    | 17,222  |            |
| Employee and Dependent Insurance            |    | 63,317  |            |
| Life Insurance                              |    | 1,184   |            |
| Medical Insurance                           |    | 428     |            |
| Dental Insurance                            |    | 1,302   |            |
| Unemployment Compensation                   |    | 1,021   |            |
| Employer Medicare                           |    | 4,326   |            |
| Contracts with Government Agencies          |    | 108,675 |            |
| Contracts with Private Agencies             |    | 45,374  |            |
| Operating Lease Payments                    |    | 734     |            |
| Maintenance and Repair Services - Buildings |    | 2,153   |            |
| Maintenance and Repair Services - Equipment |    | 141     |            |
| Medical and Dental Services                 |    | 23,779  |            |
| Travel                                      |    | 5,290   |            |
| Custodial Supplies                          |    | 3,388   |            |
| Drugs and Medical Supplies                  |    | 2,607   |            |
| Electricity                                 |    | 14,866  |            |
| Food Supplies                               |    | 73,003  |            |
| Office Supplies                             |    | 2,196   |            |
| Prisoners Clothing                          |    | 396     |            |
| Uniforms                                    |    | 3,018   |            |
| Water and Sewer                             |    | 10,328  |            |
| Other Charges                               |    | 1,697   |            |
| Motor Vehicles                              |    | 3,000   |            |
| Office Equipment                            |    | 164     |            |
| Other Equipment                             |    | 33,253  |            |
| Total Jail                                  |    |         | \$ 764,228 |

Fire Prevention and Control

|                                   |    |        |        |
|-----------------------------------|----|--------|--------|
| Contributions                     | \$ | 90,000 |        |
| Total Fire Prevention and Control |    |        | 90,000 |

Other Emergency Management

|                                  |    |        |  |
|----------------------------------|----|--------|--|
| Supervisor/Director              | \$ | 32,490 |  |
| Part-time Personnel              |    | 1,914  |  |
| Longevity Pay                    |    | 600    |  |
| Overtime Pay                     |    | 973    |  |
| In-Service Training              |    | 250    |  |
| Social Security                  |    | 1,942  |  |
| State Retirement                 |    | 2,320  |  |
| Employee and Dependent Insurance |    | 13,969 |  |
| Life Insurance                   |    | 98     |  |
| Unemployment Compensation        |    | 89     |  |
| Employer Medicare                |    | 454    |  |
| Communication                    |    | 3,093  |  |
| Contracts with Private Agencies  |    | 11,250 |  |
| Dues and Memberships             |    | 50     |  |
| Licenses                         |    | 6,136  |  |

(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 - Buildings | \$ | 39,987  |            |
| Maintenance and Repair Services - Equipment |    | 2,459   |            |
| Maintenance and Repair Services - Vehicles  |    | 590     |            |
| Towing Services                             |    | 125     |            |
| Travel                                      |    | 820     |            |
| Other Contracted Services                   |    | 1,155   |            |
| Electricity                                 |    | 3,051   |            |
| Food Supplies                               |    | 562     |            |
| Gasoline                                    |    | 2,512   |            |
| Office Supplies                             |    | 331     |            |
| Uniforms                                    |    | 239     |            |
| Other Charges                               |    | 56      |            |
| Communication Equipment                     |    | 261,979 |            |
| Office Equipment                            |    | 179     |            |
| Other Equipment                             |    | 53,917  |            |
| Total Other Emergency Management            |    |         | \$ 443,590 |

County Coroner/Medical Examiner

|                                       |    |        |        |
|---------------------------------------|----|--------|--------|
| Other Salaries and Wages              | \$ | 3,297  |        |
| Social Security                       |    | 203    |        |
| State Retirement                      |    | 230    |        |
| Unemployment Compensation             |    | 4      |        |
| Employer Medicare                     |    | 48     |        |
| Medical and Dental Services           |    | 31,128 |        |
| Other Contracted Services             |    | 6,000  |        |
| Total County Coroner/Medical Examiner |    |        | 40,910 |

Public Health and Welfare

Local Health Center

|   |    |       |        |
|---|----|-------|--------|
| Communication                               | \$ | 1,329 |        |
| Dues and Memberships                        |    | 235   |        |
| Maintenance and Repair Services - Buildings |    | 7,671 |        |
| Maintenance and Repair Services - Equipment |    | 155   |        |
| Postal Charges                              |    | 80    |        |
| Rentals                                     |    | 2,658 |        |
| Other Contracted Services                   |    | 9,789 |        |
| Custodial Supplies                          |    | 31    |        |
| Drugs and Medical Supplies                  |    | 148   |        |
| Food Supplies                               |    | 602   |        |
| Office Supplies                             |    | 2,232 |        |
| Uniforms                                    |    | 789   |        |
| Other Charges                               |    | 55    |        |
| Office Equipment                            |    | 330   |        |
| Total Local Health Center                   |    |       | 26,104 |

Rabies and Animal Control

|                                 |    |     |     |
|---------------------------------|----|-----|-----|
| Travel                          | \$ | 185 |     |
| Total Rabies and Animal Control |    |     | 185 |

(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

|   |    |         |              |
|---|----|---------|--------------|
| Supervisor/Director                         | \$ | 49,978  |              |
| Medical Personnel                           |    | 465,491 |              |
| Secretary(ies)                              |    | 6,682   |              |
| Longevity Pay                               |    | 5,600   |              |
| Overtime Pay                                |    | 232,524 |              |
| Other Salaries and Wages                    |    | 3,764   |              |
| In-Service Training                         |    | 655     |              |
| Social Security                             |    | 44,698  |              |
| State Retirement                            |    | 39,435  |              |
| Employee and Dependent Insurance            |    | 101,567 |              |
| Life Insurance                              |    | 1,860   |              |
| Medical Insurance                           |    | 543     |              |
| Dental Insurance                            |    | 1,512   |              |
| Unemployment Compensation                   |    | 1,741   |              |
| Employer Medicare                           |    | 10,454  |              |
| Communication                               |    | 10,174  |              |
| Debt Collection Services                    |    | 39,321  |              |
| Dues and Memberships                        |    | 335     |              |
| Operating Lease Payments                    |    | 2,597   |              |
| Licenses                                    |    | 1,750   |              |
| Maintenance Agreements                      |    | 190     |              |
| Maintenance and Repair Services - Buildings |    | 30,055  |              |
| Maintenance and Repair Services - Equipment |    | 3,288   |              |
| Maintenance and Repair Services - Vehicles  |    | 18,337  |              |
| Medical and Dental Services                 |    | 816     |              |
| Postal Charges                              |    | 82      |              |
| Towing Services                             |    | 490     |              |
| Travel                                      |    | 846     |              |
| Disposal Fees                               |    | 7,036   |              |
| Custodial Supplies                          |    | 674     |              |
| Diesel Fuel                                 |    | 40,558  |              |
| Drugs and Medical Supplies                  |    | 40,454  |              |
| Electricity                                 |    | 15,619  |              |
| Food Supplies                               |    | 568     |              |
| Gasoline                                    |    | 4,814   |              |
| Office Supplies                             |    | 1,897   |              |
| Propane Gas                                 |    | 4,230   |              |
| Tires and Tubes                             |    | 6,165   |              |
| Uniforms                                    |    | 13,571  |              |
| Water and Sewer                             |    | 2,098   |              |
| Refunds                                     |    | 4,150   |              |
| Other Charges                               |    | 8       |              |
| Office Equipment                            |    | 3,386   |              |
| Other Equipment                             |    | 895     |              |
| Total Ambulance/Emergency Medical Services  |    |         | \$ 1,220,908 |

Alcohol and Drug Programs

|                                 |    |     |
|---------------------------------|----|-----|
| Communication                   | \$ | 480 |
| Dues and Memberships            |    | 50  |
| Printing, Stationery, and Forms |    | 600 |

(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 (Cont.)

|                                 |    |        |           |
|---------------------------------|----|--------|-----------|
| Travel                          | \$ | 4,064  |           |
| Other Contracted Services       |    | 33,116 |           |
| Office Supplies                 |    | 649    |           |
| Other Charges                   |    | 8,901  |           |
| Total Alcohol and Drug Programs |    |        | \$ 47,860 |

Waste Pickup

|  |    |        |        |
|--|----|--------|--------|
| Temporary Personnel                        | \$ | 39,440 |        |
| Social Security                            |    | 2,445  |        |
| State Retirement                           |    | 50     |        |
| Unemployment Compensation                  |    | 237    |        |
| Employer Medicare                          |    | 572    |        |
| Maintenance and Repair Services - Vehicles |    | 44     |        |
| Medical and Dental Services                |    | 96     |        |
| Rentals                                    |    | 1,270  |        |
| Travel                                     |    | 86     |        |
| Disposal Fees                              |    | 989    |        |
| Gasoline                                   |    | 1,444  |        |
| Instructional Supplies and Materials       |    | 6,862  |        |
| Tires and Tubes                            |    | 184    |        |
| Other Supplies and Materials               |    | 329    |        |
| Total Waste Pickup                         |    |        | 54,048 |

Other Public Health and Welfare

|                                       |    |        |         |
|---------------------------------------|----|--------|---------|
| Medical Personnel                     | \$ | 64,371 |         |
| Clerical Personnel                    |    | 10,876 |         |
| Custodial Personnel                   |    | 22,338 |         |
| Part-time Personnel                   |    | 4,799  |         |
| Longevity Pay                         |    | 1,500  |         |
| Social Security                       |    | 6,699  |         |
| State Retirement                      |    | 6,043  |         |
| Employee and Dependent Insurance      |    | 26,048 |         |
| Life Insurance                        |    | 391    |         |
| Medical Insurance                     |    | 127    |         |
| Dental Insurance                      |    | 265    |         |
| Unemployment Compensation             |    | 326    |         |
| Employer Medicare                     |    | 1,567  |         |
| Contracts with Private Agencies       |    | 880    |         |
| Travel                                |    | 3,492  |         |
| Office Supplies                       |    | 45     |         |
| Liability Insurance                   |    | 98     |         |
| Total Other Public Health and Welfare |    |        | 149,865 |

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 38,253 |  |
|--|----|--------|--|

(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.)

|   |    |        |            |
|---|----|--------|------------|
| Assistant(s)                                | \$ | 64,124 |            |
| Librarians                                  |    | 24,282 |            |
| Longevity Pay                               |    | 2,650  |            |
| Overtime Pay                                |    | 6,725  |            |
| Other Salaries and Wages                    |    | 1,028  |            |
| Social Security                             |    | 8,007  |            |
| State Retirement                            |    | 5,923  |            |
| Employee and Dependent Insurance            |    | 21,012 |            |
| Life Insurance                              |    | 357    |            |
| Medical Insurance                           |    | 227    |            |
| Dental Insurance                            |    | 346    |            |
| Unemployment Compensation                   |    | 583    |            |
| Employer Medicare                           |    | 1,873  |            |
| Communication                               |    | 4,862  |            |
| Contracts with Private Agencies             |    | 1,140  |            |
| Dues and Memberships                        |    | 355    |            |
| Operating Lease Payments                    |    | 7,777  |            |
| Maintenance Agreements                      |    | 1,400  |            |
| Maintenance and Repair Services - Buildings |    | 1,044  |            |
| Postal Charges                              |    | 817    |            |
| Rentals                                     |    | 360    |            |
| Travel                                      |    | 3,286  |            |
| Custodial Supplies                          |    | 1,503  |            |
| Electricity                                 |    | 8,325  |            |
| Food Supplies                               |    | 72     |            |
| Library Books/Media                         |    | 10,622 |            |
| Office Supplies                             |    | 4,894  |            |
| Propane Gas                                 |    | 3,388  |            |
| Furniture and Fixtures                      |    | 345    |            |
| Office Equipment                            |    | 6,174  |            |
| Total Libraries                             |    |        | \$ 231,754 |

Other Social, Cultural, and Recreational

|  |    |        |        |
|--|----|--------|--------|
| Supervisor/Director                            | \$ | 15,963 |        |
| Paraprofessionals                              |    | 23,998 |        |
| Longevity Pay                                  |    | 700    |        |
| Social Security                                |    | 2,367  |        |
| State Retirement                               |    | 1,113  |        |
| Life Insurance                                 |    | 98     |        |
| Unemployment Compensation                      |    | 264    |        |
| Employer Medicare                              |    | 554    |        |
| Communication                                  |    | 240    |        |
| Dues and Memberships                           |    | 35     |        |
| Postal Charges                                 |    | 50     |        |
| Travel   |    | 3,270  |        |
| Food Supplies                                  |    | 2,107  |        |
| Instructional Supplies and Materials           |    | 2,294  |        |
| Workers' Compensation Insurance                |    | 500    |        |
| Total Other Social, Cultural, and Recreational |    |        | 53,553 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

|                                     |    |        |           |
|-------------------------------------|----|--------|-----------|
| Salary Supplements                  | \$ | 51,772 |           |
| Communication                       |    | 1,812  |           |
| Contributions                       |    | 2,300  |           |
| Dues and Memberships                |    | 303    |           |
| Office Equipment                    |    | 1,365  |           |
| Total Agriculture Extension Service |    |        | \$ 57,552 |

Soil Conservation

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Secretary(ies)            | \$ | 22,426 |        |
| Longevity Pay             |    | 650    |        |
| Social Security           |    | 1,406  |        |
| State Retirement          |    | 1,563  |        |
| Life Insurance            |    | 98     |        |
| Dental Insurance          |    | 132    |        |
| Unemployment Compensation |    | 72     |        |
| Employer Medicare         |    | 329    |        |
| Total Soil Conservation   |    |        | 26,676 |

Other Operations

Tourism

|                        |    |       |       |
|------------------------|----|-------|-------|
| Contributions          | \$ | 6,000 |       |
| Furniture and Fixtures |    | 1,956 |       |
| Office Equipment       |    | 1,149 |       |
| Total Tourism          |    |       | 9,105 |

Tourism-Resort District

|   |    |        |        |
|---|----|--------|--------|
| Communication                               | \$ | 3,528  |        |
| Contracts with Private Agencies             |    | 878    |        |
| Contributions                               |    | 17,900 |        |
| Dues and Memberships                        |    | 2,549  |        |
| Maintenance and Repair Services - Buildings |    | 9,832  |        |
| Maintenance and Repair Services - Equipment |    | 80     |        |
| Custodial Supplies                          |    | 1,497  |        |
| Electricity                                 |    | 20,623 |        |
| Food Supplies                               |    | 272    |        |
| Office Supplies                             |    | 696    |        |
| Road Signs                                  |    | 100    |        |
| Water and Sewer                             |    | 994    |        |
| Other Charges                               |    | 1,456  |        |
| Furniture and Fixtures                      |    | 3,473  |        |
| Office Equipment                            |    | 404    |        |
| Total Tourism-Resort District               |    |        | 64,282 |

Housing and Urban Development

|                                      |    |         |         |
|--------------------------------------|----|---------|---------|
| Contracts with Other Public Agencies | \$ | 11,500  |         |
| Contracts with Private Agencies      |    | 23,723  |         |
| Evaluation and Testing               |    | 5,100   |         |
| Building Construction                |    | 143,140 |         |
| Total Housing and Urban Development  |    |         | 183,463 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

|  |    |        |            |
|--|----|--------|------------|
| Consultants                                    | \$ | 6,300  |            |
| Contracts with Other Public Agencies           |    | 31,500 |            |
| Contributions                                  |    | 1,500  |            |
| Engineering Services                           |    | 31,000 |            |
| Building Construction                          |    | 52,031 |            |
| Land   |    | 52,000 |            |
| Total Other Economic and Community Development |    |        | \$ 174,331 |

Veterans' Services

|   |    |        |        |
|---|----|--------|--------|
| Supervisor/Director                         | \$ | 34,675 |        |
| Part-time Personnel                         |    | 14,093 |        |
| Longevity Pay                               |    | 600    |        |
| Social Security                             |    | 3,049  |        |
| State Retirement                            |    | 2,417  |        |
| Life Insurance                              |    | 161    |        |
| Medical Insurance                           |    | 63     |        |
| Dental Insurance                            |    | 132    |        |
| Unemployment Compensation                   |    | 145    |        |
| Employer Medicare                           |    | 713    |        |
| Communication                               |    | 3,637  |        |
| Dues and Memberships                        |    | 75     |        |
| Operating Lease Payments                    |    | 986    |        |
| Maintenance and Repair Services - Buildings |    | 544    |        |
| Postal Charges                              |    | 460    |        |
| Travel                                      |    | 1,009  |        |
| Office Supplies                             |    | 732    |        |
| Office Equipment                            |    | 399    |        |
| Total Veterans' Services                    |    |        | 63,890 |

Other Charges

|                                    |    |        |         |
|------------------------------------|----|--------|---------|
| Remittance of Revenue Collected    | \$ | 9,764  |         |
| Liability Insurance                |    | 79,056 |         |
| Premiums on Corporate Surety Bonds |    | 824    |         |
| Trustee's Commission               |    | 95,194 |         |
| Workers' Compensation Insurance    |    | 53,097 |         |
| Liability Claims                   |    | 6,956  |         |
| Total Other Charges                |    |        | 244,891 |

Miscellaneous

|                      |    |        |        |
|----------------------|----|--------|--------|
| Contributions        | \$ | 93,681 |        |
| Dues and Memberships |    | 4,269  |        |
| Total Miscellaneous  |    |        | 97,950 |

Total General Fund \$ 7,796,765

Drug Control Fund

Public Safety

Drug Enforcement

|                           |    |        |           |
|---------------------------|----|--------|-----------|
| Other Charges             | \$ | 636    |           |
| Law Enforcement Equipment |    | 7,250  |           |
| Other Equipment           |    | 10,420 |           |
| Total Drug Enforcement    |    |        | \$ 18,306 |

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Other Operations

Other Charges

|                      |       |       |
|----------------------|-------|-------|
| Trustee's Commission | \$ 21 |       |
| Total Other Charges  |       | \$ 21 |

Total Drug Control Fund \$ 18,327

Highway/Public Works Fund

Highways

Administration

|  |           |            |
|--|-----------|------------|
| County Official/Administrative Officer | \$ 64,613 |            |
| Accountants/Bookkeepers                | 26,185    |            |
| Secretary(ies)                         | 29,681    |            |
| Advertising                            | 766       |            |
| Communication                          | 2,785     |            |
| Data Processing Services               | 5,001     |            |
| Dues and Memberships                   | 2,486     |            |
| Freight Expenses                       | 31        |            |
| Postal Charges                         | 354       |            |
| Printing, Stationery, and Forms        | 74        |            |
| Travel                                 | 990       |            |
| Other Contracted Services              | 1,557     |            |
| Electricity                            | 4,359     |            |
| Office Supplies                        | 1,740     |            |
| Water and Sewer                        | 250       |            |
| Other Charges                          | 370       |            |
| Total Administration                   |           | \$ 141,242 |

Highway and Bridge Maintenance

|                                      |            |           |
|--------------------------------------|------------|-----------|
| Foremen                              | \$ 114,834 |           |
| Equipment Operators - Heavy          | 169,515    |           |
| Equipment Operators - Light          | 93,626     |           |
| Truck Drivers                        | 143,288    |           |
| Laborers                             | 45,272     |           |
| Freight Expenses                     | 26         |           |
| Rentals                              | 5,959      |           |
| Other Contracted Services            | 25,273     |           |
| Asphalt - Hot Mix                    | 167,798    |           |
| Asphalt - Liquid                     | 85,296     |           |
| Concrete                             | 3,537      |           |
| Crushed Stone                        | 93,969     |           |
| Ice                                  | 232        |           |
| Riprap                               | 21,872     |           |
| Pipe - Metal                         | 38,292     |           |
| Road Signs                           | 3,023      |           |
| Salt                                 | 18,695     |           |
| Wood Products                        | 2,172      |           |
| Total Highway and Bridge Maintenance |            | 1,032,679 |

Operation and Maintenance of Equipment

|          |           |
|----------|-----------|
| Foremen  | \$ 42,063 |
| Laborers | 32,777    |

(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.)

|  |    |        |            |
|--|----|--------|------------|
| Freight Expenses                             | \$ | 1,114  |            |
| Laundry Service                              |    | 3,490  |            |
| Maintenance and Repair Services - Equipment  |    | 30,727 |            |
| Rentals                                      |    | 2,671  |            |
| Disposal Fees                                |    | 6,476  |            |
| Diesel Fuel                                  |    | 89,135 |            |
| Equipment and Machinery Parts                |    | 54,139 |            |
| Garage Supplies                              |    | 14,642 |            |
| Gasoline                                     |    | 48,976 |            |
| Lubricants                                   |    | 8,351  |            |
| Propane Gas                                  |    | 2,589  |            |
| Tires and Tubes                              |    | 33,136 |            |
| Total Operation and Maintenance of Equipment |    |        | \$ 370,286 |

Other Charges

|                                 |    |        |         |
|---------------------------------|----|--------|---------|
| Building and Contents Insurance | \$ | 1,905  |         |
| Liability Insurance             |    | 29,816 |         |
| Trustee's Commission            |    | 21,286 |         |
| Vehicle and Equipment Insurance |    | 18,276 |         |
| Workers' Compensation Insurance |    | 34,178 |         |
| Other Charges                   |    | 419    |         |
| Total Other Charges             |    |        | 105,880 |

Employee Benefits

|                                  |    |         |         |
|----------------------------------|----|---------|---------|
| Longevity Pay                    | \$ | 16,900  |         |
| Social Security                  |    | 44,946  |         |
| State Retirement                 |    | 46,258  |         |
| Employee and Dependent Insurance |    | 987     |         |
| Life Insurance                   |    | 2,061   |         |
| Medical Insurance                |    | 148,590 |         |
| Dental Insurance                 |    | 1,848   |         |
| Unemployment Compensation        |    | 6,407   |         |
| Employer Medicare                |    | 10,512  |         |
| Total Employee Benefits          |    |         | 278,509 |

Capital Outlay

|  |    |         |         |
|--|----|---------|---------|
| Engineering Services                   | \$ | 56,000  |         |
| Building Improvements                  |    | 1,938   |         |
| Communication Equipment                |    | 274     |         |
| Heating and Air Conditioning Equipment |    | 94      |         |
| Highway Equipment                      |    | 390     |         |
| Office Equipment                       |    | 6,257   |         |
| State Aid Projects                     |    | 331,002 |         |
| Total Capital Outlay                   |    |         | 395,955 |

Total Highway/Public Works Fund \$ 2,324,551

(Continued)

Exhibit J-7

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

|                                      |              |              |
|--------------------------------------|--------------|--------------|
| <u>General Debt Service Fund</u>     |              |              |
| <u>Principal on Debt</u>             |              |              |
| <u>General Government</u>            |              |              |
| Principal on Bonds                   | \$ 16,000    |              |
| Principal on Notes                   | 137,203      |              |
| Total General Government             |              | \$ 153,203   |
| <u>Education</u>                     |              |              |
| Principal on Bonds                   | \$ 1,545,000 |              |
| Principal on Notes                   | 52,812       |              |
| Total Education                      |              | 1,597,812    |
| <u>Interest on Debt</u>              |              |              |
| <u>General Government</u>            |              |              |
| Interest on Bonds                    | \$ 64,318    |              |
| Interest on Notes                    | 23,079       |              |
| Total General Government             |              | 87,397       |
| <u>Education</u>                     |              |              |
| Interest on Bonds                    | \$ 775,891   |              |
| Interest on Notes                    | 8,084        |              |
| Total Education                      |              | 783,975      |
| <u>Other Debt Service</u>            |              |              |
| <u>General Government</u>            |              |              |
| Trustee's Commission                 | \$ 47,218    |              |
| Other Debt Service                   | 500          |              |
| Total General Government             |              | 47,718       |
| <u>Education</u>                     |              |              |
| Other Debt Issuance Charges          | \$ 1,000     |              |
| Other Debt Service                   | 1,350        |              |
| Total Education                      |              | 2,350        |
| Total General Debt Service Fund      |              | \$ 2,672,455 |
| <u>General Capital Projects Fund</u> |              |              |
| <u>Other Debt Service</u>            |              |              |
| <u>General Government</u>            |              |              |
| Underwriter's Discount               | \$ 171,090   |              |
| Other Debt Issuance Charges          | 74,257       |              |
| Total General Government             |              | \$ 245,347   |
| <u>Capital Projects</u>              |              |              |
| <u>Public Safety Projects</u>        |              |              |
| Architects                           | \$ 230,375   |              |
| Engineering Services                 | 510          |              |
| Evaluation and Testing               | 250          |              |
| Office Supplies                      | 148          |              |
| Trustee's Commission                 | 695          |              |
| Total Public Safety Projects         |              | 231,978      |

(Continued)

Exhibit J-7

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

|   |    |                |                                 |
|---|----|----------------|---------------------------------|
| <u>General Capital Projects Fund (Cont.)</u>      |    |                |                                 |
| <u>Capital Projects (Cont.)</u>                   |    |                |                                 |
| <u>Education Capital Projects</u>                 |    |                |                                 |
| Contributions                                     | \$ | <u>199,288</u> |                                 |
| Total Education Capital Projects                  |    |                | \$ <u>199,288</u>               |
| <br>Total General Capital Projects Fund           |    |                | <br>\$ <u>676,613</u>           |
| <br>Total Governmental Funds - Primary Government |    |                | <br>\$ <u><u>13,488,711</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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

|                                      |    |           |              |
|--------------------------------------|----|-----------|--------------|
| Teachers                             | \$ | 5,125,387 |              |
| Career Ladder Program                |    | 43,000    |              |
| Career Ladder Extended Contracts     |    | 29,000    |              |
| Homebound Teachers                   |    | 22,875    |              |
| Educational Assistants               |    | 280,030   |              |
| Other Salaries and Wages             |    | 34,568    |              |
| Non-certified Substitute Teachers    |    | 208,307   |              |
| Social Security                      |    | 345,038   |              |
| State Retirement                     |    | 482,333   |              |
| Medical Insurance                    |    | 698,231   |              |
| Unemployment Compensation            |    | 3,181     |              |
| Employer Medicare                    |    | 80,749    |              |
| Other Contracted Services            |    | 2,172     |              |
| Instructional Supplies and Materials |    | 49,759    |              |
| Textbooks                            |    | 52,806    |              |
| Other Supplies and Materials         |    | 6,166     |              |
| Fee Waivers                          |    | 1,910     |              |
| Other Charges                        |    | 8,281     |              |
| Regular Instruction Equipment        |    | 21,407    |              |
| Total Regular Instruction Program    |    |           | \$ 7,495,200 |

Alternative Instruction Program

|                                       |    |        |        |
|---------------------------------------|----|--------|--------|
| Teachers                              | \$ | 44,393 |        |
| Educational Assistants                |    | 13,910 |        |
| Social Security                       |    | 862    |        |
| State Retirement                      |    | 970    |        |
| Unemployment Compensation             |    | 42     |        |
| Employer Medicare                     |    | 845    |        |
| Other Supplies and Materials          |    | 768    |        |
| Other Equipment                       |    | 420    |        |
| Total Alternative Instruction Program |    |        | 62,210 |

Special Education Program

|                                 |    |         |         |
|---------------------------------|----|---------|---------|
| Teachers                        | \$ | 665,335 |         |
| Career Ladder Program           |    | 8,000   |         |
| Educational Assistants          |    | 485     |         |
| Social Security                 |    | 39,325  |         |
| State Retirement                |    | 59,752  |         |
| Medical Insurance               |    | 113,576 |         |
| Unemployment Compensation       |    | 310     |         |
| Employer Medicare               |    | 9,197   |         |
| Contracts with Private Agencies |    | 20,779  |         |
| Total Special Education Program |    |         | 916,759 |

Vocational Education Program

|                        |    |         |  |
|------------------------|----|---------|--|
| Teachers               | \$ | 452,606 |  |
| Career Ladder Program  |    | 4,000   |  |
| Educational Assistants |    | 12,116  |  |
| Social Security        |    | 27,723  |  |

(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.)

Vocational Education Program (Cont.)

|                                      |    |        |            |
|--------------------------------------|----|--------|------------|
| State Retirement                     | \$ | 41,347 |            |
| Medical Insurance                    |    | 73,922 |            |
| Unemployment Compensation            |    | 262    |            |
| Employer Medicare                    |    | 6,484  |            |
| Instructional Supplies and Materials |    | 25,790 |            |
| Total Vocational Education Program   |    |        | \$ 644,250 |

Adult Education Program

|                               |    |        |        |
|-------------------------------|----|--------|--------|
| Teachers                      | \$ | 37,914 |        |
| Social Security               |    | 2,203  |        |
| State Retirement              |    | 3,367  |        |
| Medical Insurance             |    | 9,553  |        |
| Unemployment Compensation     |    | 21     |        |
| Employer Medicare             |    | 515    |        |
| Total Adult Education Program |    |        | 53,573 |

Support Services

Attendance

|                              |    |        |        |
|------------------------------|----|--------|--------|
| Supervisor/Director          | \$ | 27,527 |        |
| Career Ladder Program        |    | 1,000  |        |
| Social Security              |    | 3,089  |        |
| State Retirement             |    | 4,732  |        |
| Medical Insurance            |    | 9,515  |        |
| Unemployment Compensation    |    | 16     |        |
| Employer Medicare            |    | 722    |        |
| Travel                       |    | 1,708  |        |
| Other Contracted Services    |    | 5,789  |        |
| Other Supplies and Materials |    | 3,186  |        |
| In Service/Staff Development |    | 953    |        |
| Total Attendance             |    |        | 58,237 |

Health Services

|                              |    |         |         |
|------------------------------|----|---------|---------|
| Supervisor/Director          | \$ | 58,422  |         |
| Medical Personnel            |    | 167,383 |         |
| Social Security              |    | 13,419  |         |
| State Retirement             |    | 18,857  |         |
| Medical Insurance            |    | 30,011  |         |
| Unemployment Compensation    |    | 168     |         |
| Employer Medicare            |    | 3,138   |         |
| Travel                       |    | 2,988   |         |
| Other Contracted Services    |    | 47,995  |         |
| Drugs and Medical Supplies   |    | 2,106   |         |
| Food Supplies                |    | 136     |         |
| Other Supplies and Materials |    | 13,325  |         |
| Other Charges                |    | 661     |         |
| Total Health Services        |    |         | 358,609 |

Other Student Support

|                       |    |       |  |
|-----------------------|----|-------|--|
| Career Ladder Program | \$ | 2,000 |  |
|-----------------------|----|-------|--|

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

|                              |    |         |            |
|------------------------------|----|---------|------------|
| Guidance Personnel           | \$ | 299,197 |            |
| Secretary(ies)               |    | 18,050  |            |
| School Resource Officer      |    | 38,182  |            |
| Other Salaries and Wages     |    | 22,611  |            |
| Social Security              |    | 19,106  |            |
| State Retirement             |    | 25,382  |            |
| Medical Insurance            |    | 14,298  |            |
| Unemployment Compensation    |    | 162     |            |
| Employer Medicare            |    | 4,897   |            |
| Evaluation and Testing       |    | 8,676   |            |
| Other Contracted Services    |    | 11,400  |            |
| Other Supplies and Materials |    | 18,911  |            |
| Total Other Student Support  |    |         | \$ 482,872 |

Regular Instruction Program

|                                   |    |         |         |
|-----------------------------------|----|---------|---------|
| Supervisor/Director               | \$ | 133,614 |         |
| Career Ladder Program             |    | 3,000   |         |
| Librarians                        |    | 201,579 |         |
| Secretary(ies)                    |    | 25,290  |         |
| Educational Assistants            |    | 51,584  |         |
| Social Security                   |    | 25,071  |         |
| State Retirement                  |    | 34,377  |         |
| Medical Insurance                 |    | 56,332  |         |
| Unemployment Compensation         |    | 246     |         |
| Employer Medicare                 |    | 5,864   |         |
| Other Fringe Benefits             |    | 134     |         |
| Consultants                       |    | 1,000   |         |
| Travel                            |    | 8,060   |         |
| Library Books/Media               |    | 22,802  |         |
| Other Supplies and Materials      |    | 89      |         |
| In Service/Staff Development      |    | 6,324   |         |
| Total Regular Instruction Program |    |         | 575,366 |

Special Education Program

|                                 |    |        |         |
|---------------------------------|----|--------|---------|
| Supervisor/Director             | \$ | 37,301 |         |
| Career Ladder Program           |    | 3,000  |         |
| Psychological Personnel         |    | 45,557 |         |
| Secretary(ies)                  |    | 24,758 |         |
| Social Security                 |    | 6,704  |         |
| State Retirement                |    | 9,350  |         |
| Medical Insurance               |    | 4,938  |         |
| Unemployment Compensation       |    | 51     |         |
| Employer Medicare               |    | 1,568  |         |
| Travel                          |    | 1,244  |         |
| Total Special Education Program |    |        | 134,471 |

Vocational Education Program

|                                    |    |       |       |
|------------------------------------|----|-------|-------|
| Travel                             | \$ | 1,575 |       |
| Total Vocational Education Program |    |       | 1,575 |

(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

|                              |    |        |           |
|------------------------------|----|--------|-----------|
| Supervisor/Director          | \$ | 54,325 |           |
| Social Security              |    | 3,186  |           |
| State Retirement             |    | 3,786  |           |
| Medical Insurance            |    | 9,729  |           |
| Unemployment Compensation    |    | 21     |           |
| Employer Medicare            |    | 745    |           |
| In Service/Staff Development |    | 1,709  |           |
| Other Charges                |    | 413    |           |
| Total Adult Programs         |    |        | \$ 73,914 |

Other Programs

|                            |    |        |        |
|----------------------------|----|--------|--------|
| On-Behalf Payments to OPEB | \$ | 52,495 |        |
| Total Other Programs       |    |        | 52,495 |

Board of Education

|                                    |    |         |         |
|------------------------------------|----|---------|---------|
| Secretary to Board                 | \$ | 3,000   |         |
| Board and Committee Members Fees   |    | 19,560  |         |
| Social Security                    |    | 1,399   |         |
| Employer Medicare                  |    | 327     |         |
| Audit Services                     |    | 6,000   |         |
| Dues and Memberships               |    | 11,504  |         |
| Legal Services                     |    | 11,418  |         |
| Other Contracted Services          |    | 11,772  |         |
| Liability Insurance                |    | 32,646  |         |
| Premiums on Corporate Surety Bonds |    | 1,674   |         |
| Trustee's Commission               |    | 63,624  |         |
| Workers' Compensation Insurance    |    | 157,020 |         |
| In Service/Staff Development       |    | 10,442  |         |
| Other Charges                      |    | 841     |         |
| Total Board of Education           |    |         | 331,227 |

Director of Schools

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 92,677 |         |
| Career Ladder Program                  |    | 1,000  |         |
| Secretary(ies)                         |    | 24,740 |         |
| Clerical Personnel                     |    | 29,078 |         |
| Social Security                        |    | 9,009  |         |
| State Retirement                       |    | 12,070 |         |
| Medical Insurance                      |    | 4,589  |         |
| Unemployment Compensation              |    | 63     |         |
| Employer Medicare                      |    | 2,107  |         |
| Communication                          |    | 54,058 |         |
| Postal Charges                         |    | 421    |         |
| Travel                                 |    | 2,211  |         |
| Office Supplies                        |    | 7,278  |         |
| Other Charges                          |    | 23,866 |         |
| Total Director of Schools              |    |        | 263,167 |

(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.)

Office of the Principal

|                               |    |         |            |
|-------------------------------|----|---------|------------|
| Principals                    | \$ | 261,711 |            |
| Career Ladder Program         |    | 5,000   |            |
| Accountants/Bookkeepers       |    | 94,392  |            |
| Assistant Principals          |    | 239,750 |            |
| Secretary(ies)                |    | 95,339  |            |
| Social Security               |    | 36,640  |            |
| State Retirement              |    | 51,196  |            |
| Medical Insurance             |    | 66,621  |            |
| Unemployment Compensation     |    | 293     |            |
| Employer Medicare             |    | 8,569   |            |
| Dues and Memberships          |    | 2,900   |            |
| Other Supplies and Materials  |    | 351     |            |
| Other Charges                 |    | 23,600  |            |
| Total Office of the Principal |    |         | \$ 886,362 |

Fiscal Services

|                              |    |        |         |
|------------------------------|----|--------|---------|
| Accountants/Bookkeepers      | \$ | 88,480 |         |
| Social Security              |    | 5,429  |         |
| State Retirement             |    | 2,352  |         |
| Medical Insurance            |    | 975    |         |
| Unemployment Compensation    |    | 42     |         |
| Employer Medicare            |    | 1,270  |         |
| Data Processing Services     |    | 11,379 |         |
| Travel                       |    | 402    |         |
| Data Processing Supplies     |    | 1,671  |         |
| Office Supplies              |    | 3,374  |         |
| In Service/Staff Development |    | 30     |         |
| Total Fiscal Services        |    |        | 115,404 |

Operation of Plant

|                                 |    |         |           |
|---------------------------------|----|---------|-----------|
| Guards                          | \$ | 23,022  |           |
| Custodial Personnel             |    | 372,839 |           |
| Social Security                 |    | 24,452  |           |
| State Retirement                |    | 15,235  |           |
| Medical Insurance               |    | 4,589   |           |
| Unemployment Compensation       |    | 630     |           |
| Employer Medicare               |    | 5,719   |           |
| Other Fringe Benefits           |    | 1,164   |           |
| Disposal Fees                   |    | 18,319  |           |
| Other Contracted Services       |    | 6,286   |           |
| Custodial Supplies              |    | 70,079  |           |
| Electricity                     |    | 540,484 |           |
| Natural Gas                     |    | 81,542  |           |
| Water and Sewer                 |    | 63,194  |           |
| Other Supplies and Materials    |    | 739     |           |
| Boiler Insurance                |    | 5,357   |           |
| Building and Contents Insurance |    | 97,603  |           |
| Other Charges                   |    | 89,071  |           |
| Data Processing Equipment       |    | 2,093   |           |
| Plant Operation Equipment       |    | 5,850   |           |
| Total Operation of Plant        |    |         | 1,428,267 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

|   |    |         |            |
|---|----|---------|------------|
| Maintenance Personnel                       | \$ | 213,022 |            |
| Social Security                             |    | 12,393  |            |
| State Retirement                            |    | 11,736  |            |
| Medical Insurance                           |    | 27,769  |            |
| Unemployment Compensation                   |    | 140     |            |
| Employer Medicare                           |    | 3,054   |            |
| Other Fringe Benefits                       |    | 86      |            |
| Communication                               |    | 6,453   |            |
| Maintenance and Repair Services - Buildings |    | 44,079  |            |
| Maintenance and Repair Services - Equipment |    | 67,059  |            |
| Rentals                                     |    | 1,076   |            |
| Other Supplies and Materials                |    | 91,431  |            |
| In Service/Staff Development                |    | 200     |            |
| Other Charges                               |    | 3,269   |            |
| Maintenance Equipment                       |    | 3,420   |            |
| Total Maintenance of Plant                  |    |         | \$ 485,187 |

Transportation

|  |    |         |           |
|--|----|---------|-----------|
| Supervisor/Director                        | \$ | 24,846  |           |
| Mechanic(s)                                |    | 74,517  |           |
| Bus Drivers                                |    | 533,990 |           |
| Social Security                            |    | 38,913  |           |
| State Retirement                           |    | 26,029  |           |
| Medical Insurance                          |    | 21,127  |           |
| Unemployment Compensation                  |    | 1,008   |           |
| Employer Medicare                          |    | 9,100   |           |
| Other Fringe Benefits                      |    | 1,769   |           |
| Contracts with Private Agencies            |    | 3,251   |           |
| Maintenance and Repair Services - Vehicles |    | 11,248  |           |
| Medical and Dental Services                |    | 1,350   |           |
| Rentals                                    |    | 98      |           |
| Travel                                     |    | 1,036   |           |
| Diesel Fuel                                |    | 256,413 |           |
| Gasoline                                   |    | 49,489  |           |
| Lubricants                                 |    | 8,762   |           |
| Tires and Tubes                            |    | 47,066  |           |
| Vehicle Parts                              |    | 92,250  |           |
| Other Supplies and Materials               |    | 2,243   |           |
| Vehicle and Equipment Insurance            |    | 30,135  |           |
| In Service/Staff Development               |    | 1,970   |           |
| Other Charges                              |    | 6,190   |           |
| Transportation Equipment                   |    | 5,566   |           |
| Total Transportation                       |    |         | 1,248,366 |

Central and Other

|                          |    |        |  |
|--------------------------|----|--------|--|
| Other Salaries and Wages | \$ | 36,598 |  |
| Social Security          |    | 1,871  |  |
| State Retirement         |    | 2,551  |  |
| Medical Insurance        |    | 9,592  |  |

(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.)

|   |    |         |            |
|---|----|---------|------------|
| Unemployment Compensation                   | \$ | 21      |            |
| Employer Medicare                           |    | 438     |            |
| Maintenance and Repair Services - Equipment |    | 15,876  |            |
| Other Supplies and Materials                |    | 5,631   |            |
| Administration Equipment                    |    | 70      |            |
| Data Processing Equipment                   |    | 534     |            |
| Other Equipment                             |    | 105,086 |            |
| Total Central and Other                     |    |         | \$ 178,268 |

Operation of Non-Instructional Services

Food Service

|                    |    |       |       |
|--------------------|----|-------|-------|
| Food Supplies      | \$ | 9,687 |       |
| Total Food Service |    |       | 9,687 |

Community Services

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Supervisor/Director       | \$ | 21,220 |        |
| Clerical Personnel        |    | 4,075  |        |
| Social Security           |    | 1,608  |        |
| Unemployment Compensation |    | 31     |        |
| Employer Medicare         |    | 376    |        |
| Other Fringe Benefits     |    | 637    |        |
| Total Community Services  |    |        | 27,947 |

Early Childhood Education

|                                      |    |         |         |
|--------------------------------------|----|---------|---------|
| Supervisor/Director                  | \$ | 40,300  |         |
| Teachers                             |    | 183,310 |         |
| Educational Assistants               |    | 86,341  |         |
| Non-certified Substitute Teachers    |    | 50      |         |
| Social Security                      |    | 19,558  |         |
| State Retirement                     |    | 27,049  |         |
| Medical Insurance                    |    | 42,874  |         |
| Unemployment Compensation            |    | 251     |         |
| Employer Medicare                    |    | 4,574   |         |
| Instructional Supplies and Materials |    | 3,554   |         |
| Other Supplies and Materials         |    | 855     |         |
| In Service/Staff Development         |    | 700     |         |
| Total Early Childhood Education      |    |         | 409,416 |

Capital Outlay

Regular Capital Outlay

|                              |    |        |         |
|------------------------------|----|--------|---------|
| Building Improvements        | \$ | 71,816 |         |
| Site Development             |    | 23,659 |         |
| Other Capital Outlay         |    | 79,287 |         |
| Total Regular Capital Outlay |    |        | 174,762 |

Other Debt Service

Education

|   |    |         |         |
|---|----|---------|---------|
| Debt Service Contribution to Primary Government | \$ | 211,248 |         |
| Total Education                                 |    |         | 211,248 |

Total General Purpose School Fund \$ 16,678,839

(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                             | \$ | 98,269  |            |
| Educational Assistants               |    | 56,005  |            |
| Other Salaries and Wages             |    | 65,409  |            |
| Social Security                      |    | 13,265  |            |
| State Retirement                     |    | 17,299  |            |
| Medical Insurance                    |    | 26,172  |            |
| Unemployment Compensation            |    | 144     |            |
| Employer Medicare                    |    | 3,131   |            |
| Instructional Supplies and Materials |    | 105,743 |            |
| Other Supplies and Materials         |    | 270     |            |
| Other Charges                        |    | 1,285   |            |
| Regular Instruction Equipment        |    | 32,849  |            |
| Total Regular Instruction Program    |    |         | \$ 419,841 |

Special Education Program

|                                      |    |         |         |
|--------------------------------------|----|---------|---------|
| Teachers                             | \$ | 85,419  |         |
| Educational Assistants               |    | 204,256 |         |
| Speech Pathologist                   |    | 68,608  |         |
| Other Salaries and Wages             |    | 14,895  |         |
| Social Security                      |    | 21,316  |         |
| State Retirement                     |    | 24,136  |         |
| Medical Insurance                    |    | 15,101  |         |
| Unemployment Compensation            |    | 488     |         |
| Employer Medicare                    |    | 5,254   |         |
| Other Fringe Benefits                |    | 685     |         |
| Instructional Supplies and Materials |    | 3,440   |         |
| Other Charges                        |    | 5,420   |         |
| Total Special Education Program      |    |         | 449,018 |

Vocational Education Program

|   |    |        |        |
|---|----|--------|--------|
| Maintenance and Repair Services - Equipment | \$ | 500    |        |
| Vocational Instruction Equipment            |    | 18,356 |        |
| Total Vocational Education Program          |    |        | 18,856 |

Support Services

Other Student Support

|                              |    |        |        |
|------------------------------|----|--------|--------|
| Travel                       | \$ | 11,277 |        |
| Other Supplies and Materials |    | 6,264  |        |
| Total Other Student Support  |    |        | 17,541 |

Regular Instruction Program

|                           |    |        |  |
|---------------------------|----|--------|--|
| Supervisor/Director       | \$ | 24,868 |  |
| Other Salaries and Wages  |    | 42,252 |  |
| Social Security           |    | 3,013  |  |
| State Retirement          |    | 4,476  |  |
| Medical Insurance         |    | 9,696  |  |
| Unemployment Compensation |    | 33     |  |
| Employer Medicare         |    | 938    |  |
| Travel                    |    | 1,493  |  |

(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 (Cont.)

Regular Instruction Program (Cont.)

|                                   |    |        |            |
|-----------------------------------|----|--------|------------|
| Other Supplies and Materials      | \$ | 33,763 |            |
| In Service/Staff Development      |    | 47,402 |            |
| Other Equipment                   |    | 20,610 |            |
| Total Regular Instruction Program |    |        | \$ 188,544 |

Vocational Education Program

|                                    |    |       |       |
|------------------------------------|----|-------|-------|
| Travel                             | \$ | 1,250 |       |
| Total Vocational Education Program |    |       | 1,250 |

Transportation

|                      |    |        |        |
|----------------------|----|--------|--------|
| Bus Drivers          | \$ | 12,064 |        |
| Total Transportation |    |        | 12,064 |

Total School Federal Projects Fund \$ 1,107,114

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

|   |    |         |              |
|---|----|---------|--------------|
| Supervisor/Director                         | \$ | 65,818  |              |
| Clerical Personnel                          |    | 26,249  |              |
| Cafeteria Personnel                         |    | 367,427 |              |
| Other Salaries and Wages                    |    | 33,303  |              |
| Social Security                             |    | 29,823  |              |
| State Retirement                            |    | 26,814  |              |
| Medical Insurance                           |    | 16,685  |              |
| Unemployment Compensation                   |    | 796     |              |
| Employer Medicare                           |    | 6,975   |              |
| Other Fringe Benefits                       |    | 583     |              |
| Communication                               |    | 2,971   |              |
| Maintenance and Repair Services - Equipment |    | 22,620  |              |
| Travel                                      |    | 2,990   |              |
| Other Contracted Services                   |    | 5,030   |              |
| Food Preparation Supplies                   |    | 28,405  |              |
| Food Supplies                               |    | 527,683 |              |
| Office Supplies                             |    | 3,858   |              |
| Uniforms                                    |    | 3,807   |              |
| USDA - Commodities                          |    | 64,334  |              |
| Other Supplies and Materials                |    | 15,546  |              |
| In Service/Staff Development                |    | 1,500   |              |
| Other Charges                               |    | 6,066   |              |
| Food Service Equipment                      |    | 8,355   |              |
| Motor Vehicles                              |    | 3,700   |              |
| Total Food Service                          |    |         | \$ 1,271,338 |

Total Central Cafeteria Fund 1,271,338

(Continued)

Exhibit J-8

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

|   |    |                |                             |
|---|----|----------------|-----------------------------|
| <u>School Transportation Fund</u>                           |    |                |                             |
| <u>Support Services</u>                                     |    |                |                             |
| <u>Board of Education</u>                                   |    |                |                             |
| Trustee's Commission  | \$ | <u>3,137</u>   |                             |
| Total Board of Education                                    | \$ |                | 3,137                       |
| <br>  |    |                |                             |
| <u>Transportation</u>                                       |    |                |                             |
| Transportation Equipment                                    | \$ | <u>182,530</u> |                             |
| Total Transportation  |    |                | <u>182,530</u>              |
| <br>  |    |                |                             |
| Total School Transportation Fund                            |    |                | <u>\$ 185,667</u>           |
| <br>  |    |                |                             |
| Total Governmental Funds - Stewart County School Department |    |                | <u><u>\$ 19,242,958</u></u> |

Exhibit J-9

Stewart County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2013

|  | <u>Cities -<br/>Sales Tax<br/>Fund</u> |
|--|--|
| <u>Cash Receipts</u>                                       |  |
| Local Option Sales Tax                                     | \$ 335,700                             |
| Total Cash Receipts  | <u>\$ 335,700</u>                      |
| <u>Cash Disbursements</u>                                  |  |
| Remittance of Revenues Collected                           | \$ 332,343                             |
| Trustee's Commission                                       | 3,357                                  |
| Total Cash Disbursements                                   | <u>\$ 335,700</u>                      |
| Excess of Cash Receipts Over<br>(Under) Cash Disbursements | \$ 0                                   |
| Cash Balance, July 1, 2012                                 | <u>0</u>                               |
| Cash Balance, June 30, 2013                                | <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 LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Stewart County's basic financial statements, and have issued our report thereon dated September 13, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Stewart County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stewart County's internal control. Accordingly, we do not express an opinion on the effectiveness of Stewart County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-001, 2013-002, 2013-003, 2013-004, and 2013-005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Stewart County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

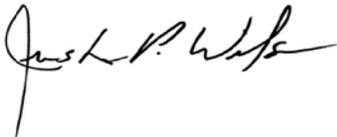
### **Stewart County's Response to Findings**

Stewart County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Stewart County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stewart County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 13, 2013

JPW/kp



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

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Stewart County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Stewart County's major federal programs for the year ended June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Stewart County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and*

*Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Stewart County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Stewart County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Stewart County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Stewart County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

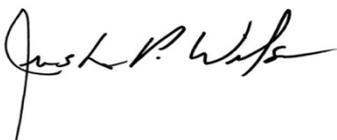
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Stewart County's basic financial statements. We issued our report thereon dated September 13, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 13, 2013

JPW/kp

Stewart County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2013

| Federal/Pass-through Agency/State<br>Grantor Program Title             | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Expenditures      |
|--|---------------------------|--|-------------------|
| U.S. Department of Agriculture:  |                           |  |                   |
| Direct Program:  |                           |  |                   |
| Rural Business Enterprise Grants                                       | 10.769                    | N/A  | \$ 3,105          |
| Passed-through State Department of Education:                          |                           |  |                   |
| Child Nutrition Cluster:   |                           |  |                   |
| School Breakfast Program   | 10.553                    | N/A  | 222,121           |
| National School Lunch Program  | 10.555                    | N/A  | 485,731 (5)       |
| Passed-through State Department of Agriculture:                        |                           |  |                   |
| National School Lunch Program (Commodities - Noncash Assistance)       | 10.555                    | N/A  | 64,334 (5)        |
| Passed-through State Department of Human Services:                     |                           |  |                   |
| Child and Adult Care Food Program                                      | 10.558                    | (2)  | 2,472             |
| Passed-through State Department of Finance and Administration:         |                           |  |                   |
| Schools and Roads - Grants to States                                   | 10.665                    | (2)  | 58,901            |
| Total U.S. Department of Agriculture                                   |                           |  | <u>\$ 836,664</u> |
| U.S. Department of Housing and Urban Development:                      |                           |  |                   |
| Direct Program:  |                           |  |                   |
| Shelter Plus Care  | 14.238                    | TN0081C4J070800                              | \$ 23,723         |
| Passed-through State Department of Economic and Community Development: |                           |  |                   |
| Community Development Block Grants/State's Program                     | 14.228                    | (3)  | 170,931           |
| Passed-through State Housing Development Agency:                       |                           |  |                   |
| Home Investment Partnerships Program                                   | 14.239                    | 33004-69611                                  | 159,740           |
| Total U.S. Department of Housing and Urban Development                 |                           |  | <u>\$ 354,394</u> |
| U.S. Department of Justice:  |                           |  |                   |
| Passed-through State Commission on Children and Youth:                 |                           |  |                   |
| Juvenile Justice and Delinquency Prevention - Allocation to States     | 16.540                    | 31601-23627                                  | \$ 405            |
| Passed through Office of Criminal Justice Programs:                    |                           |  |                   |
| Edward Byrne Memorial Justice Assistance Grant Program                 | 16.738                    | (2)  | 31,262            |
| Total U.S. Department of Justice                                       |                           |  | <u>\$ 31,667</u>  |
| U.S. Institute of Museum and Library Services:                         |                           |  |                   |
| Passed-through Tennessee Secretary of State:                           |                           |  |                   |
| Grants to States   | 45.310                    | 30504-01213-91                               | \$ 905            |
| Total U.S. Institute of Museum and Library Services                    |                           |  | <u>\$ 905</u>     |
| U.S. Department of Education:  |                           |  |                   |
| Direct Program:  |                           |  |                   |
| Impact Aid   | 84.041                    | N/A  | \$ 562,645        |
| Passed-through State Department of Labor and Workforce Development:    |                           |  |                   |
| Adult Education - Basic Grants to States                               | 84.002                    | Z1021854900                                  | 62,827            |
| Passed-through State Department of Education:                          |                           |  |                   |
| Title I Grants to Local Educational Agencies                           | 84.010                    | N/A  | 415,737           |
| Special Education Cluster:   |                           |  |                   |
| Special Education - Grants to States                                   | 84.027                    | N/A  | 434,310           |
| Special Education - Preschool Grants                                   | 84.173                    | N/A  | 14,710            |
| Career and Technical Education - Basic Grants to States                | 84.048                    | N/A  | 31,383            |
| Rural Education  | 84.358                    | N/A  | 25,032            |
| Improving Teacher Quality State Grants                                 | 84.367                    | N/A  | 86,118            |

(Continued)

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

| Federal/Pass-through Agency/State<br>Grantor Program Title                                 | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Expenditures |
|--|---------------------------|--|--------------|
| U.S. Department of Education (Cont.):  |                           |  |              |
| Passed-through State Department of Education (Cont.):                                      |                           |  |              |
| State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants,<br>Recovery Act | 84.395                    | N/A  | \$ 87,762    |
| State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act                 | 84.397                    | N/A  | 5,789        |
| Education Jobs Fund  | 84.410                    | N/A  | 12,064       |
| Total U.S. Department of Education   |                           |  | \$ 1,738,377 |
| U.S. Department of Health and Human Services:  |                           |  |              |
| Passed-through State Department of Health:   |                           |  |              |
| Block Grants for Prevention and Treatment of Substance Abuse                               | 93.959                    | GG1338863                                    | \$ 47,862    |
| Total U.S. Department of Health and Human Services   |                           |  | \$ 47,862    |
| U.S. Department of Homeland Security:  |                           |  |              |
| Passed-through State Department of Military:   |                           |  |              |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)                    | 97.036                    | (4)  | \$ 20,311    |
| Emergency Management Performance Grants  | 97.042                    | 34101-04213                                  | 16,350       |
| Homeland Security Grant Program  | 97.067                    | 34101-17612                                  | 2,938        |
| Total U.S. Department of Homeland Security   |                           |  | \$ 39,599    |
| Total Expenditures of Federal Awards   |                           |  | \$ 3,049,468 |

| <u>State Grants</u>   |     | Contract<br>Number |            |
|---|-----|--------------------|------------|
| Litter Program - State Department of Transportation                       | N/A | 40100-01513        | \$ 39,200  |
| Lottery for Education Afterschool Program - State Department of Education | N/A | DG12-C000054       | 41,689     |
| Early Childhood Education - State Department of Education                 | N/A | (2)                | 405,000    |
| Local Health Services - State Department of Health                        | N/A | GG1338754          | 134,568    |
| Archives Grant - Tennessee Secretary of State                             | N/A | (2)                | 1,680      |
| State Supplement - State Department of Children's Services                | N/A | 31601-88110        | 9,000      |
| Child and Family Intervention - State Department of Children's Services   | N/A | GG1235220          | 14,607     |
| Adult Education - State Department of Labor and Workforce Development     | N/A | DG 1338264         | 13,145     |
| Coordinated School Health - State Department of Education                 | N/A | (2)                | 130,000    |
| Connect Tennessee - State Department of Education                         | N/A | (2)                | 7,102      |
| Safe Schools - State Department of Education                              | N/A | (2)                | 12,300     |
| Energy Efficient Schools Initiative - State Department of Education       | N/A | (2)                | 26,245     |
| Family Resource Centers - State Department of Education                   | N/A | (2)                | 39,280     |
| Project Diabetes Initiative Service - State Department of Health          | N/A | GG-13333656        | 59,897     |
| Total State Grants  |     |                    | \$ 933,713 |

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) GG093341700: \$83,631; 33004-84213: \$87,300.
- (4) 34101-42312: \$4,801; Information not available: \$15,510.
- (5) Total for CFDA No. 10.555 is \$550,065.

Stewart County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2013

*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, 2012, which have not been corrected.

**OFFICE OF COUNTY ENGINEER**

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u>   |
|-----------------------|--------------------|--|
| 12.02                 | 149                | Purchase orders were not completed properly  |
| 12.03                 | 150                | The Highway Department did not maintain a system to account for the use of some road materials |

**OFFICE OF DIRECTOR OF SCHOOLS**

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u>   |
|-----------------------|--------------------|--|
| 12.04                 | 150                | The office had deficiencies in accounting for employee health insurance transactions |

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

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u>                        |
|-----------------------|--------------------|---------------------------------------|
| 12.06                 | 152                | Duties were not segregated adequately |

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

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u>  |
|-----------------------|--------------------|---|
| 12.07                 | 152                | Multiple employees operated from the same cash drawer |

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**STEWART COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2013**

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

1. Our report on the financial statements of Stewart County is unmodified.
2. The audit of the financial statements of Stewart County disclosed significant deficiencies in internal control. None 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 unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and Impact Aid (CFDA No. 84.041) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Stewart County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county engineer and director of schools provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### OFFICE OF COUNTY ENGINEER

FINDING 2013-001                    **PURCHASE ORDERS WERE NOT COMPLETED PROPERLY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 30 disbursements totaling \$52,442 from a population of 494 vendor checks totaling \$1,720,555. Our sample revealed that in 15 of 17 applicable instances, descriptions and dollar amounts of purchases were not listed on the 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 when they are issued 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 2013-002                    **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.

## MANAGEMENT'S RESPONSE – COUNTY ENGINEER

We have been working with County Technical Assistance Service to get a materials tracking system installed.

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## OFFICE OF DIRECTOR OF SCHOOLS

### FINDING 2013-003

### **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 increases the risk that errors will not be discovered and corrected in a timely manner.
- B. At June 30, 2013, the School Department had an unidentified balance of \$3,247 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 management's failure to correct the finding noted in the prior-year audit report.

## 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

The School Department is currently reconciling health insurance contributions on a monthly basis and correcting any errors that are found. Additional personnel have been assigned to help identify the balance in the clearing account. The unidentified balance has been reduced significantly and will be fully identified by the end of the 2013-14 fiscal year.

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

### FINDING 2013-004

### **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 of Deeds; 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 using available resources.

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

**FINDING 2013-005**

### **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. 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 assign each employee their own cash drawer.

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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 Local Government 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**

The School Department, in conjunction with the 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 for all Stewart County government departments.

**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, 2013**

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