
ANNUAL FINANCIAL REPORT STEWART COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
STEWART COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

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This financial report is available at www.tn.gov/comptroller

STEWART COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Stewart County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Stewart County as of and for the year ended June 30, 2012.

Results

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

Findings and Best Practice

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

OFFICE OF COUNTY ENGINEER

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ Purchase orders were not completed properly.
- ◆ The Highway Department did not maintain a system to account for the use of some road materials.

OFFICE OF DIRECTOR OF SCHOOLS

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

OFFICE OF ASSESSOR OF PROPERTY

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

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

- ◆ Duties were not segregated adequately.
-

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

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

OFFICE OF GENERAL SESSIONS COURT CLERK

- ◆ Cash totaling \$240 was unaccounted.
-

STEWART COUNTY

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

BEST PRACTICE

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

INTRODUCTORY SECTION

Stewart County Officials

June 30, 2012

Officials

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

Board of County Commissioners

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

Board of Education

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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

February 25, 2013

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Stewart County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Stewart County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stewart County Emergency Communications District, which represent 2.5 percent and 1.4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stewart County Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2013, on our consideration of Stewart County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

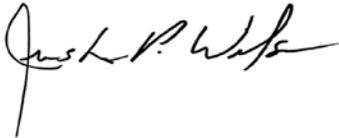
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 59 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Stewart County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Stewart County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Governmental Activities	Component Units	
		Stewart County School Department	Stewart County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 1,340	\$ 714	\$ 607,540
Equity in Pooled Cash and Investments	3,158,681	1,642,146	0
Accounts Receivable	970,120	29,072	0
Allowance for Uncollectibles	(473,522)	0	0
Due from Other Governments	610,300	247,567	0
Due from Primary Government	0	1,741	0
Due from Component Units	9,563	0	0
Property Taxes Receivable	5,508,978	794,905	0
Allowance for Uncollectible Property Taxes	(200,103)	(30,319)	0
Prepaid Items	0	0	4,366
Capital Assets:			
Assets Not Depreciated:			
Land	963,163	1,265,886	25,000
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	4,142,350	24,703,985	92,984
Infrastructure	762,776	0	0
Other Capital Assets	797,952	1,743,762	47,878
Total Assets	<u>\$ 16,251,598</u>	<u>\$ 30,399,459</u>	<u>\$ 777,768</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 59,955	\$ 36,572	\$ 2,254
Payroll Deductions Payable	62,793	0	0
Contracts Payable	22,472	0	0
Due to State of Tennessee	0	120	0
Due to Component Units	1,741	0	0
Accrued Interest Payable	193,390	0	0
Other Current Liabilities	0	0	346
Deferred Revenue - Current Property Taxes	5,145,285	738,444	0
Noncurrent Liabilities:			
Due Within One Year	1,888,919	0	0
Due in More Than One Year (net of deferred amount on refunding)	20,978,612	168,742	0
Total Liabilities	<u>\$ 28,353,167</u>	<u>\$ 943,878</u>	<u>\$ 2,600</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 5,494,571	\$ 0	\$ 0
Invested in Capital Assets	0	27,713,633	165,862
Restricted for:			
Administration of Justice	37,184	0	0
Public Safety	37,429	0	0
Other Operations	46,310	0	0
Highway/Public Works	443,840	0	0
Education	0	276,949	0
Operation of Non-Instructional Services	0	448,478	0
Debt Service	55,469	0	0
Capital Projects	194,763	0	0
Other Purposes	24,744	0	0
Unrestricted	(18,435,879)	1,016,521	609,306
Total Net Assets (Deficit)	<u>\$ (12,101,569)</u>	<u>\$ 29,455,581</u>	<u>\$ 775,168</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, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets													
	Program Revenues					Component Units								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Stewart County School Department	Stewart County Emergency Communications District							
Primary Government:														
Governmental Activities:														
General Government	\$ 770,966	\$ 67,527	\$ 18,358	\$ 0	\$ (685,081)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	669,861	338,555	0	0	(331,306)	0	0	0	0	0	0	0	0	0
Administration of Justice	550,206	234,478	24,207	0	(291,521)	0	0	0	0	0	0	0	0	0
Public Safety	2,709,317	66,287	292,153	0	(2,350,877)	0	0	0	0	0	0	0	0	0
Public Health and Welfare	1,652,312	721,122	213,785	42,777	(674,628)	0	0	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	326,591	0	91,553	0	(235,038)	0	0	0	0	0	0	0	0	0
Agriculture and Natural Resources	83,265	0	0	0	(83,265)	0	0	0	0	0	0	0	0	0
Other Operations	949,772	6,923	242,890	416,369	(283,590)	0	0	0	0	0	0	0	0	0
Highway/Public Works	2,349,192	32,190	1,762,228	316,621	(238,153)	0	0	0	0	0	0	0	0	0
Interest on Long-term Debt	833,513	0	220,813	0	(612,700)	0	0	0	0	0	0	0	0	0
Other Debt Service	49,245	0	0	0	(49,245)	0	0	0	0	0	0	0	0	0
Total Primary Government	\$ 10,944,240	\$ 1,467,082	\$ 2,865,987	\$ 775,767	\$ (5,835,404)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:														
Stewart County School Department	\$ 21,139,140	\$ 434,148	\$ 3,607,292	\$ 33,414	\$ 0	\$ (17,064,286)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Stewart County Emergency Communications District	222,732	69,927	197,982	0	0	0	0	0	0	0	0	0	0	45,177
Total Component Units	\$ 21,361,872	\$ 504,075	\$ 3,805,274	\$ 33,414	\$ 0	\$ (17,064,286)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,177

(Continued)

Exhibit B

Stewart County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenues		Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Stewart County Emergency Communications District
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 3,241,886	\$ 812,914
Property Taxes Levied for Debt Service				1,869,714	0
Local Option Sales Taxes				458,759	801,396
Wheel Tax				410,943	0
Litigation Taxes				141,685	0
Wholesale Beer Tax				122,061	0
Other Local Taxes				41,244	40,387
Grants and Contributions Not Restricted to Specific Programs				1,398,157	13,460,684
Unrestricted Investment Income				0	23,727
Miscellaneous				58,108	74,292
Total General Revenues				<u>\$ 7,742,557</u>	<u>\$ 15,213,400</u>
Change in Net Assets				\$ 1,907,153	\$ (1,850,886)
Net Assets (Deficit), July 1, 2011				(14,008,722)	31,306,467
Net Assets (Deficit), June 30, 2012				<u>\$ (12,101,569)</u>	<u>\$ 29,455,581</u>
					<u>\$ 775,168</u>

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

Exhibit C-1

Stewart County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Nonmajor	Total
	General	Highway /	General	Other	
		Public	Debt	Govern-	
	Works	Service	mental	Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,340	\$ 1,340
Equity in Pooled Cash and Investments	1,445,102	299,600	1,199,147	214,832	3,158,681
Accounts Receivable	970,120	0	0	0	970,120
Allowance for Uncollectibles	(473,522)	0	0	0	(473,522)
Due from Other Governments	280,927	329,373	0	0	610,300
Due from Other Funds	1,340	0	48,383	0	49,723
Due from Component Units	9,563	0	0	0	9,563
Property Taxes Receivable	3,409,028	230,779	1,869,171	0	5,508,978
Allowance for Uncollectible Property Taxes	(120,916)	(8,803)	(70,384)	0	(200,103)
Total Assets	\$ 5,521,642	\$ 850,949	\$ 3,046,317	\$ 216,172	\$ 9,635,080
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 35,161	\$ 24,162	\$ 0	\$ 632	\$ 59,955
Payroll Deductions Payable	62,793	0	0	0	62,793
Contracts Payable	22,472	0	0	0	22,472
Due to Other Funds	48,383	0	0	1,340	49,723
Due to Component Units	1,741	0	0	0	1,741
Deferred Revenue - Current Property Taxes	3,191,982	214,387	1,738,916	0	5,145,285
Deferred Revenue - Delinquent Property Taxes	89,063	7,031	55,469	0	151,563
Other Deferred Revenues	483,468	145,427	24,284	0	653,179
Total Liabilities	\$ 3,935,063	\$ 391,007	\$ 1,818,669	\$ 1,972	\$ 6,146,711
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 12,529	\$ 0	\$ 0	\$ 0	\$ 12,529
Restricted for Finance	1,986	0	0	0	1,986
Restricted for Administration of Justice	37,184	0	0	0	37,184
Restricted for Public Safety	17,992	0	0	19,437	37,429
Restricted for Social, Cultural, and Recreational Services	1,035	0	0	0	1,035
Restricted for Other Operations	39,310	0	0	0	39,310
Restricted for Highways/Public Works	0	325,144	0	0	325,144
Restricted for Capital Outlay	9,194	0	0	0	9,194
Restricted for Capital Projects	0	0	0	194,763	194,763
Committed:					
Committed for Public Health and Welfare	6,684	0	0	0	6,684
Committed for Highways/Public Works	0	134,798	0	0	134,798
Committed for Debt Service	0	0	1,227,648	0	1,227,648
Assigned:					
Assigned for Public Health and Welfare	15,000	0	0	0	15,000
Assigned for Social, Cultural, and Recreational Services	15,959	0	0	0	15,959
Unassigned	1,429,706	0	0	0	1,429,706
Total Fund Balances	\$ 1,586,579	\$ 459,942	\$ 1,227,648	\$ 214,200	\$ 3,488,369
Total Liabilities and Fund Balances	\$ 5,521,642	\$ 850,949	\$ 3,046,317	\$ 216,172	\$ 9,635,080

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

Exhibit C-2

Stewart County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	3,488,369
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	963,163	
Add: buildings and improvements net of accumulated depreciation		4,142,350	
Add: infrastructure net of accumulated depreciation		762,776	
Add: other capital assets net of accumulated depreciation		<u>797,952</u>	6,666,241
(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	\$	(1,311,393)	
Less: bonds payable		(21,123,000)	
Add: deferred amount on refunding		30,990	
Less: other long-term liabilities		(211,217)	
Less: compensated absences payable		(135,359)	
Less: other postemployment benefits liability		(117,552)	
Less: accrued interest on notes and bonds		<u>(193,390)</u>	(23,060,921)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>804,742</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u><u>(12,101,569)</u></u>

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

Exhibit C-3

Stewart County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,761,341	\$ 235,759	\$ 2,318,047	\$ 78,652	\$ 6,393,799
Licenses and Permits	11,641	0	0	0	11,641
Fines, Forfeitures, and Penalties	53,094	0	0	3,319	56,413
Charges for Current Services	785,749	6,293	0	0	792,042
Other Local Revenues	26,218	57,127	0	8,425	91,770
Fees Received from County Officials	583,397	0	0	0	583,397
State of Tennessee	1,654,510	1,974,067	0	0	3,628,577
Federal Government	902,994	66,907	0	0	969,901
Other Governments and Citizens Groups	151,709	0	220,813	0	372,522
Total Revenues	\$ 7,930,653	\$ 2,340,153	\$ 2,538,860	\$ 90,396	\$ 12,900,062
<u>Expenditures</u>					
Current:					
General Government	\$ 998,600	\$ 0	\$ 0	\$ 0	\$ 998,600
Finance	669,564	0	0	0	669,564
Administration of Justice	550,537	0	0	0	550,537
Public Safety	2,768,742	0	0	5,871	2,774,613
Public Health and Welfare	1,596,106	0	0	0	1,596,106
Social, Cultural, and Recreational Services	308,837	0	0	0	308,837
Agriculture and Natural Resources	82,287	0	0	0	82,287
Other Operations	1,030,795	0	0	21	1,030,816
Highways	0	2,248,799	0	0	2,248,799
Debt Service:					
Principal on Debt	0	66,666	1,643,695	0	1,710,361
Interest on Debt	0	3,062	876,688	0	879,750
Other Debt Service	0	0	49,245	0	49,245
Capital Projects	0	0	0	69,575	69,575
Total Expenditures	\$ 8,005,468	\$ 2,318,527	\$ 2,569,628	\$ 75,467	\$ 12,969,090
Excess (Deficiency) of Revenues Over Expenditures	\$ (74,815)	\$ 21,626	\$ (30,768)	\$ 14,929	\$ (69,028)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 242,000	\$ 0	\$ 0	\$ 0	\$ 242,000
Refunding Debt Issued	0	0	1,125,000	0	1,125,000
Insurance Recovery	195,757	0	0	0	195,757
Transfers In	0	0	252,142	0	252,142
Transfers Out	(252,142)	0	0	0	(252,142)
Payments to Refunded Debt Escrow Agent	0	0	(1,158,593)	0	(1,158,593)
Total Other Financing Sources (Uses)	\$ 185,615	\$ 0	\$ 218,549	\$ 0	\$ 404,164
Net Change in Fund Balances	\$ 110,800	\$ 21,626	\$ 187,781	\$ 14,929	\$ 335,136
Fund Balance, July 1, 2011	1,475,779	438,316	1,039,867	199,271	3,153,233
Fund Balance, June 30, 2012	\$ 1,586,579	\$ 459,942	\$ 1,227,648	\$ 214,200	\$ 3,488,369

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, 2012

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)		\$	335,136
(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	\$	635,789	
Less: current-year depreciation expense		<u>(505,957)</u>	129,832
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets	\$	(32,784)	
Less: proceeds received from the disposal of capital assets		<u>(10,175)</u>	(42,959)
(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, 2012	\$	804,742	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(853,411)</u>	(48,669)
(4) The issuance of long-term debt (e.g. notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Less: note proceeds	\$	(242,000)	
Less: refunding note proceeds		(1,125,000)	
Add: principal payments on bonds		1,491,000	
Add: principal payments on notes		219,361	
Add: payment to refunding agent		1,158,593	
Less: change in deferred amount on refunding debt		<u>(2,603)</u>	1,499,351
(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	\$	48,840	
Change in other long-term liabilities		2,791	
Change in compensated absences payable		8,622	
Change in other postemployment benefits liability		<u>(25,791)</u>	34,462
Change in net assets of governmental activities (Exhibit B)			<u>\$ 1,907,153</u>

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

Exhibit D

Stewart County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 575,763
Due from Other Governments	<u>60,961</u>
Total Assets	<u><u>\$ 636,724</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 60,961
Due to Litigants, Heirs, and Others	<u>575,763</u>
Total Liabilities	<u><u>\$ 636,724</u></u>

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

STEWART COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The Stewart County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Stewart County, and the Stewart County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Stewart County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Stewart County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Stewart County issues all debt for the discretely presented Stewart County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the

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

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

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Stewart County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are

recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Stewart County reports the following major governmental funds:

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

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

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

Additionally, Stewart County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Stewart County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Charges for services and federal program funds are the foundational revenues of this fund.

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.94 percent of total taxes levied.

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

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

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

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

4. Compensated Absences

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

There is no liability for unpaid accumulated vacation leave benefits for employees of the discretely presented Stewart County School Department since those benefits do not vest or accumulate and must be used within the year earned or lost. There is also no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government.

5. Long-term Obligations

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

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

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

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide Statement of Net Assets reports \$839,739 of restricted net assets, of which \$46,310 is restricted by enabling legislation.

As of June 30, 2012, Stewart County had \$21,442,950 in outstanding debt for capital purposes for the discretely presented Stewart County School Department. This debt is a liability of Stewart County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Stewart County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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 Assets

Primary Government

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

Discretely Presented Stewart County School Department

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

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

Primary Government

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

Discretely Presented Stewart County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Cash Shortage

The Office of General Sessions Court Clerk had a cash shortage of \$240 on August 1, 2012, that was subsequently liquidated on January 11, 2013. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Stewart County and the Stewart County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make

investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 963,163	\$ 0	\$ 0	\$ 963,163
Construction in Progress	20,754	0	(20,754)	0
Total Capital Assets Not Depreciated	\$ 983,917	\$ 0	\$ (20,754)	\$ 963,163
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,327,367	\$ 337,818	\$ 0	\$ 5,665,185
Infrastructure	1,057,992	0	0	1,057,992
Other Capital Assets	3,293,735	318,725	(172,487)	3,439,973
Total Capital Assets Depreciated	\$ 9,679,094	\$ 656,543	\$ (172,487)	\$ 10,163,150
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,392,537	\$ 130,298	\$ 0	\$ 1,522,835
Infrastructure	232,630	62,586	0	295,216
Other Capital Assets	2,458,476	313,073	(129,528)	2,642,021
Total Accumulated Depreciation	\$ 4,083,643	\$ 505,957	\$ (129,528)	\$ 4,460,072
Total Capital Assets Depreciated, Net	\$ 5,595,451	\$ 150,586	\$ (42,959)	\$ 5,703,078
Governmental Activities Capital Assets, Net	\$ 6,579,368	\$ 150,586	\$ (63,713)	\$ 6,666,241

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

Governmental Activities:

General Government	\$ 25,960
Finance	315
Administration of Justice	860
Public Safety	150,942
Public Health and Welfare	157,983
Social, Cultural, and Recreational Services	10,401
Agriculture and Natural Resources	84
Other Operations	33,273
Highway/Public Works	<u>126,139</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 505,957</u></u>

Discretely Presented Stewart County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets				
Not Depreciated:				
Land	\$ 1,104,110	\$ 161,776	\$ 0	\$ 1,265,886
Total Capital Assets Not Depreciated	<u>\$ 1,104,110</u>	<u>\$ 161,776</u>	<u>\$ 0</u>	<u>\$ 1,265,886</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,018,085	\$ 62,979	\$ 0	\$ 35,081,064
Other Capital Assets	4,217,787	252,768	(141,899)	4,328,656
Total Capital Assets Depreciated	<u>\$ 39,235,872</u>	<u>\$ 315,747</u>	<u>\$ (141,899)</u>	<u>\$ 39,409,720</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,511,613	\$ 865,466	\$ 0	\$ 10,377,079
Other Capital Assets	2,453,256	273,537	(141,899)	2,584,894
Total Accumulated Depreciation	<u>\$ 11,964,869</u>	<u>\$ 1,139,003</u>	<u>\$ (141,899)</u>	<u>\$ 12,961,973</u>

(Continued)

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Total Capital Assets				
Depreciated, Net	\$ 27,271,003	\$ (823,256)	\$ 0	\$ 26,447,747
Governmental Activities				
Capital Assets, Net	\$ 28,375,113	\$ (661,480)	\$ 0	\$ 27,713,633

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

Governmental Activities:

Instruction	\$ 761,372
Support Services	293,603
Operation of Non-Instructional Services	<u>84,028</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,139,003</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,340
General Debt Service	General	48,383

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
Primary Government: General	Component Unit: School Department: General Purpose School	\$ 9,563
Component Unit: School Department: General Purpose School	Primary Government: General	1,741

The receivable in the General Fund was in transit from the General Purpose School Fund (\$9,563) at June 30, 2012.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In
	General Debt Service Fund
General Fund	\$ 252,142

**Discretely Presented Stewart County
School Department**

Transfer Out	Transfer In
	Central Cafeteria Fund
General Purpose School Fund	\$ 34,699

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. 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, 2012, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2012 for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	3 to 5%	3-1-24	\$ 12,754,000	\$ 3,363,000
General Obligation Bonds - Refunding	2.5 to 4.55	3-1-29	24,090,000	17,760,000
Capital Outlay Notes	2.9 to 4.45	8-25-23	360,800	316,393
Capital Outlay Notes - Refunding	2	3-1-19	1,125,000	995,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 1,561,000	\$ 812,266	\$ 2,373,266
2014	1,611,000	755,060	2,366,060
2015	1,676,000	693,437	2,369,437
2016	1,735,000	631,411	2,366,411
2017	1,805,000	566,615	2,371,615
2018-2022	6,625,000	2,015,783	8,640,783
2023-2027	4,745,000	723,270	5,468,270
2028-2029	1,365,000	81,988	1,446,988
Total	<u>\$ 21,123,000</u>	<u>\$ 6,279,830</u>	<u>\$ 27,402,830</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 190,071	\$ 31,108	\$ 221,179
2014	192,288	26,290	218,578
2015	199,559	21,419	220,978
2016	179,844	16,362	196,206
2017	154,895	12,346	167,241
2018-2022	369,962	19,744	389,706
2023-2024	24,774	1,308	26,082
Total	<u>\$ 1,311,393</u>	<u>\$ 128,577</u>	<u>\$ 1,439,970</u>

There is \$1,227,648 in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,585, based on the 2010 federal census. Debt per capita, including bonds and notes, totaled \$1,684, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2011	\$ 22,614,000	\$ 1,288,754
Additions	0	1,367,000
Reductions	<u>(1,491,000)</u>	<u>(1,344,361)</u>
Balance, June 30, 2012	<u>\$ 21,123,000</u>	<u>\$ 1,311,393</u>
Balance Due Within One Year	<u>\$ 1,561,000</u>	<u>\$ 190,071</u>
	<u>Other</u>	
	<u>Long-term</u>	<u>Compensated</u>
	<u>Liabilities</u>	<u>Absences</u>
Balance, July 1, 2011	\$ 214,008	\$ 143,981
Additions	0	150,531
Reductions	<u>(2,791)</u>	<u>(159,153)</u>
Balance, June 30, 2012	<u>\$ 211,217</u>	<u>\$ 135,359</u>
Balance Due Within One Year	<u>\$ 2,911</u>	<u>\$ 134,937</u>
		<u>Other</u>
		<u>Postemployment</u>
		<u>Benefits</u>
Balance, July 1, 2011		\$ 91,761
Additions		39,774
Reductions		<u>(13,983)</u>
Balance, June 30, 2012		<u>\$ 117,552</u>
Balance Due Within One Year		<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 22,898,521
Less: Balance Due Within One Year	(1,888,919)
Less: Deferred Amount on Refunding	<u>(30,990)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 20,978,612</u></u>

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

Current Refunding

On November 10, 2011, Stewart County issued \$1,125,000 in general obligation capital outlay notes for a current refunding of \$1,125,000 capital outlay notes, series 2007. As a result, the liabilities have been removed from the county's long-term debt. The refunded notes had a maturity date of March 1, 2019. Also, as a result of the refunding, total debt service payments over the next seven years will be decreased by \$112,240.

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, 2012, the following outstanding bonds are considered defeased:

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

Discretely Presented Stewart County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Stewart County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 102,932
Additions	161,747
Reductions	<u>(95,937)</u>
Balance, June 30, 2012	<u>\$ 168,742</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Stewart County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$38,583 and \$9,715, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. Short-term Debt

During the year, Stewart County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General 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, 2012, was as follows:

	Balance 7-1-11	Issued	Paid	Balance 6-30-12
Tax Anticipation Notes	\$ 0	\$ 260,000	\$ (260,000)	\$ 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. Subsequent Events

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

On November 1, 2012, Stewart County issued \$175,000 in capital outlay notes for public safety vehicles.

On November 1, 2012, the county's General Capital Projects Fund loaned \$200,000 to the General Purpose School Fund for temporary operating funds.

On December 20, 2012, Stewart County issued \$8,200,000 in general obligation bonds for jail construction and school improvements.

C. Contingent Liabilities

The county is involved in one pending lawsuit. The county attorney advised that any potential claim resulting from such litigation would not materially affect the county's financial statements.

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

D. Jointly Governed Organizations

Primary Government

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

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

Discretely Presented Stewart County School Department

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

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

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

Administrative Office:

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

E. Retirement Commitments

Plan Description

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

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

Funding Policy

Stewart County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 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.

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.

F. Other Postemployment Benefits (OPEB)

Plan Description

Stewart County and the Stewart County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for 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, 2012, Stewart County and the Stewart County School Department contributed \$13,983 and \$95,937, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 40,000	\$ 162,000
Interest on the NPO	3,670	4,117
Adjustment to the ARC	(3,896)	(4,370)
Annual OPEB cost	\$ 39,774	\$ 161,747
Less: Amount of contribution	(13,983)	(95,937)
Increase/decrease in NPO	\$ 25,791	\$ 65,810
Net OPEB obligation, 7-1-11	91,761	102,932
Net OPEB obligation, 6-30-12	\$ 117,552	\$ 168,742

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 54,018	24	% \$ 48,691
6-30-11	"	56,116	23	91,761
6-30-12	"	39,774	35	117,552
6-30-10	Local Education Group	118,219	95	97,662
6-30-11	"	123,232	96	102,932
6-30-12	"	161,747	59	168,742

Funding Status and Funding Progress

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

	Local Government Group Plan	Local Education Group 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 Education Group and the Local Government 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 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 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 June 30, 2008.

G. Purchasing Laws

Office of County Mayor

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

Office of County Engineer

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

Office of Director of Schools

Purchasing procedures for the discretely presented Stewart County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed \$10,000.

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

A. Reporting Entity

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

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

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

B. Summary of Significant Accounting Policies

1. Measurement Focus and Basis of Accounting

The fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. The district is treated as an enterprise fund. The governing body intends that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. Financial Statement Presentation

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

3. Source of Funds

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

4. Cash and Cash Equivalents

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

5. Fund Financial Statements

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

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

6. Accounts Receivable

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

7. Property, Plant, and Equipment

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

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

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

8. Accounting Estimates

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

C. Contracts, Agreements, and Leases

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

The district contracted with Stewart County to maintain the E-911 database. The contract is on a month-to-month basis and covers the county's cost for the employee's wages and related benefits. The district is billed quarterly for these expenses. Since this is a cost reimbursement, the district does not record any compensated absences. Accordingly, the district has classified these expenses as inter-fund contract labor and inter-fund contract labor benefits. For the year ended June 30, 2012, the district paid Stewart County \$75,000 for these services.

The district contracted with Greer Communications to maintain and service an Enhanced 911 Emergency System in Stewart County, Tennessee. The billing of the district is annually and began July 2010. Greer Communications' current annual charge for equipment maintenance and service is \$29,389. This maintenance contract is on an annual basis.

D. Capital Assets

Capital assets consist of the following:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets, Not Being Depreciated:			
Land	\$ 25,000	\$ 0	\$ 25,000
Total Capital Assets, Not Being Depreciated	\$ 25,000	\$ 0	\$ 25,000
Capital Assets, Being Depreciated:			
Equipment	\$ 257,404	\$ 8,569	\$ 265,973
Furniture and Fixtures	8,452	2,081	10,533
Buildings	100,000	6,353	106,353
Total Capital Assets, Being Depreciated	\$ 365,856	\$ 17,003	\$ 382,859

Capital Assets (Cont.)	Balance 7-1-11	Increases	Balance 6-30-12
Less Accumulated Depreciation:			
Equipment	\$ (197,482)	\$ (24,541)	\$ (222,023)
Furniture and Fixtures	(5,154)	(1,451)	(6,605)
Buildings	(6,667)	(6,702)	(13,369)
Total Accumulated Depreciation	<u>\$ (209,303)</u>	<u>\$ (32,694)</u>	<u>\$ (241,997)</u>
Capital Assets Being Depreciated, Net	<u>\$ 156,553</u>	<u>\$ (15,691)</u>	<u>\$ 140,862</u>
Capital Assets, Net	<u>\$ 181,553</u>	<u>\$ (15,691)</u>	<u>\$ 165,862</u>

Depreciation expense was charged as follows:

Business-type Activities	<u>\$ 32,694</u>
--------------------------	------------------

E. Risk Management

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

F. Performance Bonds

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

G. Budget

The district prepares a budget in accordance with Section 7-86-120, *Tennessee Code Annotated*. This budget is submitted to the Stewart County Commission for approval. The legal level of control, which is the level at which management loses the ability to reapply budgeted resources from one use to another without special approval, is the line-item level.

H. Deposits With Financial Institutions and Investments

The district maintains several checking accounts and certificates of deposit with five local financial institutions. As of June 30, 2012, the district's deposits and investments are insured or collateralized based on federal insurance coverage provided by the Federal Deposit Insurance Corporation

(FDIC). Each institution is federally insured up to \$250,000 on accounts that are interest-bearing and unlimited coverage on noninterest-bearing accounts. Furthermore, several of the financial institutions used by the district are participants in the Tennessee Collateral Pool, which was established to provide security for public fund deposits in excess of FDIC coverage. As of June 30, 2012, the district's deposits and investments do not exceed the insured amount and are fully insured by the FDIC or collateralized by the Tennessee Collateral Pool.

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

As of June 30, 2012, all investments held by the district were in the form of certificates of deposits, an authorized investment provided for by Section 5-8-301, *Tennessee Code Annotated*.

I. Economic Dependency

Operations of the district are dependent on continued funding from the State of Tennessee to carry out its programs. For the fiscal year ended June 30, 2012, the district received \$197,982 or 72 percent of its total revenues from the State of Tennessee State Emergency Communications Board.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Stewart County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,761,341	\$ 0	\$ 3,761,341	\$ 3,336,370	\$ 3,596,850	\$ 164,491
Licenses and Permits	11,641	0	11,641	13,300	13,300	(1,659)
Fines, Forfeitures, and Penalties	53,094	0	53,094	47,110	47,110	5,984
Charges for Current Services	785,749	0	785,749	747,750	747,750	37,999
Other Local Revenues	26,218	0	26,218	20,100	29,444	(3,226)
Fees Received from County Officials	583,397	0	583,397	551,500	558,839	24,558
State of Tennessee	1,654,510	0	1,654,510	1,411,668	1,431,975	222,535
Federal Government	902,994	0	902,994	244,515	1,067,622	(164,628)
Other Governments and Citizens Groups	151,709	0	151,709	97,000	141,920	9,789
Total Revenues	\$ 7,930,653	\$ 0	\$ 7,930,653	\$ 6,469,313	\$ 7,634,810	\$ 295,843
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 27,280	\$ 0	\$ 27,280	\$ 27,885	\$ 27,885	\$ 605
County Mayor/Executive	146,376	0	146,376	147,552	147,547	1,171
Election Commission	111,508	0	111,508	112,376	112,376	868
Register of Deeds	131,319	0	131,319	129,804	131,674	355
Geographical Information Systems	3,254	0	3,254	13,014	13,014	9,760
County Buildings	549,728	(9,700)	540,028	583,357	577,622	37,594
Other General Administration	25,397	0	25,397	32,785	32,785	7,388
Preservation of Records	3,738	0	3,738	2,026	3,957	219
<u>Finance</u>						
Accounting and Budgeting	73,413	0	73,413	74,165	74,165	752
Property Assessor's Office	160,571	0	160,571	164,669	164,669	4,098
Reappraisal Program	48,777	0	48,777	50,098	50,098	1,321

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Trustee's Office	\$ 182,410	\$ 0	\$ 182,410	\$ 200,436	\$ 195,252	\$ 12,842
County Clerk's Office	204,393	0	204,393	207,531	207,531	3,138
<u>Administration of Justice</u>						
Circuit Court	141,491	0	141,491	132,189	147,790	6,299
General Sessions Judge	116,973	0	116,973	114,875	117,538	565
General Sessions Court Clerk	66,579	0	66,579	88,199	68,649	2,070
Chancery Court	121,242	0	121,242	122,883	122,883	1,641
Juvenile Court	101,667	0	101,667	101,880	103,166	1,499
District Attorney General	2,585	0	2,585	2,585	2,585	0
<u>Public Safety</u>						
Sheriff's Department	1,674,603	0	1,674,603	1,478,398	1,696,750	22,147
Jail	893,461	0	893,461	767,507	922,027	28,566
Fire Prevention and Control	80,000	0	80,000	80,000	80,000	0
Other Emergency Management	83,518	0	83,518	82,556	86,824	3,306
County Coroner/Medical Examiner	37,160	0	37,160	30,257	39,507	2,347
<u>Public Health and Welfare</u>						
Local Health Center	25,120	0	25,120	29,000	29,000	3,880
Rabies and Animal Control	0	0	0	22,818	22,818	22,818
Ambulance/Emergency Medical Services	1,326,526	0	1,326,526	1,218,449	1,335,985	9,459
Alcohol and Drug Programs	43,298	0	43,298	50,000	50,522	7,224
Waste Pickup	41,329	0	41,329	41,237	51,237	9,908
Other Public Health and Welfare	159,833	0	159,833	181,000	181,000	21,167
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	12,000	0	12,000	12,000	12,000	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services (Cont.)</u>						
Libraries	\$ 241,463	\$ 0	\$ 241,463	\$ 206,681	\$ 243,880	\$ 2,417
Other Social, Cultural, and Recreational Agriculture and Natural Resources	55,374	0	55,374	60,005	60,005	4,631
Agriculture Extension Service	56,123	0	56,123	56,291	56,291	168
Soil Conservation	26,164	0	26,164	26,246	26,246	82
<u>Other Operations</u>						
Tourism	10,181	0	10,181	12,000	15,843	5,662
Tourism-Resort District	47,843	0	47,843	63,000	63,000	15,157
Housing and Urban Development	190,652	0	190,652	28,470	352,294	161,642
Other Economic and Community Development	417,901	0	417,901	2,700	500,200	82,299
Veterans' Services	62,456	0	62,456	64,186	64,186	1,730
Other Charges	211,218	0	211,218	199,508	220,988	9,770
Miscellaneous	90,544	0	90,544	95,170	95,170	4,626
Total Expenditures	\$ 8,005,468	\$ (9,700)	\$ 7,995,768	\$ 7,115,788	\$ 8,506,959	\$ 511,191
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (74,815)	\$ 9,700	\$ (65,115)	\$ (646,475)	\$ (872,149)	\$ 807,034
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 242,000	\$ 0	\$ 242,000	\$ 125,976	\$ 241,976	\$ 24
Insurance Recovery	195,757	0	195,757	10,000	236,768	(41,011)
Transfers In	0	0	0	41,014	0	0
Transfers Out	(252,142)	0	(252,142)	0	(255,000)	2,858
Total Other Financing Sources (Uses)	\$ 185,615	\$ 0	\$ 185,615	\$ 176,990	\$ 223,744	\$ (38,129)

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 110,800	\$ 9,700	\$ 120,500	\$ (469,485)	\$ (648,405)	\$ 768,905
Fund Balance, July 1, 2011	1,475,779	(9,700)	1,466,079	1,475,779	1,475,779	(9,700)
Fund Balance, June 30, 2012	\$ 1,586,579	\$ 0	\$ 1,586,579	\$ 1,006,294	\$ 827,374	\$ 759,205

Exhibit E-2

Stewart County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 235,759	\$ 0	\$ 235,759	\$ 226,916	\$ 234,095	\$ 1,664
Charges for Current Services	6,293	0	6,293	5,000	6,294	(1)
Other Local Revenues	57,127	0	57,127	22,500	55,515	1,612
State of Tennessee	1,974,067	0	1,974,067	1,870,498	2,118,867	(144,800)
Federal Government	66,907	0	66,907	0	66,907	0
Total Revenues	\$ 2,340,153	\$ 0	\$ 2,340,153	\$ 2,124,914	\$ 2,481,678	\$ (141,525)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 129,249	\$ 0	\$ 129,249	\$ 132,542	\$ 129,304	\$ 55
Highway and Bridge Maintenance	940,005	0	940,005	1,060,786	939,535	(470)
Operation and Maintenance of Equipment	312,857	0	312,857	280,950	312,874	17
Other Charges	113,802	0	113,802	115,440	114,076	274
Employee Benefits	275,407	0	275,407	295,688	275,413	6
Capital Outlay	477,479	(2,006)	475,473	381,928	477,495	2,022
<u>Principal on Debt</u>						
Highways and Streets	66,666	0	66,666	66,666	66,666	0
<u>Interest on Debt</u>						
Highways and Streets	3,062	0	3,062	3,047	3,062	0
Total Expenditures	\$ 2,318,527	\$ (2,006)	\$ 2,316,521	\$ 2,337,047	\$ 2,318,425	\$ 1,904
Excess (Deficiency) of Revenues Over Expenditures	\$ 21,626	\$ 2,006	\$ 23,632	\$ (212,133)	\$ 163,253	\$ (139,621)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 21,626	\$ 2,006	\$ 23,632	\$ (212,133)	\$ 163,253	\$ (139,621)
	438,316	(2,006)	436,310	439,802	439,802	(3,492)
Fund Balance, June 30, 2012	\$ 459,942	\$ 0	\$ 459,942	\$ 227,669	\$ 603,055	\$ (143,113)

Exhibit E-3

Stewart County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Stewart County School Department
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 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

Exhibit E-4

Stewart County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Stewart County School Department
June 30, 2012

(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, 2012

BUDGETARY INFORMATION

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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.

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

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

Capital Projects Fund

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

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

Exhibit F-1

Stewart County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,340	\$ 1,340	\$ 0	\$ 1,340
Equity in Pooled Cash and Investments	20,069	0	20,069	194,763	214,832
Total Assets	<u>\$ 20,069</u>	<u>\$ 1,340</u>	<u>\$ 21,409</u>	<u>\$ 194,763</u>	<u>\$ 216,172</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 632	\$ 0	\$ 632	\$ 0	\$ 632
Due to Other Funds	0	1,340	1,340	0	1,340
Total Liabilities	<u>\$ 632</u>	<u>\$ 1,340</u>	<u>\$ 1,972</u>	<u>\$ 0</u>	<u>\$ 1,972</u>
<u>Fund Balances</u>					
Restricted:					
Restricted for Public Safety	\$ 19,437	\$ 0	\$ 19,437	\$ 0	\$ 19,437
Restricted for Capital Projects	0	0	0	194,763	194,763
Total Fund Balances	<u>\$ 19,437</u>	<u>\$ 0</u>	<u>\$ 19,437</u>	<u>\$ 194,763</u>	<u>\$ 214,200</u>
Total Liabilities and Fund Balances	<u>\$ 20,069</u>	<u>\$ 1,340</u>	<u>\$ 21,409</u>	<u>\$ 194,763</u>	<u>\$ 216,172</u>

Exhibit F-2

Stewart County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	General Capital Projects	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 78,652	\$ 78,652
Fines, Forfeitures, and Penalties	1,900	1,419	3,319
Other Local Revenues	8,425	0	8,425
Total Revenues	<u>\$ 10,325</u>	<u>\$ 80,071</u>	<u>\$ 90,396</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 5,871	\$ 0	\$ 5,871
Other Operations	21	0	21
Capital Projects	0	69,575	69,575
Total Expenditures	<u>\$ 5,892</u>	<u>\$ 69,575</u>	<u>\$ 75,467</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,433</u>	<u>\$ 10,496</u>	<u>\$ 14,929</u>
Net Change in Fund Balances	\$ 4,433	\$ 10,496	\$ 14,929
Fund Balance, July 1, 2011	15,004	184,267	199,271
Fund Balance, June 30, 2012	<u>\$ 19,437</u>	<u>\$ 194,763</u>	<u>\$ 214,200</u>

Exhibit F-3

Stewart County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 1,900	\$ 1,100	\$ 1,100	\$ 800
Other Local Revenues	8,425	0	8,425	0
Total Revenues	\$ 10,325	\$ 1,100	\$ 9,525	\$ 800
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 5,871	\$ 5,000	\$ 13,145	\$ 7,274
<u>Other Operations</u>				
Other Charges	21	20	300	279
Total Expenditures	\$ 5,892	\$ 5,020	\$ 13,445	\$ 7,553
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,433	\$ (3,920)	\$ (3,920)	\$ 8,353
Net Change in Fund Balance	\$ 4,433	\$ (3,920)	\$ (3,920)	\$ 8,353
Fund Balance, July 1, 2011	15,004	15,004	15,004	0
Fund Balance, June 30, 2012	\$ 19,437	\$ 11,084	\$ 11,084	\$ 8,353

Major Governmental Fund

General Debt Service Fund

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.

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,318,047	\$ 2,542,382	\$ 2,242,385	\$ 75,662
Other Governments and Citizens Groups	220,813	60,000	105,000	115,813
Total Revenues	\$ 2,538,860	\$ 2,602,382	\$ 2,347,385	\$ 191,475
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 115,883	\$ 123,743	\$ 123,744	\$ 7,861
Education	1,527,812	1,527,813	1,527,813	1
<u>Interest on Debt</u>				
General Government	13,698	44,425	16,659	2,961
Education	862,990	879,826	867,499	4,509
<u>Other Debt Service</u>				
General Government	47,395	45,000	51,500	4,105
Education	1,850	1,850	1,850	0
Total Expenditures	\$ 2,569,628	\$ 2,622,657	\$ 2,589,065	\$ 19,437
Excess (Deficiency) of Revenues Over Expenditures	\$ (30,768)	\$ (20,275)	\$ (241,680)	\$ 210,912
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 1,125,000	\$ 0	\$ 1,125,000	\$ 0
Transfers In	252,142	0	255,000	(2,858)
Payments to Refunded Debt Escrow Agent	(1,158,593)	0	(1,158,593)	0
Total Other Financing Sources (Uses)	\$ 218,549	\$ 0	\$ 221,407	\$ (2,858)
Net Change in Fund Balance	\$ 187,781	\$ (20,275)	\$ (20,273)	\$ 208,054
Fund Balance, July 1, 2011	1,039,867	1,039,867	1,039,867	0
Fund Balance, June 30, 2012	\$ 1,227,648	\$ 1,019,592	\$ 1,019,594	\$ 208,054

Fiduciary Funds

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.

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, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 575,763	\$ 575,763
Due from Other Governments	60,961	0	60,961
Total Assets	<u>\$ 60,961</u>	<u>\$ 575,763</u>	<u>\$ 636,724</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 60,961	\$ 0	\$ 60,961
Due to Litigants, Heirs, and Others	0	575,763	575,763
Total Liabilities	<u>\$ 60,961</u>	<u>\$ 575,763</u>	<u>\$ 636,724</u>

Exhibit H-2

Stewart County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 338,897	\$ 338,897	\$ 0
Due from Other Governments	56,205	60,961	56,205	60,961
Total Assets	\$ 56,205	\$ 399,858	\$ 395,102	\$ 60,961
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 56,205	\$ 399,858	\$ 395,102	\$ 60,961
Total Liabilities	\$ 56,205	\$ 399,858	\$ 395,102	\$ 60,961
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 564,524	\$ 2,979,373	\$ 2,968,134	\$ 575,763
Total Assets	\$ 564,524	\$ 2,979,373	\$ 2,968,134	\$ 575,763
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 564,524	\$ 2,979,373	\$ 2,968,134	\$ 575,763
Total Liabilities	\$ 564,524	\$ 2,979,373	\$ 2,968,134	\$ 575,763
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 564,524	\$ 2,979,373	\$ 2,968,134	\$ 575,763
Equity in Pooled Cash and Investments	0	338,897	338,897	0
Due from Other Governments	56,205	60,961	56,205	60,961
Total Assets	\$ 620,729	\$ 3,379,231	\$ 3,363,236	\$ 636,724
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 56,205	\$ 399,858	\$ 395,102	\$ 60,961
Due to Litigants, Heirs, and Others	564,524	2,979,373	2,968,134	575,763
Total Liabilities	\$ 620,729	\$ 3,379,231	\$ 3,363,236	\$ 636,724

Stewart County School Department

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.

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, 2012

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total	Governmental Activities
Governmental Activities:						
Instruction	\$ 11,189,626	\$ 300	\$ 1,882,786	\$ 33,414	\$	\$ (9,273,126)
Support Services	7,798,061	82,078	921,495	0	0	(6,794,488)
Operation of Non-Instructional Services	1,930,640	351,770	803,011	0	0	(775,859)
Other Debt Service	220,813	0	0	0	0	(220,813)
Total Governmental Activities	\$ 21,139,140	\$ 434,148	\$ 3,607,292	\$ 33,414	\$	\$ (17,064,286)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$	812,914
Local Option Sales Taxes						801,396
Other Local Taxes						40,387
Grants and Contributions Not Restricted for Specific Programs						13,460,684
Unrestricted Investment Income						23,727
Miscellaneous						74,292
Total General Revenues					\$	\$ 15,213,400
Change in Net Assets					\$	\$ (1,850,886)
Net Assets, July 1, 2011						31,306,467
Net Assets, June 30, 2012					\$	\$ 29,455,581

Exhibit I-2

Stewart County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Stewart County School Department
June 30, 2012

	Major Funds			Nonmajor	Total Govern- mental Funds
	General Purpose School	Central Cafeteria	School Transpor- tation	School Federal Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 714	\$ 0	\$ 0	714
Equity in Pooled Cash and Investments	982,782	449,208	166,073	44,083	1,642,146
Accounts Receivable	29,072	0	0	0	29,072
Due from Other Governments	246,695	0	0	872	247,567
Due from Primary Government	1,741	0	0	0	1,741
Property Taxes Receivable	641,052	0	153,853	0	794,905
Allowance for Uncollectible Property Taxes	(24,451)	0	(5,868)	0	(30,319)
Total Assets	\$ 1,876,891	\$ 449,922	\$ 314,058	\$ 44,955	\$ 2,685,826
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 35,248	\$ 1,324	\$ 0	\$ 0	36,572
Due to State of Tennessee	0	120	0	0	120
Deferred Revenue - Current Property Taxes	595,519	0	142,925	0	738,444
Deferred Revenue - Delinquent Property Taxes	19,532	0	4,688	0	24,220
Other Deferred Revenues	78,498	0	0	0	78,498
Total Liabilities	\$ 728,797	\$ 1,444	\$ 147,613	\$ 0	\$ 877,854
<u>Fund Balances</u>					
Restricted:					
Restricted for Education	\$ 75,861	\$ 0	\$ 166,445	\$ 29,955	272,261
Restricted for Operation of Non-Instructional Services	0	448,478	0	0	448,478
Assigned:					
Assigned for Education	0	0	0	15,000	15,000
Unassigned	1,072,233	0	0	0	1,072,233
Total Fund Balances	\$ 1,148,094	\$ 448,478	\$ 166,445	\$ 44,955	\$ 1,807,972
Total Liabilities and Fund Balances	\$ 1,876,891	\$ 449,922	\$ 314,058	\$ 44,955	\$ 2,685,826

Exhibit I-3

Stewart County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Stewart County School Department
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 1,807,972	
(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: buildings and improvements net of accumulated depreciation	24,703,985		
Add: other capital assets net of accumulated depreciation	<u>1,743,762</u>	27,713,633	
(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		(168,742)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>102,718</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 29,455,581</u></u>

Exhibit I-4

Stewart County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Stewart County School Department
For the Year Ended June 30, 2012

	Major Funds			Nonmajor	Total
	General Purpose School	Central Cafeteria	School Transpor - tation	Fund School Federal Projects	
<u>Revenues</u>					
Local Taxes	\$ 1,489,651	\$ 0	\$ 150,018	\$ 0	\$ 1,639,669
Licenses and Permits	664	0	0	0	664
Charges for Current Services	75,100	359,048	0	0	434,148
Other Local Revenues	73,350	32,134	0	0	105,484
State of Tennessee	13,754,381	11,278	0	0	13,765,659
Federal Government	724,962	791,733	0	1,817,679	3,334,374
Total Revenues	<u>\$ 16,118,108</u>	<u>\$ 1,194,193</u>	<u>\$ 150,018</u>	<u>\$ 1,817,679</u>	<u>\$ 19,279,998</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 8,896,824	\$ 0	\$ 0	\$ 1,474,557	\$ 10,371,381
Support Services	7,110,670	0	257,653	325,601	7,693,924
Operation of Non-Instructional Services	551,525	1,252,185	0	0	1,803,710
Capital Outlay	334,395	0	0	0	334,395
Debt Service:					
Other Debt Service	220,813	0	0	0	220,813
Total Expenditures	<u>\$ 17,114,227</u>	<u>\$ 1,252,185</u>	<u>\$ 257,653</u>	<u>\$ 1,800,158</u>	<u>\$ 20,424,223</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (996,119)	\$ (57,992)	\$ (107,635)	\$ 17,521	\$ (1,144,225)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 12,373	\$ 0	\$ 0	\$ 0	\$ 12,373
Transfers In	0	34,699	0	0	34,699
Transfers Out	(34,699)	0	0	0	(34,699)
Total Other Financing Sources (Uses)	<u>\$ (22,326)</u>	<u>\$ 34,699</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,373</u>
Net Change in Fund Balances	\$ (1,018,445)	\$ (23,293)	\$ (107,635)	\$ 17,521	\$ (1,131,852)
Fund Balance, July 1, 2011	2,166,539	471,771	274,080	27,434	2,939,824
Fund Balance, June 30, 2012	<u>\$ 1,148,094</u>	<u>\$ 448,478</u>	<u>\$ 166,445</u>	<u>\$ 44,955</u>	<u>\$ 1,807,972</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, 2012

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)		\$ (1,131,852)
(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	\$ 477,523	
Less: current-year depreciation expense	<u>(1,139,003)</u>	(661,480)
(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, 2012	\$ 102,718	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(94,462)</u>	8,256
(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>(65,810)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,850,886)</u>

Exhibit I-6

Stewart County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Stewart County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,489,651	\$ 1,316,985	\$ 1,477,798	\$ 11,853
Licenses and Permits	664	625	625	39
Charges for Current Services	75,100	42,550	42,550	32,550
Other Local Revenues	73,350	86,500	86,500	(13,150)
State of Tennessee	13,754,381	13,602,182	13,645,190	109,191
Federal Government	724,962	707,561	707,561	17,401
Total Revenues	\$ 16,118,108	\$ 15,756,403	\$ 15,960,224	\$ 157,884
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 7,203,882	\$ 7,262,874	\$ 7,225,555	\$ 21,673
Alternative Instruction Program	61,509	65,481	62,001	492
Special Education Program	909,981	970,392	970,392	60,411
Vocational Education Program	662,861	672,983	671,483	8,622
Adult Education Program	58,591	55,861	58,656	65
<u>Support Services</u>				
Attendance	82,844	86,137	84,437	1,593
Health Services	768,924	800,552	800,552	31,628
Other Student Support	477,686	460,788	481,938	4,252
Regular Instruction Program	571,517	588,226	576,841	5,324
Special Education Program	132,144	142,463	142,463	10,319
Vocational Education Program	1,100	4,500	1,200	100
Adult Programs	75,109	76,422	76,422	1,313
Other Programs	48,298	0	48,298	0
Board of Education	308,015	335,295	317,595	9,580
Director of Schools	238,059	253,563	242,763	4,704
Office of the Principal	859,634	894,867	861,087	1,453
Fiscal Services	117,042	123,211	118,911	1,869
Operation of Plant	1,509,390	1,530,529	1,525,529	16,139
Maintenance of Plant	615,154	497,596	642,885	27,731
Transportation	1,206,987	1,083,780	1,209,680	2,693
Central and Other	98,767	167,447	100,649	1,882
<u>Operation of Non-Instructional Services</u>				
Food Service	14,072	10,000	14,650	578
Community Services	27,892	28,994	29,612	1,720
Early Childhood Education	509,561	530,886	511,860	2,299
<u>Capital Outlay</u>				
Regular Capital Outlay	334,395	225,500	340,500	6,105
<u>Other Debt Service</u>				
Education	220,813	60,000	220,813	0
Total Expenditures	\$ 17,114,227	\$ 16,928,347	\$ 17,336,772	\$ 222,545

(Continued)

Exhibit I-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (996,119)	\$ (1,171,944)	\$ (1,376,548)	\$ 380,429
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 12,373	\$ 15,000	\$ 15,000	\$ (2,627)
Transfers Out	(34,699)	(42,000)	(38,000)	3,301
Total Other Financing Sources (Uses)	\$ (22,326)	\$ (27,000)	\$ (23,000)	\$ 674
Net Change in Fund Balance	\$ (1,018,445)	\$ (1,198,944)	\$ (1,399,548)	\$ 381,103
Fund Balance, July 1, 2011	2,166,539	2,091,900	2,091,900	74,639
Fund Balance, June 30, 2012	\$ 1,148,094	\$ 892,956	\$ 692,352	\$ 455,742

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,817,679	\$ 1,914,206	\$ 1,996,694	\$ (179,015)
Total Revenues	\$ 1,817,679	\$ 1,914,206	\$ 1,996,694	\$ (179,015)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 965,908	\$ 890,577	\$ 1,070,512	\$ 104,604
Special Education Program	486,767	531,335	530,419	43,652
Vocational Education Program	21,882	21,403	21,882	0
<u>Support Services</u>				
Other Student Support	25,567	25,349	25,567	0
Regular Instruction Program	241,875	379,206	290,159	48,284
Vocational Education Program	1,422	1,694	1,422	0
Operation of Plant	36,025	50,686	36,025	0
Transportation	20,712	13,960	20,712	0
Total Expenditures	\$ 1,800,158	\$ 1,914,210	\$ 1,996,698	\$ 196,540
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,521	\$ (4)	\$ (4)	\$ 17,525
Net Change in Fund Balance	\$ 17,521	\$ (4)	\$ (4)	\$ 17,525
Fund Balance, July 1, 2011	27,434	27,434	27,434	0
Fund Balance, June 30, 2012	\$ 44,955	\$ 27,430	\$ 27,430	\$ 17,525

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 359,048	\$ 336,700	\$ 336,700	\$ 22,348
Other Local Revenues	32,134	37,000	37,000	(4,866)
State of Tennessee	11,278	12,000	12,000	(722)
Federal Government	791,733	695,000	695,000	96,733
Total Revenues	<u>\$ 1,194,193</u>	<u>\$ 1,080,700</u>	<u>\$ 1,080,700</u>	<u>\$ 113,493</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,252,185	\$ 1,361,661	\$ 1,361,661	\$ 109,476
Total Expenditures	<u>\$ 1,252,185</u>	<u>\$ 1,361,661</u>	<u>\$ 1,361,661</u>	<u>\$ 109,476</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (57,992)</u>	<u>\$ (280,961)</u>	<u>\$ (280,961)</u>	<u>\$ 222,969</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 34,699	\$ 69,800	\$ 69,800	\$ (35,101)
Total Other Financing Sources (Uses)	<u>\$ 34,699</u>	<u>\$ 69,800</u>	<u>\$ 69,800</u>	<u>\$ (35,101)</u>
Net Change in Fund Balance	\$ (23,293)	\$ (211,161)	\$ (211,161)	\$ 187,868
Fund Balance, July 1, 2011	<u>471,771</u>	<u>371,850</u>	<u>371,850</u>	<u>99,921</u>
Fund Balance, June 30, 2012	<u>\$ 448,478</u>	<u>\$ 160,689</u>	<u>\$ 160,689</u>	<u>\$ 287,789</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 150,018	\$ 148,172	\$ 148,172	\$ 1,846
Total Revenues	\$ 150,018	\$ 148,172	\$ 148,172	\$ 1,846
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 3,018	\$ 25	\$ 4,525	\$ 1,507
Transportation	254,635	165,000	254,650	15
Total Expenditures	\$ 257,653	\$ 165,025	\$ 259,175	\$ 1,522
Excess (Deficiency) of Revenues Over Expenditures	\$ (107,635)	\$ (16,853)	\$ (111,003)	\$ 3,368
Net Change in Fund Balance	\$ (107,635)	\$ (16,853)	\$ (111,003)	\$ 3,368
Fund Balance, July 1, 2011	274,080	264,291	264,291	9,789
Fund Balance, June 30, 2012	\$ 166,445	\$ 247,438	\$ 153,288	\$ 13,157

MISCELLANEOUS SCHEDULES

Exhibit J-1

Stewart County, Tennessee
 Schedule of Changes in Long-term Notes and Bonds
 For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-12
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Capital Outlay Notes, Series 2007	\$ 1,600,000	4.3 %	2-16-07	11-10-11	\$ 1,125,000	\$ 0	\$ 0	\$ 1,125,000	\$ 0
Ambulance	118,800	4.45	11-5-09	11-5-14	97,088	0	22,695	0	74,393
Courthouse Capital Outlay Note, Series 2012	126,000	3.5	8-25-11	8-25-23	0	126,000	0	0	126,000
Ambulance Capital Outlay Note, Series 2012	116,000	2.9	11-4-11	11-4-15	0	116,000	0	0	116,000
G.O. Capital Outlay Refunding Note, Series 2011	1,125,000	2	11-10-11	3-1-19	0	1,125,000	130,000	0	995,000
Total Payable through General Debt Service Fund					\$ 1,222,088	\$ 1,367,000	\$ 152,695	\$ 1,125,000	\$ 1,311,393
<u>Payable through Highway/Public Works Fund</u>									
Capital Outlay Notes, Series 2009	65,888	4.5	2-18-09	4-30-12	\$ 21,962	\$ 0	\$ 21,962	\$ 0	\$ 0
Capital Outlay Notes, Series 2009	134,112	4.566	4-28-09	4-28-12	44,704	0	44,704	0	0
Total Payable through Highway/Public Works Fund					\$ 66,666	\$ 0	\$ 66,666	\$ 0	\$ 0
Total Notes Payable					\$ 1,288,754	\$ 1,367,000	\$ 219,361	\$ 1,125,000	\$ 1,311,393
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Industrial Park Development (PmHA)									
School Bonds, Series 2001	454,000	5	10-15-1977	10-1-16	\$ 104,000	\$ 0	\$ 16,000	\$ 0	\$ 88,000
School Refunding, Series 2003	1,200,000	4 to 5	3-6-01	3-1-13	120,000	0	60,000	0	60,000
School Refunding, Series 2003A	6,035,000	3.4	5-11-03	9-1-16	3,250,000	0	495,000	0	2,755,000
School Bonds, Series 2004	8,255,000	2.5 to 4.55	12-1-03	12-1-23	6,660,000	0	400,000	0	6,260,000
School Bonds, Series 2005	9,500,000	3 to 4.75	8-1-04	3-1-19	2,685,000	0	290,000	0	2,395,000
School Refunding, Series 2005	1,600,000	3 to 4.65	1-1-05	3-1-24	875,000	0	55,000	0	820,000
School Refunding, Series 2007	3,470,000	3.79	3-3-05	6-1-24	2,635,000	0	160,000	0	2,475,000
School Refunding, Series 2007	6,330,000	3.98	1-26-07	3-1-29	6,285,000	0	15,000	0	6,270,000
Total Bonds Payable					\$ 22,614,000	\$ 0	\$ 1,491,000	\$ 0	\$ 21,123,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 190,071	\$ 31,108	\$ 221,179
2014	192,288	26,290	218,578
2015	199,559	21,419	220,978
2016	179,844	16,362	196,206
2017	154,895	12,346	167,241
2018	165,250	9,091	174,341
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	12,600	441	13,041
Total	\$ 1,311,393	\$ 128,577	\$ 1,439,970

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 1,561,000	\$ 812,266	\$ 2,373,266
2014	1,611,000	755,060	2,366,060
2015	1,676,000	693,437	2,369,437
2016	1,735,000	631,411	2,366,411
2017	1,805,000	566,615	2,371,615
2018	1,235,000	508,963	1,743,963
2019	1,290,000	458,685	1,748,685
2020	1,340,000	405,367	1,745,367
2021	1,400,000	350,427	1,750,427
2022	1,360,000	292,341	1,652,341
2023	1,415,000	235,334	1,650,334
2024	1,475,000	175,506	1,650,506
2025	595,000	128,156	723,156
2026	620,000	104,475	724,475
2027	640,000	79,799	719,799
2028	670,000	54,327	724,327
2029	695,000	27,661	722,661
Total	\$ 21,123,000	\$ 6,279,830	\$ 27,402,830

Exhibit J-3

Stewart County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Stewart County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ <u>252,142</u>
Total Transfers Primary Government			\$ <u>252,142</u>
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Deferred compensation, insurance, and retirement match	\$ <u>34,699</u>
Total Transfers Discretely Presented Stewart County School Department			\$ <u>34,699</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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 70,739	\$ 25,000	State Automobile Mutual Insurance Company
County Engineer	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	93,225 (1)	50,000	"
Trustee	Section 8-24-102, TCA	57,751	645,600	"
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	"
County Clerk	Section 8-24-102, TCA	57,751	25,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	57,751	25,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	50,000	"
Register	Section 8-24-102, TCA	57,751	15,000	"
Sheriff	Section 8-24-102, TCA	63,527 (2)	25,000	"
Employee Blanket Bonds:				
County Mayor and County Engineer:				
All Employees			150,000	Tennessee Risk Management Trust
Director of Schools:				
All Employees			150,000	"

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

(2) 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, 2012

	General	Special Revenue Funds			Debt Service		Capital Projects		Total
		Drug Control	Highway / Public Works	Fund		Fund			
				General	Debt Service	General	Capital Projects		
Local Taxes									
County Property Taxes									
Current Property Tax	\$ 2,842,083	\$ 0	\$ 224,376	\$ 1,770,079	\$ 0	\$ 4,836,538			
Trustee's Collections - Prior Year	87,781	0	6,592	51,941	0	146,314			
Trustee's Collections - Bankruptcy	53	0	4	31	0	88			
Circuit/Clerk & Master Collections - Prior Years	53,339	0	3,286	31,551	15	88,191			
Interest and Penalty	17,926	0	1,361	10,741	0	30,028			
Payments in-Lieu-of Taxes - T.V.A.	886	0	70	552	0	1,508			
Payments in-Lieu-of Taxes - Other	76,706	0	0	41,659	567	118,932			
County Local Option Taxes									
Local Option Sales Tax	454,696	0	0	0	0	454,696			
Hotel/Motel Tax	19,075	0	0	0	0	19,075			
Wheel Tax	0	0	0	410,943	0	410,943			
Litigation Tax - General	43,472	0	0	0	0	43,472			
Litigation Tax - Special Purpose	20,143	0	0	0	0	20,143			
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0			
Business Tax	21,521	0	0	0	0	78,070			
Statutory Local Taxes									
Bank Excise Tax	884	0	70	550	0	1,504			
Wholesale Beer Tax	122,061	0	0	0	0	122,061			
Interstate Telecommunications Tax	715	0	0	0	0	715			
Total Local Taxes	\$ 3,761,341	\$ 0	\$ 235,759	\$ 2,318,047	\$ 78,652	\$ 6,393,799			
Licenses and Permits									
Licenses									
Animal Vaccination	\$ 5,998	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,998			
Cable TV Franchise	2,912	0	0	0	0	2,912			
Permits									
Beer Permits	2,731	0	0	0	0	2,731			
Total Licenses and Permits	\$ 11,641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,641			

(Continued)

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

	General	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works	General Debt	General Debt	General Capital	Projects		
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 2,147	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,147
Officers Costs	2,868	0	0	0	0	0	0	0	2,868
Drug Control Fines	0	238	0	0	0	0	0	0	238
Jail Fees	128	0	0	0	0	0	57	0	185
Data Entry Fee - Circuit Court	332	0	0	0	0	0	0	0	332
<u>Criminal Court</u>									
DUI Treatment Fines	575	0	0	0	0	0	0	0	575
<u>General Sessions Court</u>									
Fines	11,858	0	0	0	0	0	0	0	11,858
Officers Costs	17,487	0	0	0	0	0	0	0	17,487
Game and Fish Fines	867	0	0	0	0	0	0	0	867
Drug Control Fines	0	1,662	0	0	0	0	0	0	1,662
Jail Fees	4,332	0	0	0	0	0	1,362	0	5,694
DUI Treatment Fines	855	0	0	0	0	0	0	0	855
Data Entry Fee - General Sessions Court	3,082	0	0	0	0	0	0	0	3,082
<u>Juvenile Court</u>									
Fines	84	0	0	0	0	0	0	0	84
Officers Costs	703	0	0	0	0	0	0	0	703
<u>Chancery Court</u>									
Officers Costs	494	0	0	0	0	0	0	0	494
Data Entry Fee - Chancery Court	872	0	0	0	0	0	0	0	872
<u>Other Fines, Forfeitures, and Penalties</u>									
Other Fines, Forfeitures, and Penalties	6,410	0	0	0	0	0	0	0	6,410
Total Fines, Forfeitures, and Penalties	\$ 53,094	\$ 1,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,419	\$ 0	\$ 56,413
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	\$ 770,987	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	770,987
<u>Fees</u>									
Copy Fees	15	0	0	0	0	0	0	0	15

(Continued)

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

	General	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works	General Debt	General Debt	General Capital	General Capital		
<u>Charges for Current Services (Cont.)</u>									
<u>Fees (Cont.)</u>									
Telephone Commissions	4,875	0	0	0	0	0	0	0	4,875
Data Processing Fee - Register	4,830	0	0	0	0	0	0	0	4,830
Probation Fees	450	0	0	0	0	0	0	0	450
Data Processing Fee - Sheriff	2,024	0	0	0	0	0	0	0	2,024
Sexual Offender Registration Fees - Sheriff	1,900	0	0	0	0	0	0	0	1,900
Data Processing Fee - County Clerk	668	0	0	0	0	0	0	0	668
Other Charges for Services	0	0	6,293	0	0	0	0	0	6,293
Total Charges for Current Services	\$ 785,749	\$ 0	\$ 6,293	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 792,042
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Lease/Rentals	6,923	0	0	0	0	0	0	0	6,923
Sale of Materials and Supplies	214	0	0	0	0	0	0	0	214
Commissary Sales	1,160	0	0	0	0	0	0	0	1,160
Sale of Gasoline	0	0	25,897	0	0	0	0	0	25,897
Miscellaneous Refunds	4,670	0	31,230	0	0	0	0	0	35,900
<u>Nonrecurring Items</u>									
Sale of Equipment	12,350	8,425	0	0	0	0	0	0	20,775
Other Local Revenues	901	0	0	0	0	0	0	0	901
Total Other Local Revenues	\$ 26,218	\$ 8,425	\$ 57,127	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91,770
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	119,771	0	0	0	0	0	0	0	119,771
Circuit Court Clerk	40,054	0	0	0	0	0	0	0	40,054
General Sessions Court Clerk	88,210	0	0	0	0	0	0	0	88,210
Clerk and Master	55,761	0	0	0	0	0	0	0	55,761
Register	56,840	0	0	0	0	0	0	0	56,840

(Continued)

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

	General	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works		General Debt	Service	General Capital	Projects	
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees in-Lieu-of Salary (Cont.)</u>									
Sheriff	\$ 4,560	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,560
Trustee	218,201	0	0	0	0	0	0	0	218,201
Total Fees Received from County Officials	\$ 583,397	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 583,397
<u>State of Tennessee</u>									
General Government Grants	\$ 24,207	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	24,207
Juvenile Services Program									
Public Safety Grants	9,000	0	0	0	0	0	0	0	9,000
Law Enforcement Training Programs									
Health and Welfare Grants	159,834	0	0	0	0	0	0	0	159,834
Health Department Programs									
Public Works Grants	0	0	316,621	0	0	0	0	0	316,621
State Aid Program	59,682	0	0	0	0	0	0	0	59,682
Litter Program									
Other State Revenues									
Flood Control	1,930	0	0	0	0	0	0	0	1,930
Income Tax	44,305	0	0	0	0	0	0	0	44,305
Resort District Sales Tax	144,526	0	0	0	0	0	0	0	144,526
Beer Tax	18,421	0	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	36,804	0	0	0	0	0	0	0	36,804
Mixed Drink Tax	1,714	0	0	0	0	0	0	0	1,714
State Revenue Sharing - T.V.A.	1,039,745	0	71,238	0	0	0	0	0	1,110,983
Contracted Prisoner Boarding	16,695	0	0	0	0	0	0	0	16,695
Gasoline and Motor Fuel Tax	0	0	1,576,594	0	0	0	0	0	1,576,594
Petroleum Special Tax									
Registrar's Salary Supplement	15,164	0	9,614	0	0	0	0	0	24,778
Other State Grants	65,165	0	0	0	0	0	0	0	65,165
Other State Revenues	17,318	0	0	0	0	0	0	0	17,318
Total State of Tennessee	\$ 1,654,510	\$ 0	\$ 1,974,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,628,577

(Continued)

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

	General	Special Revenue Funds		Highway / Public Works	Debt Service Fund		Capital Projects Fund	Total
		Drug Control			General	Debt Service		
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 42,777	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,777
Disaster Relief	101,447	0	66,907	0	0	0	0	168,354
Homeland Security Grants	19,285	0	0	0	0	0	0	19,285
Other Federal through State	687,589	0	0	0	0	0	0	687,589
<u>Direct Federal Revenue</u>								
Police Service (Lake Area)	8,496	0	0	0	0	0	0	8,496
Forest Service	43,200	0	0	0	0	0	0	43,200
Other Direct Federal Revenue	200	0	0	0	0	0	0	200
Total Federal Government	\$ 902,994	\$ 0	\$ 66,907	\$ 0	\$ 0	\$ 0	\$ 0	\$ 969,901
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 120,576	\$ 0	\$ 0	\$ 0	\$ 220,813	\$ 0	\$ 0	\$ 341,389
Contracted Services	21,531	0	0	0	0	0	0	21,531
Citizens Groups								
Donations	9,070	0	0	0	0	0	0	9,070
<u>Other</u>	532	0	0	0	0	0	0	532
Total Other Governments and Citizens Groups	\$ 151,709	\$ 0	\$ 0	\$ 0	\$ 220,813	\$ 0	\$ 0	\$ 372,522
Total	\$ 7,930,653	\$ 10,325	\$ 2,340,153	\$ 2,538,860	\$ 80,071	\$ 12,900,062		

Exhibit J-6

Stewart County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Stewart County School Department
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 623,268	\$ 0	\$ 0	\$ 149,233	\$ 772,501
Trustee's Collections - Prior Year	18,159	0	0	347	18,506
Trustee's Collections - Bankruptcy	16	0	0	0	16
Circuit/Clerk & Master Collections - Prior Years	11,184	0	0	122	11,306
Interest and Penalty	3,781	0	0	224	4,005
Payments in-Lieu-of Taxes - T.V.A.	194	0	0	46	240
<u>County Local Option Taxes</u>					
Local Option Sales Tax	794,166	0	0	0	794,166
Business Tax	37,895	0	0	0	37,895
<u>Statutory Local Taxes</u>					
Bank Excise Tax	194	0	0	46	240
Interstate Telecommunications Tax	794	0	0	0	794
Total Local Taxes	\$ 1,489,651	\$ 0	\$ 0	\$ 150,018	\$ 1,639,669
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 664	\$ 0	\$ 0	\$ 0	\$ 664
Total Licenses and Permits	\$ 664	\$ 0	\$ 0	\$ 0	\$ 664
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 300	\$ 0	\$ 0	\$ 0	\$ 300
Lunch Payments - Children	0	0	179,241	0	179,241
Lunch Payments - Adults	0	0	23,599	0	23,599
A la carte Sales	0	0	114,078	0	114,078
Receipts from Individual Schools	20,684	0	42,130	0	62,814
<u>Other Charges for Services</u>					
Other Charges for Services	54,116	0	0	0	54,116
Total Charges for Current Services	\$ 75,100	\$ 0	\$ 359,048	\$ 0	\$ 434,148
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 25,898	\$ 0	\$ 5,294	\$ 0	\$ 31,192
Miscellaneous Refunds	31,094	0	26,840	0	57,934
<u>Nonrecurring Items</u>					
Sale of Equipment	11,871	0	0	0	11,871
Sale of Property	4,399	0	0	0	4,399
Damages Recovered from Individuals	26	0	0	0	26
<u>Other Local Revenues</u>					
Other Local Revenues	62	0	0	0	62
Total Other Local Revenues	\$ 73,350	\$ 0	\$ 32,134	\$ 0	\$ 105,484
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 48,298	\$ 0	\$ 0	\$ 0	\$ 48,298
<u>State Education Funds</u>					
Basic Education Program	11,086,001	0	0	0	11,086,001
Early Childhood Education	509,320	0	0	0	509,320

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 0	\$ 0	\$ 11,278	\$ 0	\$ 11,278
Energy Efficient School Initiative	33,414	0	0	0	33,414
Other State Education Funds	179,098	0	0	0	179,098
Statewide Student Management System (SSMS) - ARRA	5,594	0	0	0	5,594
Career Ladder Program	92,903	0	0	0	92,903
Career Ladder - Extended Contract	50,700	0	0	0	50,700
Career Ladder - Extended Contract - ARRA	45,518	0	0	0	45,518
<u>Other State Revenues</u>					
Mixed Drink Tax	1,714	0	0	0	1,714
State Revenue Sharing - T.V.A.	1,672,209	0	0	0	1,672,209
Other State Grants	29,612	0	0	0	29,612
Total State of Tennessee	\$ 13,754,381	\$ 0	\$ 11,278	\$ 0	\$ 13,765,659
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 505,218	\$ 0	\$ 505,218
USDA - Commodities	0	0	57,052	0	57,052
Breakfast	0	0	229,463	0	229,463
Adult Education State Grant Program	69,401	0	0	0	69,401
Vocational Education - Basic Grants to States	0	33,871	0	0	33,871
Title I Grants to Local Education Agencies	0	534,582	0	0	534,582
Special Education - Grants to States	0	474,434	0	0	474,434
Special Education Preschool Grants	0	14,861	0	0	14,861
Rural Education	0	41,200	0	0	41,200
Eisenhower Professional Development State Grants	0	97,268	0	0	97,268
Race-to-the-Top - ARRA	0	123,087	0	0	123,087
Other Federal through State	500	498,376	0	0	498,876
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	164,821	0	0	0	164,821
Other Direct Federal Revenue	490,240	0	0	0	490,240
Total Federal Government	\$ 724,962	\$ 1,817,679	\$ 791,733	\$ 0	\$ 3,334,374
Total	\$ 16,118,108	\$ 1,817,679	\$ 1,194,193	\$ 150,018	\$ 19,279,998

Exhibit J-7

Stewart County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	20,049	
Social Security		1,243	
Employer Medicare		291	
Audit Services		3,997	
Dues and Memberships		1,700	
Total County Commission			\$ 27,280

County Mayor/Executive

County Official/Administrative Officer	\$	70,739	
Secretary(ies)		23,689	
Longevity Pay		500	
Overtime Pay		847	
Social Security		5,718	
State Retirement		7,422	
Employee and Dependent Insurance		10,641	
Life Insurance		195	
Unemployment Compensation		72	
Employer Medicare		1,337	
Communication		3,281	
Data Processing Services		9,119	
Dues and Memberships		1,575	
Maintenance Agreements		190	
Postal Charges		2,733	
Rentals		88	
Travel		1,686	
Office Supplies		2,962	
Other Charges		200	
Office Equipment		3,382	
Total County Mayor/Executive			146,376

Election Commission

County Official/Administrative Officer	\$	51,976	
Part-time Personnel		14,540	
Election Commission		3,750	
Election Workers		4,615	
Social Security		4,124	
State Retirement		4,049	
Life Insurance		98	
Unemployment Compensation		153	
Employer Medicare		964	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Communication	\$	2,012	
Data Processing Services		10,952	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		3,312	
Postal Charges		2,539	
Printing, Stationery, and Forms		469	
Rentals		582	
Travel		1,793	
Office Supplies		836	
Office Equipment		1,000	
Voting Machines		3,694	
Total Election Commission			\$ 111,508

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,480	
Longevity Pay		450	
Social Security		4,599	
State Retirement		6,406	
Employee and Dependent Insurance		25,950	
Life Insurance		195	
Unemployment Compensation		69	
Employer Medicare		1,076	
Communication		1,697	
Dues and Memberships		498	
Operating Lease Payments		6,226	
Postal Charges		500	
Office Supplies		1,422	
Total Register of Deeds			131,319

Geographical Information Systems

Part-time Personnel	\$	3,000	
Social Security		186	
Unemployment Compensation		24	
Employer Medicare		44	
Total Geographical Information Systems			3,254

County Buildings

Custodial Personnel	\$	54,760	
Maintenance Personnel		30,791	

(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.)

Longevity Pay	\$	1,400	
Social Security		5,224	
State Retirement		3,793	
Employee and Dependent Insurance		5,181	
Life Insurance		344	
Medical Insurance		189	
Dental Insurance		355	
Unemployment Compensation		288	
Employer Medicare		1,222	
Architects		16,587	
Communication		1,953	
Contracts with Private Agencies		3,280	
Data Processing Services		440	
Engineering Services		2,000	
Licenses		18	
Maintenance Agreements		12,665	
Maintenance and Repair Services - Buildings		334,131	
Maintenance and Repair Services - Vehicles		1,535	
Pest Control		1,960	
Rentals		430	
Permits		215	
Custodial Supplies		4,682	
Electricity		40,872	
Gasoline		5,760	
Office Supplies		27	
Tires and Tubes		638	
Water and Sewer		4,322	
Other Charges		214	
Principal on Notes		2,791	
Interest on Notes		9,041	
Maintenance Equipment		20	
Motor Vehicles		2,600	
Total County Buildings			\$ 549,728

Other General Administration

Accounting Services	\$	641
Contracts with Private Agencies		150
Dues and Memberships		250
Operating Lease Payments		5,528
Legal Services		12,100

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Legal Notices, Recording, and Court Costs	\$	5,300	
Penalties		55	
Duplicating Supplies		800	
Other Charges		573	
Total Other General Administration			\$ 25,397

Preservation of Records

Operating Lease Payments	\$	245	
Maintenance Agreements		190	
Office Supplies		1,941	
Office Equipment		1,362	
Total Preservation of Records			3,738

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	51,976	
Longevity Pay		100	
Social Security		2,900	
State Retirement		4,049	
Employee and Dependent Insurance		13,363	
Life Insurance		98	
Medical Insurance		58	
Dental Insurance		119	
Unemployment Compensation		72	
Employer Medicare		678	
Total Accounting and Budgeting			73,413

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		28,085	
Clerical Personnel		26,593	
Longevity Pay		2,150	
Board and Committee Members Fees		940	
Social Security		6,805	
State Retirement		8,758	
Employee and Dependent Insurance		10,078	
Life Insurance		293	
Medical Insurance		190	
Dental Insurance		357	
Unemployment Compensation		144	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Employer Medicare	\$	1,592	
Communication		1,460	
Contracts with Private Agencies		5,110	
Data Processing Services		4,011	
Dues and Memberships		1,408	
Operating Lease Payments		587	
Postal Charges		343	
Travel		1,203	
Office Supplies		717	
Premiums on Corporate Surety Bonds		64	
Office Equipment		1,932	
Total Property Assessor's Office			\$ 160,571

Reappraisal Program

Assessment Personnel	\$	22,515	
Part-time Personnel		9,074	
Longevity Pay		550	
Social Security		1,821	
State Retirement		2,461	
Employee and Dependent Insurance		7,671	
Life Insurance		98	
Medical Insurance		63	
Unemployment Compensation		149	
Employer Medicare		426	
Data Processing Services		2,068	
Postal Charges		1,028	
Gasoline		564	
Other Charges		36	
Office Equipment		253	
Total Reappraisal Program			48,777

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		67,069	
Longevity Pay		1,700	
Social Security		7,617	
State Retirement		7,536	
Employee and Dependent Insurance		10,365	
Life Insurance		391	
Medical Insurance		190	

(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.)

Dental Insurance	\$	238	
Unemployment Compensation		216	
Local Retirement		876	
Employer Medicare		1,781	
Communication		3,053	
Data Processing Services		8,301	
Dues and Memberships		593	
Operating Lease Payments		1,467	
Postal Charges		1,613	
Travel		1,022	
Data Processing Supplies		8,532	
Office Supplies		1,724	
Other Charges		195	
Office Equipment		180	
Total County Trustee's Office			\$ 182,410

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		96,407	
Longevity Pay		2,650	
Social Security		9,410	
State Retirement		12,009	
Employee and Dependent Insurance		10,458	
Life Insurance		443	
Medical Insurance		253	
Dental Insurance		476	
Unemployment Compensation		294	
Employer Medicare		2,201	
Communication		2,180	
Dues and Memberships		483	
Postal Charges		2,644	
Travel		36	
Office Supplies		6,645	
Office Equipment		53	
Total County Clerk's Office			204,393

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		39,392	

(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.)

Longevity Pay	\$	1,450	
Jury and Witness Expense		6,955	
Social Security		6,010	
State Retirement		6,095	
Employee and Dependent Insurance		4,607	
Life Insurance		240	
Medical Insurance		100	
Dental Insurance		184	
Unemployment Compensation		197	
Local Retirement		584	
Employer Medicare		1,405	
Communication		2,266	
Data Processing Services		5,762	
Dues and Memberships		383	
Operating Lease Payments		2,691	
Legal Notices, Recording, and Court Costs		298	
Maintenance Agreements		300	
Postal Charges		1,267	
Printing, Stationery, and Forms		105	
Travel		124	
Food Supplies		300	
Office Supplies		2,063	
Office Equipment		962	
Total Circuit Court			\$ 141,491

General Sessions Judge

Judge(s)	\$	83,643	
Longevity Pay		550	
Overtime Pay		700	
Other Per Diem and Fees		12,914	
Social Security		6,050	
State Retirement		6,658	
Life Insurance		98	
Unemployment Compensation		73	
Local Retirement		12	
Employer Medicare		1,415	
Dues and Memberships		440	
Travel		4,247	
Office Supplies		173	
Total General Sessions Judge			116,973

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court Clerk

Deputy(ies)	\$	47,372	
Part-time Personnel		147	
Longevity Pay		550	
Social Security		2,962	
State Retirement		3,347	
Life Insurance		216	
Dental Insurance		144	
Unemployment Compensation		145	
Local Retirement		137	
Employer Medicare		693	
Communication		1,690	
Data Processing Services		2,922	
Operating Lease Payments		734	
Postal Charges		1,133	
Office Supplies		1,817	
Other Charges		15	
Office Equipment		2,555	
Total General Sessions Court Clerk			\$ 66,579

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,689	
Part-time Personnel		1,173	
Longevity Pay		650	
Social Security		4,889	
State Retirement		6,436	
Employee and Dependent Insurance		10,821	
Life Insurance		195	
Medical Insurance		63	
Dental Insurance		119	
Unemployment Compensation		78	
Employer Medicare		1,143	
Communication		1,703	
Data Processing Services		3,551	
Dues and Memberships		443	
Legal Notices, Recording, and Court Costs		2,605	
Postal Charges		3,056	
Travel		82	
Office Supplies		2,419	
Office Equipment		376	
Total Chancery Court			121,242

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Probation Officer(s)	\$	24,738	
Youth Service Officer(s)		35,707	
Longevity Pay		650	
Social Security		3,473	
State Retirement		4,709	
Employee and Dependent Insurance		4,949	
Life Insurance		195	
Medical Insurance		63	
Dental Insurance		119	
Unemployment Compensation		144	
Employer Medicare		812	
Communication		4,560	
Contracts with Government Agencies		2,574	
Contracts with Private Agencies		3,240	
Dues and Memberships		90	
Operating Lease Payments		2,446	
Maintenance Agreements		190	
Maintenance and Repair Services - Vehicles		157	
Postal Charges		767	
Travel		2,313	
Gasoline		1,579	
Office Supplies		4,926	
Uniforms		336	
Other Charges		30	
Office Equipment		2,900	
Total Juvenile Court			\$ 101,667

District Attorney General

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

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Deputy(ies)		300,595	
Investigator(s)		31,818	
Lieutenant(s)		32,609	
Sergeant(s)		60,095	
Salary Supplements		9,000	
Dispatchers/Radio Operators		201,862	

(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.)

Clerical Personnel	\$	38,465
Part-time Personnel		23,917
School Resource Officer		74,510
Longevity Pay		6,950
Overtime Pay		47,552
Other Salaries and Wages		8,004
In-Service Training		3,635
Social Security		50,619
State Retirement		50,468
Employee and Dependent Insurance		210,228
Life Insurance		2,646
Medical Insurance		766
Dental Insurance		2,103
Unemployment Compensation		2,378
Employer Medicare		11,841
Communication		8,575
Contracts with Private Agencies		1,750
Data Processing Services		13,133
Dues and Memberships		1,944
Operating Lease Payments		2,446
Licenses		70
Maintenance Agreements		430
Maintenance and Repair Services - Buildings		7,862
Maintenance and Repair Services - Equipment		3,264
Maintenance and Repair Services - Office Equipment		30
Maintenance and Repair Services - Vehicles		25,649
Medical and Dental Services		1,837
Postal Charges		1,523
Tow-in Services		1,370
Travel		4,004
Custodial Supplies		54
Electricity		9,993
Food Supplies		80
Gasoline		78,122
Instructional Supplies and Materials		300
Law Enforcement Supplies		4,315
Office Supplies		4,738
Propane Gas		1,109
Tires and Tubes		8,750
Uniforms		7,036

(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.)

Water and Sewer	\$ 1,840	
Other Charges	2,037	
Law Enforcement Equipment	3,272	
Motor Vehicles	28,802	
Office Equipment	2,548	
Other Equipment	214,132	
Total Sheriff's Department		\$ 1,674,603

Jail

Supervisor/Director	\$ 33,861	
Guards	263,387	
Longevity Pay	2,800	
Overtime Pay	15,006	
In-Service Training	490	
Social Security	18,132	
State Retirement	18,695	
Employee and Dependent Insurance	58,630	
Life Insurance	1,245	
Medical Insurance	433	
Dental Insurance	1,161	
Unemployment Compensation	1,096	
Employer Medicare	4,240	
Contracts with Government Agencies	272,545	
Contracts with Private Agencies	45,705	
Operating Lease Payments	734	
Maintenance and Repair Services - Buildings	1,002	
Maintenance and Repair Services - Equipment	384	
Medical and Dental Services	39,325	
Travel	3,056	
Custodial Supplies	2,812	
Drugs and Medical Supplies	4,039	
Electricity	13,818	
Food Supplies	75,385	
Office Supplies	1,990	
Prisoners Clothing	815	
Uniforms	2,994	
Water and Sewer	8,533	
Other Charges	901	
Other Equipment	247	
Total Jail		893,461

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

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

Other Emergency Management

Supervisor/Director	\$ 31,698	
Part-time Personnel	1,602	
Longevity Pay	550	
Social Security	1,805	
State Retirement	2,568	
Employee and Dependent Insurance	13,363	
Life Insurance	98	
Unemployment Compensation	77	
Employer Medicare	422	
Communication	2,797	
Contracts with Private Agencies	11,712	
Licenses	338	
Maintenance and Repair Services - Buildings	432	
Maintenance and Repair Services - Equipment	1,524	
Maintenance and Repair Services - Vehicles	1,022	
Rentals	1,216	
Tow-in Services	150	
Travel	415	
Electricity	2,957	
Gasoline	2,938	
Office Supplies	242	
Tires and Tubes	879	
Uniforms	384	
Communication Equipment	1,685	
Office Equipment	370	
Other Equipment	2,274	
Total Other Emergency Management		83,518

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 2,887	
Social Security	178	
State Retirement	225	
Unemployment Compensation	4	
Employer Medicare	42	
Dues and Memberships	50	
Medical and Dental Services	27,774	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner (Cont.)

Other Contracted Services	\$ 6,000	
Total County Coroner/Medical Examiner		\$ 37,160

Public Health and Welfare

Local Health Center

Communication	\$ 1,250	
Dues and Memberships	235	
Maintenance and Repair Services - Buildings	2,679	
Postal Charges	76	
Rentals	2,959	
Other Contracted Services	9,541	
Custodial Supplies	156	
Drugs and Medical Supplies	342	
Food Supplies	126	
Office Supplies	2,199	
Uniforms	841	
Furniture and Fixtures	4,116	
Office Equipment	600	
Total Local Health Center		25,120

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 49,089
Medical Personnel	458,491
Secretary(ies)	17,234
Longevity Pay	5,800
Overtime Pay	227,839
Other Salaries and Wages	3,672
In-Service Training	876
Social Security	44,565
State Retirement	37,362
Employee and Dependent Insurance	101,642
Life Insurance	1,954
Medical Insurance	539
Dental Insurance	1,369
Unemployment Compensation	1,804
Employer Medicare	10,423
Advertising	926
Communication	9,801
Debt Collection Services	13,650
Dues and Memberships	35

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Operating Lease Payments	\$	2,597	
Licenses		2,052	
Maintenance Agreements		3,940	
Maintenance and Repair Services - Buildings		3,716	
Maintenance and Repair Services - Equipment		3,383	
Maintenance and Repair Services - Vehicles		36,853	
Medical and Dental Services		1,410	
Postal Charges		2,288	
Printing, Stationery, and Forms		1,520	
Rentals		2,890	
Tow-in Services		2,120	
Travel		1,530	
Disposal Fees		5,732	
Custodial Supplies		234	
Diesel Fuel		40,059	
Drugs and Medical Supplies		36,721	
Electricity		16,979	
Food Supplies		803	
Gasoline		3,821	
Office Supplies		1,950	
Propane Gas		3,816	
Tires and Tubes		4,468	
Uniforms		4,905	
Water and Sewer		1,815	
Refunds		3,606	
Other Charges		560	
Communication Equipment		2,747	
Furniture and Fixtures		899	
Motor Vehicles		136,737	
Office Equipment		2,000	
Other Equipment		7,304	
Total Ambulance/Emergency Medical Services			\$ 1,326,526

Alcohol and Drug Programs

Communication	\$	457
Dues and Memberships		150
Postal Charges		242
Printing, Stationery, and Forms		600
Travel		4,283
Other Contracted Services		29,592

(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.)

Food Supplies	\$	21	
Office Supplies		1,153	
Other Supplies and Materials		501	
Other Charges		6,299	
Total Alcohol and Drug Programs			\$ 43,298

Waste Pickup

Temporary Personnel	\$	23,572	
Social Security		1,461	
State Retirement		61	
Unemployment Compensation		183	
Employer Medicare		342	
Medical and Dental Services		288	
Rentals		1,260	
Travel		215	
Disposal Fees		1,297	
Gasoline		508	
Instructional Supplies and Materials		9,899	
Tires and Tubes		976	
Other Supplies and Materials		1,267	
Total Waste Pickup			41,329

Other Public Health and Welfare

Medical Personnel	\$	62,801	
Clerical Personnel		20,946	
Custodial Personnel		21,793	
Part-time Personnel		4,320	
Longevity Pay		1,300	
Social Security		6,232	
State Retirement		6,590	
Employee and Dependent Insurance		28,664	
Life Insurance		391	
Medical Insurance		116	
Dental Insurance		218	
Unemployment Compensation		323	
Employer Medicare		1,457	
Contracts with Government Agencies		1,731	
Contracts with Private Agencies		1,410	
Medical and Dental Services		48	
Travel		1,395	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Liability Insurance	\$ 98	
Total Other Public Health and Welfare		\$ 159,833

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

County Official/Administrative Officer	\$ 37,320
Assistant(s)	60,819
Librarians	23,689
Longevity Pay	2,450
Overtime Pay	6,147
Other Salaries and Wages	1,371
Social Security	7,856
State Retirement	6,131
Employee and Dependent Insurance	13,462
Life Insurance	300
Medical Insurance	190
Dental Insurance	238
Unemployment Compensation	559
Employer Medicare	1,837
Communication	4,731
Contracts with Private Agencies	504
Dues and Memberships	335
Janitorial Services	1,494
Operating Lease Payments	7,765
Maintenance Agreements	1,390
Maintenance and Repair Services - Buildings	2,422
Maintenance and Repair Services - Equipment	40
Medical and Dental Services	48
Postal Charges	500
Rentals	210
Travel	3,443
Custodial Supplies	1,414
Electricity	9,148
Library Books/Media	9,371
Office Supplies	3,947
Propane Gas	2,955

(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.)

Office Equipment	\$ 29,377	
Total Libraries		\$ 241,463

Other Social, Cultural, and Recreational

Supervisor/Director	\$ 15,525	
Paraprofessionals	27,137	
Longevity Pay	650	
Social Security	2,567	
State Retirement	1,209	
Life Insurance	81	
Unemployment Compensation	289	
Employer Medicare	600	
Communication	244	
Postal Charges	22	
Travel	2,226	
Food Supplies	2,465	
Instructional Supplies and Materials	1,299	
Workers' Compensation Insurance	500	
Other Charges	560	
Total Other Social, Cultural, and Recreational		55,374

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 50,511	
Communication	1,632	
Contributions	2,300	
Dues and Memberships	500	
Office Equipment	1,180	
Total Agriculture Extension Service		56,123

Soil Conservation

Secretary(ies)	\$ 21,879	
Longevity Pay	600	
Social Security	1,371	
State Retirement	1,704	
Life Insurance	98	
Dental Insurance	119	
Unemployment Compensation	72	
Employer Medicare	321	
Total Soil Conservation		26,164

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Tourism

Advertising	\$	1,495	
Consultants		338	
Contributions		6,000	
Printing, Stationery, and Forms		1,037	
Furniture and Fixtures		249	
Office Equipment		<u>1,062</u>	
Total Tourism	\$		10,181

Tourism-Resort District

Advertising	\$	1,596	
Communication		3,522	
Contracts with Private Agencies		874	
Contributions		10,000	
Dues and Memberships		75	
Maintenance and Repair Services - Buildings		4,451	
Printing, Stationery, and Forms		151	
Travel		232	
Other Contracted Services		1,500	
Custodial Supplies		1,167	
Electricity		16,274	
Food Supplies		190	
Office Supplies		391	
Water and Sewer		600	
Other Supplies and Materials		316	
Furniture and Fixtures		4,091	
Office Equipment		<u>2,413</u>	
Total Tourism-Resort District			47,843

Housing and Urban Development

Contracts with Other Public Agencies	\$	21,840	
Contracts with Private Agencies		21,788	
Evaluation and Testing		5,150	
Building Construction		<u>141,874</u>	
Total Housing and Urban Development			190,652

Other Economic and Community Development

Contributions	\$	1,500	
Engineering Services		91,179	
Other Charges		32	
Building Construction		<u>325,190</u>	
Total Other Economic and Community Development			417,901

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	33,829	
Part-time Personnel		13,745	
Longevity Pay		500	
Social Security		2,969	
State Retirement		2,635	
Life Insurance		161	
Medical Insurance		63	
Dental Insurance		119	
Unemployment Compensation		144	
Employer Medicare		694	
Communication		3,441	
Dues and Memberships		80	
Operating Lease Payments		986	
Maintenance and Repair Services - Buildings		502	
Postal Charges		440	
Travel		1,487	
Office Supplies		661	
Total Veterans' Services			\$ 62,456

Other Charges

Remittance of Revenue Collected	\$	14,192	
Liability Insurance		59,205	
Trustee's Commission		86,578	
Workers' Compensation Insurance		46,243	
Liability Claims		5,000	
Total Other Charges			211,218

Miscellaneous

Contributions	\$	83,931	
Dues and Memberships		6,613	
Total Miscellaneous			90,544

Total General Fund \$ 8,005,468

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	3,500	
Other Charges		632	
Law Enforcement Equipment		1,739	
Total Drug Enforcement			\$ 5,871

(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 \$ 5,892

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Accountants/Bookkeepers	18,169	
Secretary(ies)	28,207	
Advertising	901	
Communication	2,351	
Data Processing Services	5,335	
Dues and Memberships	2,451	
Freight Expenses	48	
Postal Charges	344	
Printing, Stationery, and Forms	361	
Travel	1,022	
Other Contracted Services	497	
Drugs and Medical Supplies	56	
Electricity	3,803	
Office Supplies	1,555	
Water and Sewer	153	
Other Charges	469	
Total Administration		\$ 129,249

Highway and Bridge Maintenance

Foremen	\$ 106,813
Equipment Operators - Heavy	170,797
Equipment Operators - Light	96,601
Truck Drivers	146,372
Laborers	32,011
Rentals	255
Asphalt - Cold Mix	3,396
Asphalt - Hot Mix	61,826
Asphalt - Liquid	100,183
Concrete	21,056
Crushed Stone	138,626
Ice	486

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Riprap	\$	15,661	
Pipe - Metal		18,579	
Road Signs		2,642	
Salt		18,418	
Structural Steel		2,213	
Wood Products		4,070	
Total Highway and Bridge Maintenance			\$ 940,005

Operation and Maintenance of Equipment

Foremen	\$	38,780	
Laborers		31,171	
Freight Expenses		962	
Laundry Service		3,285	
Licenses		405	
Maintenance and Repair Services - Equipment		25	
Rentals		1,831	
Disposal Fees		5,343	
Diesel Fuel		76,129	
Equipment and Machinery Parts		43,137	
Garage Supplies		14,279	
Gasoline		59,073	
Lubricants		7,660	
Propane Gas		4,098	
Tires and Tubes		26,624	
Other Charges		55	
Total Operation and Maintenance of Equipment			312,857

Other Charges

Building and Contents Insurance	\$	1,905	
Liability Insurance		29,919	
Trustee's Commission		21,367	
Vehicle and Equipment Insurance		16,507	
Workers' Compensation Insurance		43,746	
Other Charges		358	
Total Other Charges			113,802

Employee Benefits

Longevity Pay	\$	17,750	
Social Security		42,631	
State Retirement		48,585	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$	950	
Life Insurance		2,089	
Medical Insurance		145,431	
Dental Insurance		1,624	
Unemployment Compensation		6,377	
Employer Medicare		9,970	
Total Employee Benefits			\$ 275,407

Capital Outlay

Engineering Services	\$	3,088	
Other Road Supplies		38,884	
Building Improvements		9,448	
Communication Equipment		1,795	
Highway Equipment		34,840	
Office Equipment		3,791	
State Aid Projects		385,633	
Total Capital Outlay			477,479

Principal on Debt

Highways and Streets

Principal on Notes	\$	66,666	
Total Highways and Streets			66,666

Interest on Debt

Highways and Streets

Interest on Notes	\$	3,062	
Total Highways and Streets			3,062

Total Highway/Public Works Fund \$ 2,318,527

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	16,000	
Principal on Notes		99,883	
Total General Government			\$ 115,883

Education

Principal on Bonds	\$	1,475,000	
Principal on Notes		52,812	
Total Education			1,527,812

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 5,200	
Interest on Notes	8,498	
Total General Government		\$ 13,698

Education

Interest on Bonds	\$ 860,171	
Interest on Notes	2,819	
Total Education		862,990

Other Debt Service

General Government

Trustee's Commission	\$ 45,895	
Other Debt Issuance Charges	1,500	
Total General Government		47,395

Education

Other Debt Service	\$ 1,850	
Total Education		1,850

Total General Debt Service Fund \$ 2,569,628

General Capital Projects Fund

Capital Projects

Public Safety Projects

Architects	\$ 63,527	
Trustee's Commission	808	
Building Construction	5,240	
Total Public Safety Projects		\$ 69,575

Total General Capital Projects Fund 69,575

Total Governmental Funds - Primary Government \$ 12,969,090

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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,750,011	
Career Ladder Program	45,692	
Career Ladder Extended Contracts	45,000	
Homebound Teachers	25,950	
Educational Assistants	234,026	
Other Salaries and Wages	29,201	
Non-certified Substitute Teachers	248,554	
Social Security	328,205	
State Retirement	468,106	
Medical Insurance	613,263	
Unemployment Compensation	4,617	
Employer Medicare	77,006	
Other Fringe Benefits	61	
Other Contracted Services	1,150	
Instructional Supplies and Materials	78,109	
Textbooks	173,418	
Other Supplies and Materials	11,360	
Fee Waivers	1,474	
Other Charges	2,200	
Regular Instruction Equipment	66,479	
Total Regular Instruction Program		\$ 7,203,882

Alternative Instruction Program

Teachers	\$ 44,176	
Educational Assistants	13,660	
Social Security	847	
State Retirement	1,064	
Unemployment Compensation	56	
Employer Medicare	839	
Other Supplies and Materials	448	
Other Equipment	419	
Total Alternative Instruction Program		61,509

Special Education Program

Teachers	\$ 663,062	
Career Ladder Program	11,000	
Educational Assistants	11,813	
Non-certified Substitute Teachers	5,075	
Social Security	40,386	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$ 61,903	
Medical Insurance	104,934	
Unemployment Compensation	494	
Employer Medicare	9,445	
Contracts with Private Agencies	1,869	
Total Special Education Program		\$ 909,981

Vocational Education Program

Teachers	\$ 464,799	
Career Ladder Program	6,000	
Educational Assistants	12,001	
Social Security	28,677	
State Retirement	43,542	
Medical Insurance	75,079	
Unemployment Compensation	320	
Employer Medicare	6,707	
Instructional Supplies and Materials	25,736	
Total Vocational Education Program		662,861

Adult Education Program

Teachers	\$ 42,643	
Social Security	2,505	
State Retirement	3,859	
Medical Insurance	8,970	
Unemployment Compensation	28	
Employer Medicare	586	
Total Adult Education Program		58,591

Support Services

Attendance

Supervisor/Director	\$ 50,705	
Career Ladder Program	1,000	
Social Security	3,024	
State Retirement	4,679	
Medical Insurance	8,778	
Unemployment Compensation	21	
Employer Medicare	707	
Travel	1,430	
Other Contracted Services	5,594	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Other Supplies and Materials	\$	5,677	
In Service/Staff Development		444	
Attendance Equipment		785	
Total Attendance			\$ 82,844

Health Services

Supervisor/Director	\$	58,249	
Medical Personnel		155,637	
Social Security		12,670	
State Retirement		18,408	
Medical Insurance		28,197	
Unemployment Compensation		196	
Employer Medicare		2,963	
Travel		7,257	
Other Contracted Services		463,049	
Drugs and Medical Supplies		3,844	
Food Supplies		1,511	
Other Supplies and Materials		9,796	
In Service/Staff Development		1,885	
Other Charges		1,527	
Health Equipment		3,735	
Total Health Services			768,924

Other Student Support

Career Ladder Program	\$	2,500	
Guidance Personnel		295,283	
Secretary(ies)		17,913	
School Resource Officer		40,882	
Other Salaries and Wages		17,276	
Social Security		18,547	
State Retirement		25,640	
Medical Insurance		10,878	
Unemployment Compensation		216	
Employer Medicare		4,771	
Evaluation and Testing		19,153	
Travel		188	
Other Contracted Services		10,400	
Other Supplies and Materials		14,039	
Total Other Student Support			477,686

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	132,965	
Career Ladder Program		3,000	
Librarians		200,721	
Secretary(ies)		25,212	
Educational Assistants		53,430	
Social Security		24,670	
State Retirement		35,275	
Medical Insurance		53,084	
Unemployment Compensation		320	
Employer Medicare		5,770	
Other Fringe Benefits		128	
Travel		8,609	
Library Books/Media		10,001	
Other Supplies and Materials		1,536	
In Service/Staff Development		16,760	
Other Charges		36	
Total Regular Instruction Program			\$ 571,517

Special Education Program

Supervisor/Director	\$	36,919	
Career Ladder Program		3,000	
Psychological Personnel		44,117	
Secretary(ies)		24,616	
Social Security		6,598	
State Retirement		9,523	
Medical Insurance		4,597	
Unemployment Compensation		68	
Employer Medicare		1,543	
Travel		1,163	
Total Special Education Program			132,144

Vocational Education Program

Travel	\$	1,100	
Total Vocational Education Program			1,100

Adult Programs

Supervisor/Director	\$	54,060	
Social Security		3,181	
State Retirement		4,211	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Medical Insurance	\$	9,258	
Unemployment Compensation		28	
Employer Medicare		744	
In Service/Staff Development		1,471	
Other Charges		<u>2,156</u>	
Total Adult Programs			\$ 75,109

Other Programs

On-Behalf Payments to OPEB	\$	<u>48,298</u>	
Total Other Programs			48,298

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		14,813	
Legal Services		11,275	
Other Contracted Services		9,977	
Liability Insurance		29,912	
Premiums on Corporate Surety Bonds		1,639	
Trustee's Commission		58,423	
Workers' Compensation Insurance		129,734	
In Service/Staff Development		14,714	
Other Charges		<u>7,242</u>	
Total Board of Education			308,015

Director of Schools

County Official/Administrative Officer	\$	92,225	
Career Ladder Program		1,000	
Secretary(ies)		24,616	
Clerical Personnel		28,933	
Social Security		8,970	
State Retirement		12,608	
Medical Insurance		4,310	
Unemployment Compensation		84	
Employer Medicare		2,098	
Communication		25,627	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Postal Charges	\$	602	
Travel		3,540	
Office Supplies		6,769	
Other Charges		25,047	
Administration Equipment		1,630	
Total Director of Schools			\$ 238,059

Office of the Principal

Principals	\$	259,725	
Career Ladder Program		5,000	
Accountants/Bookkeepers		93,855	
Assistant Principals		218,512	
Secretary(ies)		94,502	
Social Security		34,315	
State Retirement		50,068	
Medical Insurance		62,677	
Unemployment Compensation		392	
Employer Medicare		8,025	
Other Supplies and Materials		7,493	
Other Charges		23,105	
Administration Equipment		1,965	
Total Office of the Principal			859,634

Fiscal Services

Accountants/Bookkeepers	\$	83,072	
Social Security		4,955	
State Retirement		2,415	
Medical Insurance		9,266	
Unemployment Compensation		56	
Employer Medicare		1,159	
Data Processing Services		11,284	
Travel		626	
Data Processing Supplies		632	
Office Supplies		3,402	
In Service/Staff Development		50	
Administration Equipment		125	
Total Fiscal Services			117,042

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Nightwatchmen	\$ 22,546	
Custodial Personnel	376,668	
Social Security	24,634	
State Retirement	19,017	
Medical Insurance	6,937	
Unemployment Compensation	880	
Employer Medicare	5,761	
Other Fringe Benefits	1,337	
Disposal Fees	15,932	
Other Contracted Services	9,408	
Custodial Supplies	81,761	
Electricity	585,810	
Natural Gas	94,710	
Water and Sewer	54,716	
Other Supplies and Materials	10,448	
Boiler Insurance	4,909	
Building and Contents Insurance	89,429	
Other Charges	84,537	
Data Processing Equipment	13,950	
Plant Operation Equipment	6,000	
Total Operation of Plant		\$ 1,509,390

Maintenance of Plant

Maintenance Personnel	\$ 243,759	
Social Security	13,557	
State Retirement	12,318	
Medical Insurance	30,063	
Unemployment Compensation	228	
Employer Medicare	3,298	
Other Fringe Benefits	1,035	
Maintenance and Repair Services - Buildings	108,669	
Maintenance and Repair Services - Equipment	40,406	
Maintenance and Repair Services - Vehicles	3,026	
Rentals	1,610	
Travel	82	
Other Contracted Services	8,550	
Other Supplies and Materials	128,399	
Other Charges	3,917	
Maintenance Equipment	16,237	
Total Maintenance of Plant		615,154

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	24,664	
Mechanic(s)		71,026	
Bus Drivers		485,143	
Social Security		35,593	
State Retirement		24,004	
Medical Insurance		17,258	
Unemployment Compensation		1,101	
Employer Medicare		8,324	
Other Fringe Benefits		1,656	
Contracts with Private Agencies		2,319	
Maintenance and Repair Services - Vehicles		6,247	
Medical and Dental Services		1,446	
Rentals		1,885	
Travel		812	
Other Contracted Services		5,183	
Diesel Fuel		264,493	
Gasoline		49,687	
Lubricants		4,727	
Tires and Tubes		30,178	
Vehicle Parts		103,259	
Other Supplies and Materials		134	
Vehicle and Equipment Insurance		27,611	
In Service/Staff Development		2,119	
Other Charges		9,860	
Administration Equipment		6,380	
Transportation Equipment		21,878	
Total Transportation			\$ 1,206,987

Central and Other

Other Salaries and Wages	\$	35,352	
Social Security		1,812	
State Retirement		2,754	
Medical Insurance		9,097	
Unemployment Compensation		35	
Employer Medicare		601	
Maintenance and Repair Services - Equipment		16,391	
Other Contracted Services		31,555	
Other Supplies and Materials		1,170	
Total Central and Other			98,767

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Food Supplies	\$	9,460	
Administration Equipment		4,612	
Total Food Service			\$ 14,072

Community Services

Supervisor/Director	\$	21,155	
Clerical Personnel		4,100	
Social Security		1,604	
Unemployment Compensation		37	
Employer Medicare		375	
Other Fringe Benefits		621	
Total Community Services			27,892

Early Childhood Education

Supervisor/Director	\$	16,902	
Teachers		228,470	
Educational Assistants		100,950	
Non-certified Substitute Teachers		32,242	
Social Security		21,402	
State Retirement		28,919	
Medical Insurance		40,477	
Unemployment Compensation		423	
Employer Medicare		5,005	
Instructional Supplies and Materials		12,033	
Other Supplies and Materials		12,859	
In Service/Staff Development		2,077	
Other Charges		291	
Other Equipment		7,511	
Total Early Childhood Education			509,561

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	98,247	
Site Development		24,465	
Other Capital Outlay		211,683	
Total Regular Capital Outlay			334,395

(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.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 220,813	
Total Education		\$ 220,813

Total General Purpose School Fund \$ 17,114,227

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 428,504	
Educational Assistants	117,391	
Other Salaries and Wages	61,475	
Non-certified Substitute Teachers	20,000	
Social Security	36,968	
State Retirement	50,317	
Medical Insurance	48,704	
Unemployment Compensation	703	
Employer Medicare	8,675	
Instructional Supplies and Materials	75,113	
Other Charges	3,249	
Regular Instruction Equipment	114,809	
Total Regular Instruction Program		\$ 965,908

Special Education Program

Teachers	\$ 88,577	
Educational Assistants	219,812	
Speech Pathologist	52,963	
Other Salaries and Wages	3,450	
Social Security	21,514	
State Retirement	23,142	
Medical Insurance	11,081	
Unemployment Compensation	608	
Employer Medicare	5,163	
Other Fringe Benefits	1,236	
Contracts with Private Agencies	37,239	
Instructional Supplies and Materials	479	
In Service/Staff Development	2,100	
Other Charges	14,453	
Special Education Equipment	4,950	
Total Special Education Program		486,767

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Other Supplies and Materials	\$	1,272	
Vocational Instruction Equipment		20,610	
Total Vocational Education Program			\$ 21,882

Support Services

Other Student Support

Travel	\$	10,567	
Other Supplies and Materials		15,000	
Total Other Student Support			25,567

Regular Instruction Program

Supervisor/Director	\$	24,817	
Other Salaries and Wages		31,198	
Social Security		2,341	
State Retirement		3,481	
Medical Insurance		9,258	
Unemployment Compensation		47	
Employer Medicare		776	
Travel		1,843	
Library Books/Media		3,019	
Other Supplies and Materials		5,302	
In Service/Staff Development		72,467	
Other Charges		549	
Regular Instruction Equipment		595	
Other Equipment		86,182	
Total Regular Instruction Program			241,875

Vocational Education Program

Travel	\$	1,422	
Total Vocational Education Program			1,422

Operation of Plant

Custodial Personnel	\$	33,423	
Social Security		2,072	
Unemployment Compensation		45	
Employer Medicare		485	
Total Operation of Plant			36,025

(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.)

Transportation

Bus Drivers	\$ 18,453	
Social Security	1,145	
State Retirement	678	
Unemployment Compensation	50	
Employer Medicare	268	
Other Fringe Benefits	118	
Total Transportation		<u>\$ 20,712</u>

Total School Federal Projects Fund \$ 1,800,158

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 60,283	
Clerical Personnel	26,150	
Cafeteria Personnel	378,230	
Other Salaries and Wages	33,364	
Social Security	30,205	
State Retirement	30,114	
Medical Insurance	18,240	
Unemployment Compensation	1,191	
Employer Medicare	7,064	
Other Fringe Benefits	691	
Communication	2,654	
Maintenance and Repair Services - Equipment	27,177	
Travel	5,610	
Other Contracted Services	5,822	
Food Preparation Supplies	30,911	
Food Supplies	503,627	
Office Supplies	5,236	
Uniforms	4,876	
USDA - Commodities	57,052	
Other Supplies and Materials	12,781	
In Service/Staff Development	165	
Other Charges	8,240	
Food Service Equipment	2,502	
Total Food Service		<u>\$ 1,252,185</u>

Total Central Cafeteria Fund 1,252,185

(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	\$ 3,018	
Total Board of Education		\$ 3,018
 <u>Transportation</u>		
Transportation Equipment	\$ 254,635	
Total Transportation		<u>254,635</u>
 Total School Transportation Fund		 <u>\$ 257,653</u>
Total Governmental Funds - Stewart County School Department		<u><u>\$ 20,424,223</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, 2012

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 338,897
Total Cash Receipts	<u>\$ 338,897</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 335,508
Trustee's Commission	3,389
Total Cash Disbursements	<u>\$ 338,897</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

February 25, 2013

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Stewart County's basic financial statements and have issued our report thereon dated February 25, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Stewart County Emergency Communications District, a discretely presented component unit, as described in our report on Stewart County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 12.01 and 12.09.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.02, 12.03, 12.04, 12.06, and 12.07.

Compliance and Other Matters

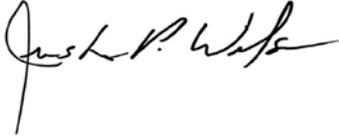
As part of obtaining reasonable assurance about whether Stewart County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.05 and 12.08.

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

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

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

Independent Auditor's Report

February 25, 2013

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Stewart County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Stewart County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Stewart County's management. Our responsibility is to express an opinion on Stewart County's compliance based on our audit.

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

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

In our opinion, Stewart County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

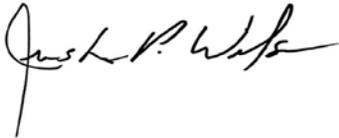
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County as of and for the year ended June 30, 2012, and have issued our report thereon dated February 25, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Stewart County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 229,463
National School Lunch Program	10.555	N/A	505,218 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	57,052 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	3,004
Passed-through State Department of Finance and Administration:			
Schools and Roads - Grants to States	10.665	(2)	80,568
Total U.S. Department of Agriculture			<u>\$ 875,305</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 21,788
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG93341700	416,369
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-09-40	168,864
Total U.S. Department of Housing and Urban Development			<u>\$ 607,021</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23448	\$ 522
Total U.S. Department of Justice			<u>\$ 522</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,900
Total U.S. Institute of Museum and Library Services			<u>\$ 1,900</u>
U.S. Department of Education:			
Direct Programs:			
Impact Aid	84.041	N/A	\$ 164,821
Fund for the Improvement of Education	84.215	N/A	490,240
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z1021854900	69,401
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	537,155
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	471,906
Special Education - Preschool Grants	84.173	N/A	14,861
Career and Technical Education - Basic Grants to States	84.048	N/A	33,871
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	(2)	329
Educational Technology State Grants, Recovery Act	84.386	N/A	464
Rural Education	84.358	N/A	39,559
Improving Teacher Quality State Grants	84.367	N/A	89,273

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	\$ 122,220
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	51,112
Education Jobs Fund	84.410	N/A	490,519
Total U.S. Department of Education			<u>\$ 2,575,731</u>
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	GG1132406	\$ 42,777
Total U.S. Department of Health and Human Services			<u>\$ 42,777</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 168,354
Emergency Management Performance Grants	97.042	(2)	15,000
Buffer Zone Protection Program (BZPP)	97.078	2010-HSGP-Z9976	4,285
Total U.S. Department of Homeland Security			<u>\$ 187,639</u>
Total Expenditures of Federal Awards			<u>\$ 4,290,895</u>

State Grants		Contract Number	Expenditures
Litter Program - State Department of Transportation	N/A	40100-76212	\$ 44,682
Lottery for Education Afterschool Program - State Department of Education	N/A	33119-02312	55,447
Early Childhood Education - State Department of Education	N/A	(2)	509,320
Local Health Services - State Department of Health	N/A	34360-16812	159,834
Archives Grant - Tennessee Secretary of State	N/A	(2)	1,931
Library Grant - Tennessee Secretary of State	N/A	(2)	2,883
Juvenile Justice Reimbursement - State Department of Children's Services	N/A	31601-23529	78
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	35910-20082	14,607
Adult Education - State Department of Labor and Workforce Development	N/A	Z1021854900	21,036
Coordinated School Health - State Department of Education	N/A	(2)	130,000
Connect Tennessee - State Department of Education	N/A	(2)	7,524
Safe Schools - State Department of Education	N/A	(2)	12,500
Energy Efficient Schools Initiative - State Department of Education	N/A	(2)	33,414
Family Resource Centers - State Department of Education	N/A	(2)	29,612
Total State Grants			<u>\$ 1,031,868</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is \$562,270.

Stewart County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which have not been corrected.

OFFICE OF COUNTY ENGINEER

Finding Number	Page Number	Subject
11.01	149	Material audit adjustments were required for proper financial statement presentation
11.03	150	Purchase orders were not completed properly
11.04	150	The Highway Department did not maintain a system to account for the use of some road materials

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
11.05	151	The office had deficiencies in accounting for employee health insurance transactions

OFFICE OF ASSESSOR OF PROPERTY

Finding Number	Page Number	Subject
11.06	152	Assessment records were changed during the year as property transfers were made

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

Finding Number	Page Number	Subject
11.07	153	Duties were not segregated adequately

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

Finding Number	Page Number	Subject
11.08	153	Multiple employees operated from the same cash drawer

STEWART COUNTY

Finding Number	Page Number	Subject
11.09	154	Stewart County has a material recurring audit finding

STEWART COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Stewart County is unqualified.
2. The audit of the financial statements of Stewart County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Stewart County.
4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The 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), Community Development Block Grants/State's Program (CFDA No. 14.228), Title I Grants to Local Educational Agencies (CFDA No. 84.010), Fund for the Improvement of Education (CFDA No. 84.215), and Education Jobs Fund (CFDA No. 84.410) 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 director of schools and the general sessions court clerk 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 12.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2012, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 12.02 **PURCHASE ORDERS WERE NOT COMPLETED PROPERLY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of purchase orders disclosed that descriptions and dollar amounts of purchases were not listed on purchase orders until the invoices were received from the vendors. The dollar amounts and descriptions of items on purchase orders are necessary to quantify purchasing commitments and to identify the items purchased. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report. The failure to list descriptions and dollar amounts on purchase orders increases the risk of unauthorized purchases.

RECOMMENDATION

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

FINDING 12.03 **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.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.04 **THE OFFICE HAD DEFICIENCIES IN ACCOUNTING FOR EMPLOYEE HEALTH INSURANCE TRANSACTIONS**

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

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

- A. Employee payroll deductions and corresponding School Department contributions for health insurance premiums were not reconciled with health insurance billings monthly. We could not determine the last time such a reconciling procedure was performed. Sound business practices dictate that payroll insurance deductions and the employer's contributions for health insurance premiums be reconciled with billings for health insurance coverage monthly. The failure to regularly reconcile payroll deduction accounts and the employer's contributions with billings is a significant deficiency that

increases the risk that errors will not be discovered and corrected in a timely manner.

- B. At June 30, 2012, the School Department had an unidentified balance of \$17,873 in the insurance clearing account. This account is used to deposit employee payroll deductions and School Department contributions for employee health insurance premiums, which are then withdrawn from the account by the LEGIF. This unidentified balance can be attributed directly to the deficiencies noted in part A above.

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

Stewart County School System is currently reconciling health insurance contributions on a monthly basis and correcting any errors that are found. We are assigning additional personnel to help reconcile the unidentified balance. We will have the unidentified balance reconciled by the end of the 2012-13 fiscal year.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 12.05 **ASSESSMENT RECORDS WERE IMPROPERLY CHANGED DURING THE YEAR AS PROPERTY TRANSFERS WERE MADE**

(Noncompliance Under *Government Auditing Standards*)

The assessor updated assessment records as property transfers were made during the year to reflect the current property owners. Section 67-5-502(a)(1), *Tennessee Code Annotated*, requires all property to be assessed "to the person or persons owning or claiming to own the same on January 1 for the year the assessment is made." This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

FINDING 12.06

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees in the Offices of Director of Schools; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

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

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

FINDING 12.07

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.

OFFICE OF GENERAL SESSIONS COURT CLERK

FINDING 12.08 **CASH TOTALING \$240 WAS UNACCOUNTED** (Noncompliance Under *Government Auditing Standards*)

On August 1, 2012, the general sessions court clerk discovered that cash totaling \$240 was missing from the office. As a result, on August 3, 2012, the clerk informed our office of this cash shortage and filed a Fraud Reporting Form. Subsequently, our office performed an investigation; however, due to a lack of internal controls, we were unable to determine who may have taken the funds.

The following internal control deficiencies provided opportunity for these funds to be misappropriated:

- A. Employees' cash drawers were not reconciled daily. Reconciliations were performed approximately every three days when bank deposits were made. Since cash had not been reconciled between July 30 and August 1, 2012, the shortage was not discovered promptly, and we could not determine when the cash had been taken from the office.
- B. Cash drawers were left unlocked during the day and overnight. All receipts of the office remained in the unlocked cash drawers until the next deposit was made. The office door was locked at night; however, all employees had a key to the office.
- C. Numerous other individuals, as well as employees, had access to the area where the cash drawers were located.

The general sessions court clerk liquidated the cash shortage of \$240 on January 11, 2013, from personal funds.

RECOMMENDATION

Management should review its internal control procedures related to collections, reconciliations, and cash drawer maintenance. Receipts should be reconciled with each cash drawer's collections daily. Each employee should secure their own cash drawer during the workday. Cash should not be left in cash drawers overnight. Cash drawers should not be accessible to the general public.

MANAGEMENT'S RESPONSE – GENERAL SESSIONS COURT CLERK

The offices of General Sessions and Circuit Court have continued business practices the same way for 20-plus years regarding the handling of cash drawers. When court personnel

are not present the office doors are bolt locked. However, we have made several improvements to our office and courtroom over the last few years upgrading computer software and securities.

After making a deposit according to audit rules and regulations, the missing money was discovered. We immediately started an investigation and soon discovered what we believe to be the person and incident responsible for this deficit. The transaction in question happened as follows. Money was given to office personnel who then attempted to give a computer receipt. The printer malfunctioned, and the personnel stepped into the next office to ask for help from a fellow employee. The employee got the printer working, and the customer was given his receipt. It is our belief that while the employee was getting help for the problem, the customer reached and took the money he had given the employee. Video surveillance in the office did not pick up adequately in the cash drawer area due to greater areas of motion picked up by motion activated cameras in other areas. Therefore we cannot give definitive proof that this occurred. Please find below our response to each area listed in the audit findings.

- A. After this incident occurred and before the audit findings were given, we began balancing each cash drawer daily and documenting who balances the drawer.
- B. Each cash drawer is locked when not in use by an employee. Cash drawers are locked in a separate location after hours. Each employee does have a key to the office. It is sometimes necessary for the employees and me to enter the office after hours to prepare for court or review paperwork for court officials. This is not an issue, all employees are not only trusted, but are outstanding people among their community and peers.
- C. The audit references that numerous other individuals have access to the area where the cash drawers were located. The Circuit Court door has been closed to the public, and only authorized personnel are allowed to enter this door for the last few years. Ninety-five percent of the time only court personnel are behind the counter; however the exception is when someone is invited beyond this point, or such as an officer of the court, attorneys, officers, etc. The clerk is currently in the process of having a glass barrier erected to place between the clerk and customers with only a slot to place cash and documents through. Access beyond this point will have to be approved by the clerk. The entrance for court officials will now contain a combination lock. The code will be given to court personnel only.

As the audit stated, the court clerk liquidated the cash shortage of \$240 on January 11, 2013, from personal funds. This was not an investigation of the office by audit for any misconduct, but an investigation into procedural mistakes. The entire matter was handled and reported correctly after the shortage was discovered.

This finding by audit shed light on practices and procedures that needed to be tightened and upgraded. Just as our legislators pass laws due to situations that happen, in the same manner, we have acted accordingly learning from our mistakes and applying procedures to make our office a more secure area.

STEWART COUNTY

FINDING 12.09 **STEWART COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

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

<u>Finding Numbers</u>	<u>Description</u>
12.01, 11.01, 10.02	Several funds required material audit adjustments for proper financial statement presentation.

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

RECOMMENDATION

Stewart County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Stewart County may be required to establish an Audit Committee under the provisions of Section 9-3-405, *TCA*.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Stewart County School System has established an Audit Committee and will provide guidance to correct all reported material weaknesses in internal control and material noncompliance.

AUDITOR’S COMMENT

Pursuant to the provisions of Section 9-3-405, *TCA*, the County Commission of Stewart County, not the Board of Education, should establish an Audit Committee to provide independent review and oversight of the county’s financial reporting processes and the

county's internal controls, a review of the external auditor's report and follow up on management's corrective action, and compliance with laws, regulations, and ethics.

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

Stewart County School System, in conjunction with the Stewart County Mayor's Office, is presently in the process of studying the feasibility, including the advantages and disadvantages, of adopting a system of central accounting, budgeting, and purchasing 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, 2012

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