

ANNUAL FINANCIAL REPORT
STEWART COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

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Summary of Audit Findings

Annual Financial Report
Stewart County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Stewart County as of and for the year ended June 30, 2015.

Results

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

Our audit resulted in four 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

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in budget operations.
- ◆ General ledger payroll liability accounts were not reconciled with payroll reports and payments.

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

- ◆ Duties were not segregated adequately.

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Stewart County Officials

June 30, 2015

Officials

Rick Joiner, County Mayor
Gary Page, County Engineer
Leta Joiner, Director of Schools
Laura Crain, Trustee
Tim Borens, Assessor of Property
Jimmy Fitzhugh, County Clerk
Jason Wallace, Circuit, General Sessions, and Juvenile Courts Clerk
Jane Link, Clerk and Master
Derek Earhart, Register of Deeds
Deryk Wyatt, Sheriff

Board of County Commissioners

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

Board of Education

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

Audit Committee

Bryan Watson, Chairman
Marty Grasty
Cheryl Milliken

FINANCIAL 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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Stewart County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a prior-period adjustment increasing the beginning Governmental Activities net position totaling \$243,565 on the Government-wide Statement of Activities. This adjustment was necessary due to capital assets being omitted in a prior year. We also draw attention to Note I.D.9. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$396,140 and the discretely presented Stewart County School Department net position by \$3,230,498 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedule of funding progress - other postemployment benefits plans on pages 74-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Stewart County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

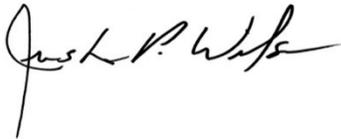
in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Stewart County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, on our consideration of Stewart County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stewart County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Stewart County, Tennessee
Statement of Net Position
June 30, 2015

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Stewart County School Department</u>
<u>ASSETS</u>		
Cash	\$ 1,350	\$ 714
Equity in Pooled Cash and Investments	6,056,390	2,368,373
Accounts Receivable	1,211,789	0
Allowance for Uncollectibles	(573,499)	0
Due from Other Governments	517,024	234,471
Property Taxes Receivable	5,958,077	855,094
Allowance for Uncollectible Property Taxes	(215,572)	(30,938)
Net Pension Asset - Cost-Sharing Plan	0	31,930
Capital Assets:		
Assets Not Depreciated:		
Land	967,563	1,265,886
Construction in Progress	6,416,919	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,420,481	22,263,913
Infrastructure	1,136,198	0
Other Capital Assets	881,437	2,146,841
Total Assets	<u>\$ 26,778,157</u>	<u>\$ 29,136,284</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 33,830	\$ 0
Pension Changes in Experience	128,917	203,178
Pension Contributions After Measurement Date	288,016	788,898
Total Deferred Outflows of Resources	<u>\$ 450,763</u>	<u>\$ 992,076</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 32,146	\$ 0
Payroll Deductions Payable	103,457	156,725
Contracts Payable	533,256	0
Retainage Payable	24,292	0
Due to State of Tennessee	2,096	1,457
Accrued Interest Payable	252,916	0
Noncurrent Liabilities:		
Due Within One Year	2,186,563	0
Due in More Than One Year (net of unamortized premium on debt)	24,748,152	490,784
Total Liabilities	<u>\$ 27,882,878</u>	<u>\$ 648,966</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 5,577,433	\$ 800,465
Pension Changes in Investment Earnings	301,939	2,925,164
Pension Other Deferrals	0	253,353
Total Deferred Inflows of Resources	<u>\$ 5,879,372</u>	<u>\$ 3,978,982</u>

(Continued)

Exhibit A

Stewart County, Tennessee
Statement of Net Position (Cont.)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Stewart County School Department</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,849,844	\$ 25,676,640
Restricted for:		
General Government	79,242	0
Administration of Justice	17,336	0
Public Safety	65,525	0
Public Health and Welfare	17,964	0
Highway/Public Works	112,612	0
Debt Service	113,263	0
Capital Projects	1,721,984	0
Education	0	118,146
Operation of Non-instructional Services	0	559,944
Unrestricted	<u>(15,511,100)</u>	<u>(854,318)</u>
Total Net Position	<u>\$ (6,533,330)</u>	<u>\$ 25,500,412</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, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Unit Stewart County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Total Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 1,492,387	\$ 67,725	\$ 229,369	\$ 0	\$ (1,195,293)	\$ 0	0
Finance	681,206	359,813	0	0	(321,393)	0	0
Administration of Justice	595,163	277,300	23,877	0	(293,986)	0	0
Public Safety	2,995,473	69,945	179,352	93,859	(2,652,317)	0	0
Public Health and Welfare	1,821,319	969,187	287,096	234,129	(330,907)	0	0
Social, Cultural, and Recreational Services	334,351	0	139,943	0	(194,408)	0	0
Agriculture and Natural Resources	93,789	0	0	0	(93,789)	0	0
Highway/Public Works	1,958,703	7,296	1,619,051	0	(332,356)	0	0
Education	87,165	0	0	0	(87,165)	0	0
Interest on Long-term Debt	789,360	0	187,979	0	(601,381)	0	0
Total Primary Government	\$ 10,848,916	\$ 1,751,266	\$ 2,666,667	\$ 327,988	\$ (6,102,995)	\$ 0	0
Component Unit:							
Stewart County School Department	\$ 17,506,442	\$ 285,124	\$ 2,212,114	\$ 68,790	\$ 0	\$ (14,940,414)	
Total Component Unit	\$ 17,506,442	\$ 285,124	\$ 2,212,114	\$ 68,790	\$ 0	\$ (14,940,414)	

Continued

Exhibit B

Stewart County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component	
				Primary Government Total	Unit Stewart County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 3,513,989	\$ 767,597
Property Taxes Levied for Debt Service				1,831,418	0
Local Option Sales Taxes				476,769	843,299
Wheel Tax				414,831	0
Litigation Taxes				115,314	0
Wholesale Beer Tax				120,425	0
Other Local Taxes				55,464	39,177
Grants and Contributions Not Restricted to Specific Programs				1,833,807	13,458,872
Unrestricted Investment Income				32,031	19,305
Miscellaneous				85,889	144,679
Pension Income				0	69,610
Total General Revenues				\$ 8,479,887	\$ 15,342,539
Change in Net Position				\$ 2,376,892	\$ 402,125
Net Position, July 1, 2014				(8,757,647)	28,328,785
Prior-period Adjustment (see Note I.D.8)				243,565	0
Restatement - Pension Liability (see Note I.D.9)				(396,140)	(3,230,498)
Net Position, June 30, 2015				\$ (6,533,330)	\$ 25,500,412

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, 2015

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,350	\$ 1,350
Equity in Pooled Cash and Investments	2,231,023	181,678	1,395,275	2,212,158	36,256	6,056,390	6,056,390
Accounts Receivable	1,207,678	4,111	0	0	0	1,211,789	1,211,789
Allowance for Uncollectibles	(573,499)	0	0	0	0	(573,499)	(573,499)
Due from Other Governments	233,422	283,602	0	0	0	517,024	517,024
Due from Other Funds	1,350	0	50,547	0	0	51,897	51,897
Property Taxes Receivable	3,668,631	248,253	2,041,193	0	0	5,958,077	5,958,077
Allowance for Uncollectible Property Taxes	(132,737)	(8,982)	(73,853)	0	0	(215,572)	(215,572)
Total Assets	\$ 6,635,868	\$ 708,662	\$ 3,413,162	\$ 2,212,158	\$ 37,606	\$ 13,007,456	\$ 13,007,456

LIABILITIES

Accounts Payable	\$ 31,746	\$ 400	\$ 0	\$ 0	\$ 0	\$ 32,146
Payroll Deductions Payable	103,457	0	0	0	0	103,457
Contracts Payable	31,836	35,538	0	465,882	0	533,256
Retainage Payable	0	0	0	24,292	0	24,292
Due to Other Funds	50,547	0	0	0	1,350	51,897
Due to State of Tennessee	2,096	0	0	0	0	2,096
Total Liabilities	\$ 219,682	\$ 35,938	\$ 0	\$ 490,174	\$ 1,350	\$ 747,144

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 3,434,253	\$ 232,393	\$ 1,910,787	\$ 0	\$ 0	\$ 5,577,433
Deferred Delinquent Property Taxes	98,391	6,328	54,433	0	0	159,152
Other Deferred/Unavailable Revenue	635,373	142,801	25,000	0	0	803,174
Total Deferred Inflows of Resources	\$ 4,168,017	\$ 381,522	\$ 1,990,220	\$ 0	\$ 0	\$ 6,539,759

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
Restricted:							
Restricted for General Government	\$ 12,947	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,947
Restricted for Administration of Justice	17,336	0	0	0	0	0	17,336
Restricted for Public Safety	29,269	0	0	0	36,256	0	65,525
Restricted for Public Health and Welfare	17,964	0	0	0	0	0	17,964
Restricted for Other Operations	60,295	0	0	0	0	0	60,295
Restricted for Capital Projects	0	0	0	1,721,984	0	0	1,721,984
Committed:							
Committed for Public Health and Welfare	9,806	0	0	0	0	0	9,806
Committed for Highways/Public Works	0	291,202	0	0	0	0	291,202
Committed for Debt Service	0	0	1,422,942	0	0	0	1,422,942
Assigned:							
Assigned for Public Health and Welfare	15,683	0	0	0	0	0	15,683
Assigned for Social, Cultural, and Recreational Services	9,360	0	0	0	0	0	9,360
Unassigned	2,075,509	0	0	0	0	0	2,075,509
Total Fund Balances	\$ 2,248,169	\$ 291,202	\$ 1,422,942	\$ 1,721,984	\$ 36,256	\$ 0	\$ 5,720,553
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,635,868	\$ 708,662	\$ 3,413,162	\$ 2,212,158	\$ 37,606	\$ 0	\$ 13,007,456

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

Exhibit C-2

Stewart County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,720,553
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	967,563	
Add: construction in progress		6,416,919	
Add: buildings and improvements net of accumulated depreciation		4,420,481	
Add: infrastructure net of accumulated depreciation		1,136,198	
Add: other capital assets net of accumulated depreciation		<u>881,437</u>	13,822,598
(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	\$	(1,473,981)	
Less: bonds payable		(24,475,000)	
Add: deferred amount on refunding		33,830	
Less: compensated absences payable		(156,647)	
Less: other postemployment benefits liability		(163,187)	
Less: accrued interest on notes and bonds		(252,916)	
Less: other deferred revenue - premium on debt		(174,810)	
Less: net pension liability - agent plan		(288,991)	
Less: other long-term liabilities		<u>(202,099)</u>	(27,153,801)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	416,933	
Less: deferred inflows of resources related to pensions		<u>(301,939)</u>	114,994
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>962,326</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(6,533,330)</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, 2015

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds			
<u>Revenues</u>								
Local Taxes	\$ 4,415,807	\$ 242,999	\$ 2,480,102	\$ 65,327	\$ 0	\$ 0	\$ 7,204,235	
Licenses and Permits	11,222	0	0	0	0	0	11,222	
Fines, Forfeitures, and Penalties	53,232	0	0	0	3,112	0	56,344	
Charges for Current Services	804,272	1,984	0	0	3,985	0	810,241	
Other Local Revenues	22,926	36,544	0	32,031	45,050	0	136,551	
Fees Received from County Officials	635,318	0	0	0	0	0	635,318	
State of Tennessee	1,650,715	1,695,289	0	0	0	0	3,346,004	
Federal Government	374,877	4,664	0	0	0	0	379,541	
Other Governments and Citizens Groups	186,430	0	187,979	0	0	0	374,409	
Total Revenues	\$ 8,154,799	\$ 1,981,480	\$ 2,668,081	\$ 97,358	\$ 52,147	\$ 0	\$ 12,953,865	
<u>Expenditures</u>								
Current:								
General Government	\$ 790,574	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 790,574	
Finance	711,009	0	0	0	0	0	712,619	
Administration of Justice	618,317	0	0	0	3,985	0	622,302	
Public Safety	2,707,828	0	0	0	20,442	0	2,728,270	
Public Health and Welfare	1,683,328	0	0	0	0	0	1,683,328	
Social, Cultural, and Recreational Services	315,593	0	0	0	0	0	315,593	
Agriculture and Natural Resources	88,262	0	0	0	0	0	88,262	
Other Operations	883,601	0	0	0	29	0	882,020	
Highways	0	1,921,530	0	0	0	0	1,921,530	
Debt Service:								
Principal on Debt	0	0	1,961,258	0	0	0	1,961,258	
Interest on Debt	0	0	815,650	0	0	0	815,650	
Other Debt Service	0	0	62,404	0	0	0	62,404	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 5,524,260	\$ 0	\$ 0	\$ 5,524,260
Total Expenditures	\$ 7,798,512	\$ 1,921,530	\$ 2,839,312	\$ 5,524,260	\$ 24,456	\$ 24,456	\$ 18,108,070
Excess (Deficiency) of Revenues Over Expenditures	\$ 356,287	\$ 59,950	\$ (171,231)	\$ (5,426,902)	\$ 27,691	\$ 27,691	\$ (5,154,205)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 175,000	\$ 0	\$ 0	\$ 175,000
Refunding Debt Issued	0	0	3,115,000	0	0	0	3,115,000
Insurance Recovery	12,051	0	0	0	0	0	12,051
Transfers In	0	0	262,813	0	0	0	262,813
Transfers Out	(262,813)	0	0	0	0	0	(262,813)
Payments to Refunded Debt Escrow Agent	0	0	(3,115,000)	0	0	0	(3,115,000)
Total Other Financing Sources (Uses)	\$ (250,762)	\$ 0	\$ 262,813	\$ 175,000	\$ 0	\$ 0	\$ 187,051
Net Change in Fund Balances	\$ 105,525	\$ 59,950	\$ 91,582	\$ (5,251,902)	\$ 27,691	\$ 27,691	\$ (4,967,154)
Fund Balance, July 1, 2014	2,142,644	231,252	1,331,360	6,973,886	8,565	8,565	10,687,707
Fund Balance, June 30, 2015	\$ 2,248,169	\$ 291,202	\$ 1,422,942	\$ 1,721,984	\$ 36,256	\$ 36,256	\$ 5,720,553

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, 2015

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)		\$ (4,967,154)
(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	\$ 5,746,211	
Less: current-year depreciation expense	<u>(598,206)</u>	5,148,005
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 93,859	
Less: book value of capital assets disposed	<u>(93,630)</u>	229
(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, 2015	\$ 962,326	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(791,909)</u>	170,417
(4) The issuance of long-term debt (e.g., bonds and 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 position. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: change in premium on debt issuances	\$ 7,667	
Add: principal payments on bonds	1,676,000	
Add: principal payments on notes	285,258	
Add: payment to refunding agent	3,115,000	
Less: note proceeds	(175,000)	
Less: refunding bond proceeds	(3,115,000)	
Less: change in deferred amount on refunding debt	<u>(10,863)</u>	1,783,062
(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	\$ 37,153	
Change in net pension liability	107,149	
Change in deferred outflows related to pensions	416,933	
Change in deferred inflows related to pensions	(301,939)	
Change in other long-term liabilities	3,169	
Change in compensated absences payable	(15,295)	
Change in other postemployment benefits liability	<u>(4,837)</u>	242,333
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,376,892</u>

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

Exhibit C-5

Stewart County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 4,415,807	\$ 4,272,867	\$ 4,301,167	\$ 114,640
Licenses and Permits	11,222	10,200	10,200	1,022
Fines, Forfeitures, and Penalties	53,232	54,300	54,300	(1,068)
Charges for Current Services	804,272	789,400	789,400	14,872
Other Local Revenues	22,926	19,800	19,800	3,126
Fees Received from County Officials	635,318	616,000	661,000	(25,682)
State of Tennessee	1,650,715	1,562,100	1,899,845	(249,130)
Federal Government	374,877	163,562	373,509	1,368
Other Governments and Citizens Groups	186,430	136,731	154,298	32,132
Total Revenues	\$ 8,154,799	\$ 7,624,960	\$ 8,263,519	\$ (108,720)
Expenditures				
General Government				
County Commission	\$ 28,841	\$ 29,316	\$ 29,316	\$ 475
County Mayor/Executive	157,008	158,437	158,437	1,429
Election Commission	133,790	138,169	138,169	4,379
Register of Deeds	138,712	149,030	145,341	6,629
County Buildings	292,080	297,102	300,502	8,422
Other General Administration	38,704	32,775	44,289	5,585
Preservation of Records	1,439	651	1,651	212
Finance				
Accounting and Budgeting	80,889	81,413	81,413	524
Property Assessor's Office	234,432	256,342	244,096	9,664
County Trustee's Office	197,860	206,283	206,283	8,423
County Clerk's Office	197,828	231,907	231,907	34,079
Administration of Justice				
Circuit Court	162,400	166,239	165,334	2,934
General Sessions Judge	131,323	123,176	131,846	523
General Sessions Court Clerk	71,848	69,310	72,215	367
Chancery Court	145,422	138,771	148,078	2,656
Juvenile Court	104,739	105,961	108,961	4,222
District Attorney General	2,585	2,585	2,585	0
Public Safety				
Sheriff's Department	1,551,764	1,654,851	1,655,451	103,687
Jail	941,063	961,775	995,509	54,446
Fire Prevention and Control	100,000	100,000	100,000	0
Other Emergency Management	85,838	88,060	89,501	3,663
County Coroner/Medical Examiner	29,163	33,404	33,404	4,241
Public Health and Welfare				
Local Health Center	27,808	29,000	29,000	1,192
Rabies and Animal Control	11,101	0	15,000	3,899
Ambulance/Emergency Medical Services	1,279,919	1,296,067	1,296,067	16,148
Alcohol and Drug Programs	56,680	61,142	62,330	5,650
Other Local Health Services	21,690	11,470	24,470	2,780
Waste Pickup	39,578	47,700	47,700	8,122
Other Public Health and Welfare	246,552	257,500	453,869	207,317
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	12,000	12,000	12,000	0
Libraries	231,572	230,565	234,400	2,828

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services (Cont.)</u>				
Other Social, Cultural, and Recreational	\$ 72,021	\$ 61,479	\$ 78,000	\$ 5,979
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	60,434	59,111	60,434	0
Soil Conservation	27,828	27,942	27,942	114
<u>Other Operations</u>				
Tourism	10,500	11,500	11,500	1,000
Tourism-resort District	64,919	67,000	67,000	2,081
Housing and Urban Development	77,496	28,470	80,343	2,847
Other Economic and Community Development	247,796	2,700	249,823	2,027
Veterans' Services	66,318	73,806	73,806	7,488
Other Charges	318,428	269,321	322,990	4,562
Miscellaneous	98,144	94,287	98,152	8
Total Expenditures	\$ 7,798,512	\$ 7,666,617	\$ 8,329,114	\$ 530,602
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 356,287	\$ (41,657)	\$ (65,595)	\$ 421,882
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 12,051	\$ 11,826	\$ 11,826	\$ 225
Transfers Out	(262,813)	(266,000)	(275,000)	12,187
Total Other Financing Sources	\$ (250,762)	\$ (254,174)	\$ (263,174)	\$ 12,412
Net Change in Fund Balance				
	\$ 105,525	\$ (295,831)	\$ (328,769)	\$ 434,294
Fund Balance, July 1, 2014	2,142,644	2,141,232	2,141,232	1,412
Fund Balance, June 30, 2015	\$ 2,248,169	\$ 1,845,401	\$ 1,812,463	\$ 435,706

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

Exhibit C-6

Stewart County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 242,999	\$ 236,628	\$ 242,095	\$ 904
Charges for Current Services	1,984	10,000	1,984	0
Other Local Revenues	36,544	15,000	36,544	0
State of Tennessee	1,695,289	1,962,243	1,688,549	6,740
Federal Government	4,664	0	4,664	0
Total Revenues	<u>\$ 1,981,480</u>	<u>\$ 2,223,871</u>	<u>\$ 1,973,836</u>	<u>\$ 7,644</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 157,040	\$ 154,244	\$ 157,080	\$ 40
Highway and Bridge Maintenance	998,258	1,108,130	998,259	1
Operation and Maintenance of Equipment	275,406	326,000	275,406	0
Other Charges	111,900	111,360	111,893	(7)
Employee Benefits	315,953	313,250	315,953	0
Capital Outlay	62,973	358,150	62,972	(1)
Total Expenditures	<u>\$ 1,921,530</u>	<u>\$ 2,371,134</u>	<u>\$ 1,921,563</u>	<u>\$ 33</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 59,950</u>	<u>\$ (147,263)</u>	<u>\$ 52,273</u>	<u>\$ 7,677</u>
Net Change in Fund Balance	\$ 59,950	\$ (147,263)	\$ 52,273	\$ 7,677
Fund Balance, July 1, 2014	<u>231,252</u>	<u>214,164</u>	<u>214,164</u>	<u>17,088</u>
Fund Balance, June 30, 2015	<u>\$ 291,202</u>	<u>\$ 66,901</u>	<u>\$ 266,437</u>	<u>\$ 24,765</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 630,470
Due from Other Governments	<u>65,000</u>
Total Assets	<u><u>\$ 695,470</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 65,000
Due to Litigants, Heirs, and Others	<u>630,470</u>
Total Liabilities	<u><u>\$ 695,470</u></u>

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

STEWART COUNTY, TENNESSEE
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STEWART COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Stewart County School Department operates the public school system in the county, and the voters of Stewart County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Stewart County issues all debt for the discretely presented Stewart County School Department. Net debt issues totaling \$18,375 were contributed by the county to the School Department during the year ended June 30, 2015.

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

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

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

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable

(reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Stewart County reports the following major governmental funds:

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

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

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

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

Additionally, Stewart County reports the following fund type:

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

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Stewart County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Capital Projects Fund and the School Department's General Purpose School Fund. Stewart County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.88 percent of total taxes levied.

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

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

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

Retainage payable in the primary government's General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Capital Projects Fund.

3. Capital Assets

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

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

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

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

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for the deferred charge on refunding, pension changes in experience, and employer contributions made to the pension plan after the measurement date.

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

(revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in investment earnings and changes in proportionate share of contributions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

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

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

6. Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other

financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Position and Fund Balance

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

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

The government-wide Statement of Net Position reports \$2,127,926 of restricted net position, of which \$51,825 is restricted by enabling legislation.

As of June 30, 2015, Stewart County had \$17,431,530 in outstanding debt for capital purposes for the discretely presented Stewart County School Department. This debt is a liability of Stewart County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Stewart County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution 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.

8. Prior-period Adjustment

Capital assets were restated, increased by \$243,565 from the prior year, because equipment had been omitted.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement decreasing Stewart County's beginning net position by \$396,140 has been recognized on the Statement of Activities. In addition, a restatement decreasing the Stewart County School Department's beginning net position by \$3,230,498 has been recognized on the Statement of Activities for liabilities of the pension agent plan (\$386,127) and the pension cost-sharing plan (\$2,844,371).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Stewart County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Stewart County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Stewart County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Stewart County School Department

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

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

Primary Government

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

Discretely Presented Stewart County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School Fund:	
Support Services - Transportation	\$ 6,289
School Federal Projects Fund:	
Instruction - Vocational Education Program	19,033
Support Services - Vocational Education Program	1,402

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	*Restated Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 967,563	\$ 0	\$ 0	\$ 967,563
Construction in Progress	1,606,546	5,307,924	(497,551)	6,416,919
Total Capital Assets Not Depreciated	\$ 2,574,109	\$ 5,307,924	\$ (497,551)	\$ 7,384,482
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,718,284	\$ 727,522	\$ (111,519)	\$ 6,334,287
Infrastructure	1,742,780	10,272	0	1,753,052
Other Capital Assets	3,836,915	291,903	(64,556)	4,064,262
Total Capital Assets Depreciated	\$ 11,297,979	\$ 1,029,697	\$ (176,075)	\$ 12,151,601
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,788,621	\$ 143,307	\$ (18,122)	\$ 1,913,806
Infrastructure	499,165	117,689	0	616,854
Other Capital Assets	2,909,938	337,210	(64,323)	3,182,825
Total Accumulated Depreciation	\$ 5,197,724	\$ 598,206	\$ (82,445)	\$ 5,713,485
Total Capital Assets Depreciated, Net	\$ 6,100,255	\$ 431,491	\$ (93,630)	\$ 6,438,116
Governmental Activities Capital Assets, Net	\$ 8,674,364	\$ 5,739,415	\$ (591,181)	\$ 13,822,598

*See Note I.D.8. for prior-period adjustment.

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

Governmental Activities:

General Government	\$ 76,343
Finance	315
Administration of Justice	861
Public Safety	249,755
Public Health and Welfare	143,824
Social, Cultural, and Recreational Services	11,275
Agriculture and Natural Resources	84
Highway/Public Works	<u>115,749</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 598,206</u>

Discretely Presented Stewart County School Department**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets				
Not Depreciated:				
Land	\$ 1,265,886	\$ 0	\$ 0	\$ 1,265,886
Total Capital Assets Not Depreciated	<u>\$ 1,265,886</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,265,886</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,152,880	\$ 68,790	\$ 0	\$ 35,221,670
Other Capital Assets	5,243,063	124,521	(204,855)	5,162,729
Total Capital Assets Depreciated	<u>\$ 40,395,943</u>	<u>\$ 193,311</u>	<u>\$ (204,855)</u>	<u>\$ 40,384,399</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,103,203	\$ 854,554	\$ 0	\$ 12,957,757
Other Capital Assets	2,939,329	281,414	(204,855)	3,015,888
Total Accumulated Depreciation	<u>\$ 15,042,532</u>	<u>\$ 1,135,968</u>	<u>\$ (204,855)</u>	<u>\$ 15,973,645</u>
Total Capital Assets Depreciated, Net	<u>\$ 25,353,411</u>	<u>\$ (942,657)</u>	<u>\$ 0</u>	<u>\$ 24,410,754</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,619,297</u>	<u>\$ (942,657)</u>	<u>\$</u>	<u>\$ 25,676,640</u>

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

Governmental Activities:

Instruction	\$ 749,385
Support Services	306,262
Operation of Non-instruction Services	<u>80,321</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,135,968</u></u>

C. Construction Commitments

At June 30, 2015, the county had uncompleted construction contracts of \$1,743,605 for jail renovations. Funding for these future expenditures has been received.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,350
General Debt Service	General	50,547
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	44,216

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

	<u>Transfer In</u>
	General
	Debt
	Service
Transfer Out	Fund
General Fund	\$ 262,813

**Discretely Presented Stewart County
School Department**

	<u>Transfer In</u>
	Central
	Cafeteria
Transfer Out	Fund
General Purpose School Fund	\$ 20,841

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

E. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 39 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	2 to 5%	4-1-38	\$ 8,654,000	\$ 8,240,000
General Obligation Bonds - Refunding	1.59 to 3.98	3-1-29	17,390,000	16,235,000
Capital Outlay Notes	2.25 to 4.45	2-25-26	1,105,000	873,981
Capital Outlay Notes - Refunding	2	3-1-19	1,125,000	600,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,735,000	\$ 689,755	\$ 2,424,755
2017	1,805,000	650,494	2,455,494
2018	1,525,000	614,561	2,139,561
2019	1,585,000	577,381	2,162,381
2020	1,640,000	538,833	2,178,833
2021-2025	7,855,000	1,963,984	9,818,984
2026-2030	4,495,000	994,832	5,489,832
2031-2035	2,255,000	451,920	2,706,920
2036-2038	1,580,000	99,526	1,679,526
Total	\$ 24,475,000	\$ 6,581,286	\$ 31,056,286

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 301,614	\$ 37,979	\$ 339,593
2017	280,004	30,623	310,627
2018	294,002	23,725	317,727
2019	264,583	16,832	281,415
2020	78,384	10,742	89,126
2021-2025	217,975	27,447	245,422
2026	37,419	1,233	38,652
Total	\$ 1,473,981	\$ 148,581	\$ 1,622,562

There is \$1,422,942 in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes, totaled \$1,948 based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2014	\$ 26,151,000	\$ 1,584,239
Additions	3,115,000	175,000
Reductions	(4,791,000)	(285,258)
Balance, June 30, 2015	<u>\$ 24,475,000</u>	<u>\$ 1,473,981</u>
Balance Due Within One Year	<u>\$ 1,735,000</u>	<u>\$ 301,614</u>
	Other Long-term Liabilities	Compensated Absences
Balance, July 1, 2014	\$ 205,268	\$ 141,351
Additions	0	229,003
Reductions	(3,169)	(213,707)
Balance, June 30, 2015	<u>\$ 202,099</u>	<u>\$ 156,647</u>
Balance Due Within One Year	<u>\$ 3,307</u>	<u>\$ 146,642</u>
	Other Postemployment Benefits	*Restated Net Pension Liability - Agent Plan
Balance, July 1, 2014	\$ 158,350	\$ 396,140
Additions	17,163	759,255
Reductions	(12,326)	(866,404)
Balance, June 30, 2015	<u>\$ 163,187</u>	<u>\$ 288,991</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

* See Note I.D.9 for restatement. The restatement in Note I.D.9 is comprised of (\$1,198,707) for the beginning net pension liability and \$416,440 for employer contributions made during the year ended June 30, 2014.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 26,759,905
Less: Balance Due Within One Year	(2,186,563)
Add: Deferred Revenue - Premium on Debt	<u>174,810</u>
 Noncurrent Liabilities - Due in More Than One Year - Exhibit A	 <u>\$ 24,748,152</u>

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

Current Refunding

On December 1, 2014, Stewart County issued \$1,160,000 in general obligation school refunding bonds for a current refunding of \$1,160,000 in Series 2003 school refunding bonds. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Also, as a result of the refunding, total debt service payments over the next five years will be reduced by \$26,426, and an economic gain (difference between the present value of debt service payments of the refunded and refunding bonds) of \$25,848 was obtained.

On June 1, 2015, Stewart County issued \$1,955,000 in general obligation school refunding bonds for a current refunding of \$1,955,000 in Series 2005 school refunding bonds. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Also, as a result of the refunding, total debt service payments over the next five years will be reduced by \$122,035, and an economic gain (difference between the present value of debt service payments of the refunded and refunding bonds) of \$111,077 was obtained.

Discretely Presented Stewart County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Stewart County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Other Postemployment Benefits	*Restated Net Pension Liability - Agent Plan
Balance, July 1, 2014	\$ 211,635	\$ 386,127
Additions	98,218	740,064
Reductions	(100,755)	(844,505)
	<hr/>	<hr/>
Balance, June 30, 2015	\$ 209,098	\$ 281,686
	<hr/> <hr/>	<hr/> <hr/>
Balance Due Within One Year	\$ 0	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 490,784
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 490,784</u>

See Note I.D.9 for restatement. The restatement in Note I.D.9 is comprised of (\$1,198,707) for the beginning net pension liability and \$416,440 for employer contributions made during the year ended June 30, 2014.

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Stewart County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$49,328 and \$13,200, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

During the year, Stewart County issued tax anticipation notes totaling \$800,000 in advance of property tax collections and deposited the proceeds in the School Department's General Purpose School Fund. In addition, Stewart County borrowed \$100,000 during the year from the General Fund to provide temporary operating funds for the Highway/Public Works Fund. These notes were necessary because funds were not available for general operating expenses coming due before current tax collections and other revenue sources. Short-term debt activity for the year ended June 30, 2015, was as follows:

	Balance 7-1-14	Issued	Paid	Balance 6-30-15
Tax Anticipation Notes	\$ 0	\$ 900,000	\$ (900,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Primary Government

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

Discretely Presented Stewart County School Department

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

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Event

On July 10, 2015, the county's General Fund issued a \$100,000 tax anticipation note to the Highway/Public Works Fund for temporary operating funds.

D. Contingent Liabilities

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

E. Changes in Administration

Director of Schools Dr. Phillip Wallace left office on June 30, 2014, and was succeeded by Leta Joiner effective July 1, 2014.

On August 31, 2014, Wilby Williams left the Office of Trustee and was succeeded by Laura Crain, and Jerry Cunningham left the Office of County Engineer and was succeeded by Gary Page.

F. Joint Ventures

The Twenty-third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-third Judicial District; Cheatham, Dickson, Houston, Humphreys, and Stewart counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Stewart County made no contributions to the DTF for the year ended June 30, 2015.

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, Hickman County, Houston County, 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.

Stewart County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Twenty-third Judicial District Drug Task Force and the Volunteer State Cooperative can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
Twenty-third Judicial District Drug Task Force
P.O. Box 580
Charlotte, TN 37036

Volunteer State Cooperative
1800 Wilson Parkway
Fayetteville, TN 37334

G. Jointly Governed Organizations

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

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

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

H. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Stewart County and non-certified employees of the discretely presented Stewart County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 50.64 percent and the non-certified employees of the discretely present School Department comprise 49.36 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	21
Inactive Employees Entitled to But Not Yet Receiving Benefits	102
Active Employees	<u>233</u>
 Total	 <u><u>356</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Stewart County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2014, employer contributions for Stewart County were \$421,296 based on a rate of 6.98 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Stewart County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Stewart County’s net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and

that contributions from Stewart County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 9,137,703	\$ 7,938,996	\$ 1,198,707
Changes for the Year:			
Service Cost	\$ 486,273	\$ 0	\$ 486,273
Interest	713,689	0	713,689
Differences Between Expected and Actual Experience	290,944	0	290,944
Contributions-Employer	0	416,440	(416,440)
Contributions-Employees	0	349,865	(349,865)
Net Investment Income	0	1,361,044	(1,361,044)
Benefit Payments, Including Refunds of Employee Contributions	(216,232)	(216,232)	0
Administrative Expense	0	(8,413)	8,413
Other Changes	0	0	0
Net Changes	\$ 1,274,674	\$ 1,902,704	\$ (628,030)
Balance, June 30, 2014	\$ 10,412,377	\$ 9,841,700	\$ 570,677

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	50.64%	\$ 5,272,828	\$ 4,983,837	\$ 288,991
School Department	49.36%	5,139,549	4,857,863	281,686
Total		\$ 10,412,377	\$ 9,841,700	\$ 570,677

Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Stewart County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Stewart County</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>
Net Pension Liability	\$ 2,089,801	\$ 570,677	\$ (681,891)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2015, Stewart County recognized pension expense of \$130,080.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Stewart County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 254,576	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	596,246
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>421,296</u>	<u>N/A</u>
Total	<u>\$ 675,872</u>	<u>\$ 596,246</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 416,933	\$ 301,939
School Department	258,939	294,307
Total	<u>\$ 675,872</u>	<u>\$ 596,246</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (112,693)
2017	(112,693)
2018	(112,693)
2019	(112,693)
2020	36,368
Thereafter	72,734

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Stewart County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Stewart County and non-certified employees of the discretely presented Stewart County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 50.64 percent and the non-certified employees of the discretely present School Department comprise 49.36 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Stewart County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$13,020, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Stewart County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Stewart County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 13,020	N/A

The Stewart County School Department's employer contributions of \$13,020 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Stewart County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefits plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Stewart County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$642,598, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Stewart County School Department reported an asset of \$31,930 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Stewart County School Department's proportion of the net pension asset was based on the Stewart County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Stewart County School Department's proportion was .196500 percent. The proportion measured as of June 30, 2013, was .214461 percent.

Pension Income. For the year ended June 30, 2015, the Stewart County School Department recognized a pension income of \$69,610.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Stewart County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 77,519	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,630,857
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	253,353
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>642,598</u>	<u>N/A</u>
Total	<u>\$ 720,117</u>	<u>\$ 2,884,210</u>

The Stewart County School Department's employer contributions of \$642,598 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (687,020)
2017	(687,020)
2018	(687,020)
2019	(687,020)
2020	(29,306)
Thereafter	(29,305)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Position Liability (Asset) to Changes in the Discount Rate. The following presents Stewart County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Stewart County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
---	------------------------	-------------------------------------	------------------------

Net Pension Liability \$ 5,385,413 \$ (31,930) \$ (4,516,903)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

I. Other Postemployment Benefits (OPEB)

Plan Description

Stewart County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization 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, 2015, Stewart County and the Stewart County School Department contributed \$12,326 and \$100,755, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 17,000	\$ 98,000
Interest on the NOPEBO	6,334	8,465
Adjustment to the ARC	(6,171)	(8,247)
Annual OPEB cost	\$ 17,163	\$ 98,218
Less: Amount of contribution	(12,326)	(100,755)
Increase/decrease in NOPEBO	\$ 4,837	\$ (2,537)
Net OPEB obligation, 7-1-14	158,350	211,635
Net OPEB obligation, 6-30-15	\$ 163,187	\$ 209,098

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Government Group	\$ 39,711	19 %	\$ 149,630
6-30-14	"	17,154	49	158,350
6-30-15	"	17,163	72	163,187
6-30-13	Local Education Group	163,585	63	229,790
6-30-14	"	95,237	119	211,635
6-30-15	"	98,218	103	209,098

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 111,000	\$ 955,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 111,000	\$ 955,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 2,835,494	\$ 6,516,730
UAAL as a % of covered payroll	4%	15%

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, 2013, actuarial valuation for the Local Government Group and the Local Education Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of seven percent for fiscal year 2015. The trend will decrease to 6.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. Purchasing Laws

Office of County Mayor

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

Office of County Engineer

Chapter 171, Private Acts of 1951, as amended, and the Uniform Road Law, Section 54-7-113, *TCA*, prescribe purchasing procedures to be followed by officials of the Road Department. Provisions of the private act stipulate that all purchases exceeding \$300 shall be made by the Road Commission, while purchases involving lesser amounts may be made by the county engineer. The Uniform Road Law provides for purchases exceeding \$10,000 to be made after

public advertisement and solicitation of competitive bids. Purchasing in this department was conducted by the Finance Committee of the County Commission, which served in-lieu-of the Road Commission.

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Stewart County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 486,273
Interest	713,689
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	290,944
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(216,232)</u>
Net Change in Total Pension Liability (Asset)	\$ 1,274,674
Total Pension Liability (Asset), Beginning	<u>9,137,703</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 10,412,377</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 416,440
Contributions - Employee	349,865
Net Investment Income	1,361,044
Benefit Payments, Including Refunds of Employee Contributions	(216,232)
Administrative Expense	<u>(8,413)</u>
Net Change in Plan Fiduciary Net Position	\$ 1,902,704
Plan Fiduciary Net Position, Beginning	<u>7,938,996</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 9,841,700</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ 570,677</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.52%
Covered Employee Payroll	\$ 5,974,731
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	9.55%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-2

Stewart County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 416,440	\$ 421,296
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(416,440)</u>	<u>(421,296)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 5,974,731	\$ 7,761,770
Contributions as a Percentage of Covered Employee Payroll	6.97%	5.43%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-3

Stewart County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Stewart County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 8,138
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(13,020)</u>
Contribution Deficiency (Excess)	<u>\$ (4,882)</u>
Covered Employee Payroll	\$ 325,000
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Stewart County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Stewart County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 684,880	\$ 642,598
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(684,880)</u>	<u>(642,598)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 7,712,604	\$ 7,239,701
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.88%

Note: ten years of data will be presented when available.

Exhibit E-5

Stewart County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Stewart County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.196500%
School Department's Proportionate Share of the Net Pension Asset	\$ 31,930
Covered Employee Payroll	\$ 7,712,604
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Stewart County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Stewart County School Department
June 30, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (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	7-1-10	\$ 0	\$ 448	\$ 448	0%	\$ 2,312	19%
"	7-1-11	0	309	309	0	2,650	12
"	7-1-13	0	111	111	0	2,835	4
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	1,250	1,250	0	5,930	21
"	7-1-11	0	1,535	1,535	0	6,206	25
"	7-1-13	0	955	955	0	6,517	15

STEWART COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Ten Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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 of deeds, and sheriff.

Exhibit F-1

Stewart County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,350	\$ 1,350
Equity in Pooled Cash and Investments	36,256	0	36,256
Total Assets	<u>\$ 36,256</u>	<u>\$ 1,350</u>	<u>\$ 37,606</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 1,350	\$ 1,350
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,350</u>	<u>\$ 1,350</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 36,256	\$ 0	\$ 36,256
Total Fund Balances	<u>\$ 36,256</u>	<u>\$ 0</u>	<u>\$ 36,256</u>
Total Liabilities and Fund Balances	<u>\$ 36,256</u>	<u>\$ 1,350</u>	<u>\$ 37,606</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, 2015

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 3,112	\$ 0	\$ 3,112
Charges for Current Services	0	3,985	3,985
Other Local Revenues	45,050	0	45,050
Total Revenues	<u>\$ 48,162</u>	<u>\$ 3,985</u>	<u>\$ 52,147</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 3,985	\$ 3,985
Public Safety	20,442	0	20,442
Other Operations	29	0	29
Total Expenditures	<u>\$ 20,471</u>	<u>\$ 3,985</u>	<u>\$ 24,456</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 27,691</u>	<u>\$ 0</u>	<u>\$ 27,691</u>
Net Change in Fund Balances	\$ 27,691	\$ 0	\$ 27,691
Fund Balance, July 1, 2014	<u>8,565</u>	<u>0</u>	<u>8,565</u>
Fund Balance, June 30, 2015	<u>\$ 36,256</u>	<u>\$ 0</u>	<u>\$ 36,256</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 3,112	\$ 2,000	\$ 2,000	\$ 1,112
Other Local Revenues	45,050	1,000	45,050	0
Total Revenues	<u>\$ 48,162</u>	<u>\$ 3,000</u>	<u>\$ 47,050</u>	<u>\$ 1,112</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 20,442	\$ 2,500	\$ 46,550	\$ 26,108
<u>Other Operations</u>				
Other Charges	29	50	50	21
Total Expenditures	<u>\$ 20,471</u>	<u>\$ 2,550</u>	<u>\$ 46,600</u>	<u>\$ 26,129</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 27,691</u>	<u>\$ 450</u>	<u>\$ 450</u>	<u>\$ 27,241</u>
Net Change in Fund Balance	\$ 27,691	\$ 450	\$ 450	\$ 27,241
Fund Balance, July 1, 2014	<u>8,565</u>	<u>8,565</u>	<u>8,565</u>	<u>0</u>
Fund Balance, June 30, 2015	<u><u>\$ 36,256</u></u>	<u><u>\$ 9,015</u></u>	<u><u>\$ 9,015</u></u>	<u><u>\$ 27,241</u></u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,480,102	\$ 2,385,403	\$ 2,385,403	\$ 94,699
Other Governments and Citizens Groups	187,979	178,000	178,000	9,979
Total Revenues	<u>\$ 2,668,081</u>	<u>\$ 2,563,403</u>	<u>\$ 2,563,403</u>	<u>\$ 104,678</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 221,950	\$ 222,047	\$ 222,017	\$ 67
Education	1,739,308	1,739,308	1,739,308	0
<u>Interest on Debt</u>				
General Government	224,226	224,196	224,227	1
Education	591,424	596,674	591,674	250
<u>Other Debt Service</u>				
General Government	49,424	55,500	55,500	6,076
Education	12,980	1,350	14,350	1,370
Total Expenditures	<u>\$ 2,839,312</u>	<u>\$ 2,839,075</u>	<u>\$ 2,847,076</u>	<u>\$ 7,764</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (171,231)</u>	<u>\$ (275,672)</u>	<u>\$ (283,673)</u>	<u>\$ 112,442</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 3,115,000	\$ 0	\$ 3,115,000	\$ 0
Transfers In	262,813	266,000	266,000	(3,187)
Payments to Refunded Debt Escrow Agent	(3,115,000)	0	(3,115,000)	0
Total Other Financing Sources	<u>\$ 262,813</u>	<u>\$ 266,000</u>	<u>\$ 266,000</u>	<u>\$ (3,187)</u>
Net Change in Fund Balance	\$ 91,582	\$ (9,672)	\$ (17,673)	\$ 109,255
Fund Balance, July 1, 2014	<u>1,331,360</u>	<u>1,331,360</u>	<u>1,331,360</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 1,422,942</u>	<u>\$ 1,321,688</u>	<u>\$ 1,313,687</u>	<u>\$ 109,255</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or 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 of deeds; 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, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 630,470	\$ 630,470
Due from Other Governments	65,000	0	65,000
Total Assets	<u>\$ 65,000</u>	<u>\$ 630,470</u>	<u>\$ 695,470</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 65,000	\$ 0	\$ 65,000
Due to Litigants, Heirs, and Others	0	630,470	630,470
Total Liabilities	<u>\$ 65,000</u>	<u>\$ 630,470</u>	<u>\$ 695,470</u>

Exhibit H-2

Stewart County, Tennessee

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

For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 367,676	\$ 367,676	\$ 0
Due from Other Governments	62,500	65,000	62,500	65,000
Total Assets	\$ 62,500	\$ 432,676	\$ 430,176	\$ 65,000
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 62,500	\$ 432,676	\$ 430,176	\$ 65,000
Total Liabilities	\$ 62,500	\$ 432,676	\$ 430,176	\$ 65,000
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 627,413	\$ 3,085,344	\$ 3,082,287	\$ 630,470
Total Assets	\$ 627,413	\$ 3,085,344	\$ 3,082,287	\$ 630,470
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 627,413	\$ 3,085,344	\$ 3,082,287	\$ 630,470
Total Liabilities	\$ 627,413	\$ 3,085,344	\$ 3,082,287	\$ 630,470
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 627,413	\$ 3,085,344	\$ 3,082,287	\$ 630,470
Equity in Pooled Cash and Investments	0	367,676	367,676	0
Due from Other Governments	62,500	65,000	62,500	65,000
Total Assets	\$ 689,913	\$ 3,518,020	\$ 3,512,463	\$ 695,470
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 62,500	\$ 432,676	\$ 430,176	\$ 65,000
Due to Litigants, Heirs, and Others	627,413	3,085,344	3,082,287	630,470
Total Liabilities	\$ 689,913	\$ 3,518,020	\$ 3,512,463	\$ 695,470

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, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 9,494,926	\$ 140	\$ 629,076	\$ (8,865,710)
Support Services	6,370,163	75,630	309,894	(5,915,849)
Operation of Non-instructional Services	1,641,353	209,354	1,273,144	(158,855)
Total Governmental Activities	\$ 17,506,442	\$ 285,124	\$ 2,212,114	\$ (14,940,414)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 767,597
Local Option Sales Taxes				843,299
Other Local Taxes				39,177
Grants and Contributions Not Restricted for Specific Programs				13,458,872
Unrestricted Investment Income				19,305
Miscellaneous				144,679
Pension Income				69,610
Total General Revenues				\$ 15,342,539
Change in Net Position				\$ 402,125
Net Position, July 1, 2014				28,328,785
Restatement - Pension Liability (see Note I.D.9)				(3,230,498)
Net Position, June 30, 2015				\$ 25,500,412

Exhibit I-2

Stewart County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Stewart County School Department
 June 30, 2015

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Govern-mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 714	\$ 0	\$ 714
Equity in Pooled Cash and Investments	1,700,957	560,074	107,342	2,368,373
Due from Other Governments	210,735	0	23,736	234,471
Due from Other Funds	44,216	0	0	44,216
Property Taxes Receivable	855,094	0	0	855,094
Allowance for Uncollectible Property Taxes	(30,938)	0	0	(30,938)
Total Assets	\$ 2,780,064	\$ 560,788	\$ 131,078	\$ 3,471,930
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 156,145	\$ 383	\$ 197	\$ 156,725
Due to Other Funds	0	0	44,216	44,216
Due to State of Tennessee	996	461	0	1,457
Total Liabilities	\$ 157,141	\$ 844	\$ 44,413	\$ 202,398
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 800,465	\$ 0	\$ 0	\$ 800,465
Deferred Delinquent Property Taxes	21,941	0	0	21,941
Other Deferred/Unavailable Revenue	76,460	0	0	76,460
Total Deferred Inflows of Resources	\$ 898,866	\$ 0	\$ 0	\$ 898,866
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 15,384	\$ 0	\$ 70,832	\$ 86,216
Restricted for Operation of Non-instructional Services	0	559,944	0	559,944
Committed:				
Committed for Education	0	0	833	833
Assigned:				
Assigned for Education	54,381	0	15,000	69,381
Unassigned	1,654,292	0	0	1,654,292
Total Fund Balances	\$ 1,724,057	\$ 559,944	\$ 86,665	\$ 2,370,666
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,780,064	\$ 560,788	\$ 131,078	\$ 3,471,930

Exhibit I-3

Stewart County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Stewart County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	2,370,666
(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		22,263,913	
Add: other capital assets net of accumulated depreciation		<u>2,146,841</u>	25,676,640
(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	\$	(209,098)	
Less: net pension liability - agent plan		<u>(281,686)</u>	(490,784)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	992,076	
Less: deferred inflows of resources related to pensions		<u>(3,178,517)</u>	(2,186,441)
(4) Net pension assets of the cost-sharing plan are not current financial resources and are therefore not reported in the governmental funds.			31,930
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>98,401</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>25,500,412</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, 2015

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 1,733,376	\$ 0	\$ 2,682	\$ 1,736,058
Licenses and Permits	862	0	0	862
Charges for Current Services	75,770	209,354	0	285,124
Other Local Revenues	149,039	14,945	0	163,984
State of Tennessee	13,432,324	11,938	0	13,444,262
Federal Government	299,906	851,719	967,265	2,118,890
Other Governments and Citizens Groups	18,375	0	0	18,375
Total Revenues	<u>\$ 15,709,652</u>	<u>\$ 1,087,956</u>	<u>\$ 969,947</u>	<u>\$ 17,767,555</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 8,143,541	\$ 0	\$ 822,627	\$ 8,966,168
Support Services	6,296,440	0	226,593	6,523,033
Operation of Non-instructional Services	440,585	1,087,283	0	1,527,868
Capital Outlay	11,762	0	0	11,762
Debt Service:				
Interest on Debt	11,900	0	0	11,900
Other Debt Service	187,979	0	0	187,979
Total Expenditures	<u>\$ 15,092,207</u>	<u>\$ 1,087,283</u>	<u>\$ 1,049,220</u>	<u>\$ 17,228,710</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 617,445</u>	<u>\$ 673</u>	<u>\$ (79,273)</u>	<u>\$ 538,845</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,540	\$ 0	\$ 0	\$ 5,540
Transfers In	0	20,841	0	20,841
Transfers Out	(20,841)	0	0	(20,841)
Total Other Financing Sources (Uses)	<u>\$ (15,301)</u>	<u>\$ 20,841</u>	<u>\$ 0</u>	<u>\$ 5,540</u>
Net Change in Fund Balances	\$ 602,144	\$ 21,514	\$ (79,273)	\$ 544,385
Fund Balance, July 1, 2014	1,121,913	538,430	165,938	1,826,281
Fund Balance, June 30, 2015	<u>\$ 1,724,057</u>	<u>\$ 559,944</u>	<u>\$ 86,665</u>	<u>\$ 2,370,666</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, 2015

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)		\$	544,385
(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	\$	124,521	
Less: current-year depreciation expense		<u>(1,135,968)</u>	(1,011,447)
(2) The net effect of various miscellaneous transactions involving capital assets (donations) is to increase net position.			
Add: assets donated and capitalized			68,790
(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, 2015	\$	98,401	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(94,842)</u>	3,559
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability	\$	2,537	
Change in net pension asset - cost-sharing plan		2,876,301	
Change in net pension liability - agent plan		104,441	
Change in deferred outflows related to pensions		992,076	
Change in deferred inflows related to pensions		<u>(3,178,517)</u>	<u>796,838</u>
Change in net position of governmental activities (Exhibit B)		\$	<u>402,125</u>

Exhibit I-6

Stewart County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Stewart County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		Total
	<u>School</u>	<u>School</u>	Nonmajor
	Federal	Transpor -	Governmental
	Projects	tation	Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 46,806	\$ 60,536	\$ 107,342
Due from Other Governments	23,736	0	23,736
Total Assets	\$ 70,542	\$ 60,536	\$ 131,078
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 197	\$ 0	\$ 197
Due to Other Funds	44,216	0	44,216
Total Liabilities	\$ 44,413	\$ 0	\$ 44,413
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 11,129	\$ 59,703	\$ 70,832
Committed:			
Committed for Education	0	833	833
Assigned:			
Assigned for Education	15,000	0	15,000
Total Fund Balances	\$ 26,129	\$ 60,536	\$ 86,665
Total Liabilities and Fund Balances	\$ 70,542	\$ 60,536	\$ 131,078

Exhibit I-7

Stewart County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Stewart County School Department
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	School Transpor - tation	Nonmajor Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 2,682	\$ 2,682
Federal Government	967,265	0	967,265
Total Revenues	<u>\$ 967,265</u>	<u>\$ 2,682</u>	<u>\$ 969,947</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 822,627	\$ 0	\$ 822,627
Support Services	140,608	85,985	226,593
Total Expenditures	<u>\$ 963,235</u>	<u>\$ 85,985</u>	<u>\$ 1,049,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,030</u>	<u>\$ (83,303)</u>	<u>\$ (79,273)</u>
Net Change in Fund Balances	\$ 4,030	\$ (83,303)	\$ (79,273)
Fund Balance, July 1, 2014	<u>22,099</u>	<u>143,839</u>	<u>165,938</u>
Fund Balance, June 30, 2015	<u>\$ 26,129</u>	<u>\$ 60,536</u>	<u>\$ 86,665</u>

Exhibit I-8

Stewart County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Stewart County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,733,376	\$ 0	\$ 1,733,376	\$ 1,506,355	\$ 1,695,934	\$ 37,442
Licenses and Permits	862	0	862	400	400	462
Charges for Current Services	75,770	0	75,770	71,750	74,673	1,097
Other Local Revenues	149,039	0	149,039	46,062	165,978	(16,939)
State of Tennessee	13,432,324	0	13,432,324	13,385,305	13,464,275	(31,951)
Federal Government	299,906	0	299,906	212,200	212,200	87,706
Other Governments and Citizens Groups	18,375	0	18,375	0	0	18,375
Total Revenues	\$ 15,709,652	\$ 0	\$ 15,709,652	\$ 15,222,072	\$ 15,613,460	\$ 96,192
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 6,566,079	\$ 0	\$ 6,566,079	\$ 6,746,200	\$ 6,758,138	\$ 192,059
Alternative Instruction Program	59,187	0	59,187	63,690	63,690	4,503
Special Education Program	861,016	0	861,016	885,227	875,236	14,220
Vocational Education Program	657,259	0	657,259	664,375	664,375	7,116
<u>Support Services</u>						
Attendance	92,623	0	92,623	82,152	94,032	1,409
Health Services	233,395	0	233,395	282,295	282,295	48,900
Other Student Support	425,695	0	425,695	467,970	463,872	38,177
Regular Instruction Program	506,215	0	506,215	508,600	513,533	7,318
Special Education Program	176,289	0	176,289	177,035	176,595	306
Vocational Education Program	901	0	901	2,000	2,000	1,099
Other Programs	62,528	0	62,528	0	62,528	0
Board of Education	354,185	0	354,185	363,822	363,822	9,637
Director of Schools	235,926	0	235,926	233,705	241,463	5,537
Office of the Principal	834,929	0	834,929	843,115	843,115	8,186

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Fiscal Services	\$ 112,262	\$ 0	\$ 112,262	\$ 112,722	\$ 112,722	\$ 460
Operation of Plant	1,356,936	0	1,356,936	1,335,016	1,356,980	44
Maintenance of Plant	515,275	0	515,275	497,975	526,374	11,099
Transportation	1,266,592	54,381	1,320,973	1,226,854	1,314,684	(6,289)
Central and Other	122,689	0	122,689	160,621	160,621	37,932
<u>Operation of Non-instructional Services</u>						
Food Service	8,073	0	8,073	9,500	9,500	1,427
Community Services	29,079	0	29,079	28,486	29,192	113
Early Childhood Education	403,433	0	403,433	404,205	409,487	6,054
<u>Capital Outlay</u>						
Regular Capital Outlay	11,762	0	11,762	10,000	15,008	3,246
<u>Interest on Debt</u>						
Education	11,900	0	11,900	812,000	12,000	100
Other Debt Service						
Education	187,979	0	187,979	0	187,979	0
Total Expenditures	\$ 15,092,207	\$ 54,381	\$ 15,146,588	\$ 15,917,565	\$ 15,539,241	\$ 392,653
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 617,445	\$ (54,381)	\$ 563,064	\$ (695,493)	\$ 74,219	\$ 488,845
<u>Other Financing Sources (Uses)</u>						
Notes Issued	0	0	0	800,000	0	0
Insurance Recovery	5,540	0	5,540	0	22,658	(17,118)
Transfers Out	(20,841)	0	(20,841)	(34,500)	(34,500)	13,659
Total Other Financing Sources	\$ (15,301)	\$ 0	\$ (15,301)	\$ 765,500	\$ (11,842)	\$ (3,459)
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2014</u>	\$ 602,144	\$ (54,381)	\$ 547,763	\$ 70,007	\$ 62,377	\$ 485,386
	1,121,913	0	1,121,913	1,063,771	1,063,771	58,142
<u>Fund Balance, June 30, 2015</u>	\$ 1,724,057	\$ (54,381)	\$ 1,669,676	\$ 1,133,778	\$ 1,126,148	\$ 543,528

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 Federal Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 967,265	\$ 1,320,381	\$ 1,320,346	\$ (353,081)
Total Revenues	\$ 967,265	\$ 1,320,381	\$ 1,320,346	\$ (353,081)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 427,883	\$ 568,375	\$ 568,517	\$ 140,634
Special Education Program	375,711	487,886	492,386	116,675
Vocational Education Program	19,033	0	0	(19,033)
<u>Support Services</u>				
Other Student Support	41,394	71,500	71,500	30,106
Regular Instruction Program	81,024	139,630	139,630	58,606
Special Education Program	16,788	52,990	48,490	31,702
Vocational Education Program	1,402	0	0	(1,402)
Total Expenditures	\$ 963,235	\$ 1,320,381	\$ 1,320,523	\$ 357,288
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,030	\$ 0	\$ (177)	\$ 4,207
Net Change in Fund Balance	\$ 4,030	\$ 0	\$ (177)	\$ 4,207
Fund Balance, July 1, 2014	22,099	22,099	22,099	0
Fund Balance, June 30, 2015	\$ 26,129	\$ 22,099	\$ 21,922	\$ 4,207

Exhibit I-10

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 209,354	\$ 227,000	\$ 227,000	\$ (17,646)
Other Local Revenues	14,945	18,100	18,100	(3,155)
State of Tennessee	11,938	11,000	11,000	938
Federal Government	851,719	1,017,000	1,017,000	(165,281)
Total Revenues	<u>\$ 1,087,956</u>	<u>\$ 1,273,100</u>	<u>\$ 1,273,100</u>	<u>\$ (185,144)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,087,283	\$ 1,151,300	\$ 1,151,300	\$ 64,017
Total Expenditures	<u>\$ 1,087,283</u>	<u>\$ 1,151,300</u>	<u>\$ 1,151,300</u>	<u>\$ 64,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 673</u>	<u>\$ 121,800</u>	<u>\$ 121,800</u>	<u>\$ (121,127)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 20,841	\$ 3,000	\$ 3,000	\$ 17,841
Total Other Financing Sources	<u>\$ 20,841</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 17,841</u>
Net Change in Fund Balance	\$ 21,514	\$ 124,800	\$ 124,800	\$ (103,286)
Fund Balance, July 1, 2014	<u>538,430</u>	<u>539,466</u>	<u>539,466</u>	<u>(1,036)</u>
Fund Balance, June 30, 2015	<u>\$ 559,944</u>	<u>\$ 664,266</u>	<u>\$ 664,266</u>	<u>\$ (104,322)</u>

Exhibit I-11

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,682	\$ 4,700	\$ 4,700	\$ (2,018)
Total Revenues	\$ 2,682	\$ 4,700	\$ 4,700	\$ (2,018)
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 27	\$ 100	\$ 100	\$ 73
Transportation	85,958	143,000	143,000	57,042
Total Expenditures	\$ 85,985	\$ 143,100	\$ 143,100	\$ 57,115
Excess (Deficiency) of Revenues Over Expenditures	\$ (83,303)	\$ (138,400)	\$ (138,400)	\$ 55,097
Net Change in Fund Balance	\$ (83,303)	\$ (138,400)	\$ (138,400)	\$ 55,097
Fund Balance, July 1, 2014	143,839	143,839	143,839	0
Fund Balance, June 30, 2015	\$ 60,536	\$ 5,439	\$ 5,439	\$ 55,097

MISCELLANEOUS SCHEDULES

Exhibit J-1

Stewart County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-15
NOTES PAYABLE									
Payable through General Debt Service Fund									
Ambulance Capital Outlay Notes, Series 2009	\$ 118,800	4.45	% 11-5-09	11-5-14	\$ 25,884	\$ 0	\$ 25,884	\$ 0	0
Courthouse Capital Outlay Note, Series 2012	126,000	3.5	8-25-11	8-25-23	108,567	0	9,193	0	99,374
Ambulance Capital Outlay Note, Series 2012	116,000	2.9	11-4-11	11-4-15	59,678	0	29,422	0	30,256
G.O. Capital Outlay Refunding Note, Series 2011	1,125,000	2	11-10-11	3-1-19	735,000	0	135,000	0	600,000
Public Safety Vehicles Capital Outlay Notes, Series 2013	175,000	3	11-1-12	11-1-17	142,110	0	33,896	0	108,214
Public Safety/Public Health Capital Outlay Notes	135,000	2.5	11-7-13	11-7-18	135,000	0	25,667	0	109,333
County Courthouse/Schools Capital Outlay Notes	378,000	3.25	2-25-14	2-25-26	378,000	0	26,196	0	351,804
Public Safety Capital Outlay Notes, Series 2014	175,000	2.25	11-10-14	11-10-19	0	175,000	0	0	175,000
Total Notes Payable					\$ 1,584,239	\$ 175,000	\$ 285,258	\$ 0	\$ 1,473,981

BONDS PAYABLE

Payable through General Debt Service Fund

Industrial Park Development (FmHA)	454,000	5	10-15-77	10-1-16	\$ 56,000	\$ 0	\$ 16,000	\$ 0	40,000
School Refunding, Series 2003	6,035,000	3.4	5-11-03	12-1-14	1,710,000	0	550,000	1,160,000	0
School Refunding, Series 2005	3,470,000	3.79	3-3-05	6-1-15	2,135,000	0	180,000	1,955,000	0
School Refunding, Series 2007	6,330,000	3.98	1-26-07	3-1-29	6,165,000	0	90,000	0	6,075,000
Public Improvement Bonds, Series 2012	8,200,000	2 to 3.125	12-20-12	4-1-38	8,200,000	0	0	0	8,200,000
School Refunding Bond, Series 2013	765,000	2.69	5-15-13	3-1-24	705,000	0	65,000	0	640,000
School Refunding, Series 2013A	5,405,000	2.59	11-27-13	12-1-23	5,405,000	0	450,000	0	4,955,000
School Refunding, Series 2014	1,775,000	1.94	2-28-14	3-1-19	1,775,000	0	325,000	0	1,450,000
School Refunding, Series 2014A	1,160,000	1.59	12-1-14	9-1-16	0	1,160,000	0	0	1,160,000
School Refunding, Series 2015	1,955,000	2.60	6-1-15	6-1-24	0	1,955,000	0	0	1,955,000
Total Bonds Payable					\$ 26,151,000	\$ 3,115,000	\$ 1,676,000	\$ 3,115,000	\$ 24,475,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 301,614	\$ 37,979	\$ 339,593
2017	280,004	30,623	310,627
2018	294,002	23,725	317,727
2019	264,583	16,832	281,415
2020	78,384	10,742	89,126
2021	43,161	8,531	51,692
2022	44,630	7,063	51,693
2023	46,125	5,568	51,693
2024	47,841	3,852	51,693
2025	36,218	2,433	38,651
2026	37,419	1,233	38,652
Total	\$ 1,473,981	\$ 148,581	\$ 1,622,562

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,735,000	\$ 689,755	\$ 2,424,755
2017	1,805,000	650,494	2,455,494
2018	1,525,000	614,561	2,139,561
2019	1,585,000	577,381	2,162,381
2020	1,640,000	538,833	2,178,833
2021	1,705,000	490,622	2,195,622
2022	1,675,000	440,474	2,115,474
2023	1,735,000	392,203	2,127,203
2024	1,805,000	342,060	2,147,060
2025	935,000	298,625	1,233,625
2026	970,000	267,294	1,237,294
2027	1,000,000	234,743	1,234,743
2028	1,045,000	200,721	1,245,721
2029	1,080,000	164,680	1,244,680
2030	400,000	127,394	527,394
2031	415,000	116,394	531,394
2032	435,000	103,944	538,944
2033	450,000	90,894	540,894
2034	470,000	77,394	547,394
2035	485,000	63,294	548,294
2036	505,000	48,744	553,744
2037	525,000	33,594	558,594
2038	550,000	17,188	567,188
Total	\$ 24,475,000	\$ 6,581,286	\$ 31,056,286

Exhibit J-3

Stewart County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Stewart County School Department
For the Year Ended June 30, 2015

<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>262,813</u>
Total Transfers Primary Government			\$ <u>262,813</u>
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Deferred compensation, insurance, and retirement match	\$ <u>20,841</u>
Total Transfers Discretely Presented Stewart County School Department			\$ <u>20,841</u>

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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 77,775	\$ 100,000	State Automobile Mutual Insurance Company
County Engineer:				
Jerry Cunningham (7-1-14 through 8-31-14)	Section 8-24-102, TCA	11,705	100,000	"
Gary Page (9-1-14 through 6-30-15)	Section 8-24-102, TCA	58,523	100,000	"
Director of Schools	State Board of Education and County Board of Education	94,100 (1)	100,000	"
Trustee:				
Wilby Williams (7-1-14 through 8-31-14)	Section 8-24-102, TCA	10,640	645,600	"
Laura Crain (9-1-14 through 6-30-15)	Section 8-24-102, TCA	53,203	700,549	"
Assessor of Property	Section 8-24-102, TCA	63,843	50,000	"
County Clerk	Section 8-24-102, TCA	63,843	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	63,843	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	63,843 (2)	50,000	"
Register of Deeds	Section 8-24-102, TCA	63,843	50,000	"
Sheriff	Section 8-24-102, TCA	70,228 (3)	100,000	"
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 special commissioner fees of \$3,985.
(3) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Stewart County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2015

	Special Revenue Funds					Debt Service	
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	Fund
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 3,090,381	\$ 0	\$ 0	\$ 209,471	\$ 1,719,793		
Trustee's Collections - Prior Year	100,326	0	0	6,493	55,820		
Circuit/Clerk and Master Collections - Prior Years	83,045	0	0	3,995	45,570		
Interest and Penalty	19,163	0	0	1,301	10,661		
Payments in-Lieu-of Taxes - T.V.A.	942	0	0	64	524		
Payments in-Lieu-of Taxes - Local Utilities	317,366	0	0	21,476	176,579		
Payments in-Lieu-of Taxes - Other	99,752	0	0	0	54,687		
<u>County Local Option Taxes</u>							
Local Option Sales Tax	475,269	0	0	0	0		
Hotel/Motel Tax	21,881	0	0	0	0		
Wheel Tax	0	0	0	0	414,831		
Litigation Tax - General	35,527	0	0	0	0		
Litigation Tax - Special Purpose	15,205	0	0	0	0		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0		
Business Tax	30,632	0	0	0	0		
Mixed Drink Tax	1,802	0	0	0	0		
<u>Statutory Local Taxes</u>							
Bank Excise Tax	2,942	0	0	199	1,637		
Wholesale Beer Tax	120,425	0	0	0	0		
Interstate Telecommunications Tax	1,149	0	0	0	0		
Total Local Taxes	\$ 4,415,807	\$ 0	\$ 0	\$ 242,999	\$ 2,480,102		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 5,296	\$ 0	\$ 0	\$ 0	\$ 0		
Cable TV Franchise	3,448	0	0	0	0		

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	2,478 \$	0 \$	0 \$	0 \$	0
Total Licenses and Permits	11,222 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	3,050 \$	0 \$	0 \$	0 \$	0
Officers Costs	4,675	0	0	0	0
Drug Control Fines	319	1,131	0	0	0
Data Entry Fee - Circuit Court	741	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	1,282	0	0	0	0
<u>General Sessions Court</u>					
Fines	5,595	0	0	0	0
Officers Costs	17,705	0	0	0	0
Game and Fish Fines	1,228	0	0	0	0
Drug Control Fines	1,829	1,805	0	0	0
Jail Fees	2,542	0	0	0	0
DUI Treatment Fines	1,901	0	0	0	0
Data Entry Fee - General Sessions Court	4,641	0	0	0	0
<u>Juvenile Court</u>					
Fines	77	0	0	0	0
Officers Costs	344	0	0	0	0
Data Entry Fee - Juvenile Court	118	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	431	0	0	0	0
Data Entry Fee - Chancery Court	3,434	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	\$ 3,320	\$ 176	\$ 0	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 53,232	\$ 3,112	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 789,812	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board Fees	360	0	0	0	0
Telephone Commissions	4,912	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	3,985	0	0
Data Processing Fee - Register	4,194	0	0	0	0
Probation Fees	360	0	0	0	0
Data Processing Fee - Sheriff	1,908	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,100	0	0	0	0
Data Processing Fee - County Clerk	626	0	0	0	0
Other Charges for Services	0	0	0	1,984	0
Other Charges for Services	\$ 804,272	\$ 0	\$ 3,985	\$ 1,984	\$ 0
Total Charges for Current Services					
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	7,805	0	0	0	0
Sale of Materials and Supplies	38	0	0	0	0
Commissary Sales	2,254	0	0	0	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund	
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Gasoline	\$ 0	\$ 0	\$ 0	\$ 5,312	\$ 0	0
Sale of Recycled Materials	0	0	0	12,595	0	0
Miscellaneous Refunds	6,469	0	0	7,399	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	45,050	0	11,238	0	0
Damages Recovered from Individuals	3,100	0	0	0	0	0
Performance Bond Forfeitures	3,260	0	0	0	0	0
Total Other Local Revenues	\$ 22,926	\$ 45,050	\$ 0	\$ 36,544	\$ 0	0
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of-Salary</u>						
County Clerk	\$ 123,073	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	40,797	0	0	0	0	0
General Sessions Court Clerk	71,968	0	0	0	0	0
Clerk and Master	103,375	0	0	0	0	0
Juvenile Court Clerk	3,967	0	0	0	0	0
Register	49,800	0	0	0	0	0
Sheriff	6,224	0	0	0	0	0
Trustee	236,114	0	0	0	0	0
Total Fees Received from County Officials	\$ 635,318	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
General Government Grants	\$ 23,877	\$ 0	\$ 0	\$ 0	\$ 0	0
Juvenile Services Program						

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	
<u>State of Tennessee (Cont.)</u>							
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	\$ 11,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	215,592	0	0	0	0	0	0
<u>Public Works Grants</u>							
Litter Program	36,306	0	0	0	0	0	0
<u>Other State Revenues</u>							
Flood Control	1,209	0	0	0	0	0	0
Income Tax	14,500	0	0	0	0	0	0
Resort District Sales Tax	148,481	0	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0	0
Alcoholic Beverage Tax	41,626	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	936,734	0	0	71,238	0	0	0
Contracted Prisoner Boarding	15,540	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	1,614,437	0	0	0
Petroleum Special Tax	0	0	0	9,614	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	137,533	0	0	0	0	0	0
Other State Revenues	34,698	0	0	0	0	0	0
Total State of Tennessee	\$ 1,650,715	\$ 0	\$ 0	\$ 1,695,289	\$ 0	\$ 0	0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 234,129	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	1,492	0	0	0	0	0	0
Law Enforcement Grants	12,671	0	0	0	0	0	0
Other Federal through State	75,025	0	0	4,664	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	
<u>Federal Government (Cont.)</u>							
Direct Federal Revenue							
Police Service (Lake Area)	\$ 8,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Forest Service	43,200	0	0	0	0	0	0
Total Federal Government	\$ 374,877	\$ 0	\$ 0	\$ 4,664	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>							
Other Governments							
Contributions	\$ 103,891	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	187,979
Contracted Services	21,531	0	0	0	0	0	0
Citizens Groups							
Donations	2,410	0	0	0	0	0	0
Other	58,598	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 186,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	187,979
Total	\$ 8,154,799	\$ 48,162	\$ 3,985	\$ 1,981,480	\$ 2,668,081	\$ 2,668,081	

(Continued)

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

	<u>Capital</u>		
	<u>Projects Fund</u>		
	<u>General</u>	<u>Capital</u>	<u>Total</u>
	<u>Projects</u>	<u>Projects</u>	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	0	0	5,019,645
Trustee's Collections - Prior Year	0	0	162,639
Circuit/Clerk and Master Collections - Prior Years	0	0	132,610
Interest and Penalty	0	0	31,125
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,530
Payments in-Lieu-of Taxes - Local Utilities	0	0	515,421
Payments in-Lieu-of Taxes - Other	745	0	155,184
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	475,269
Hotel/Motel Tax	0	0	21,881
Wheel Tax	0	0	414,831
Litigation Tax - General	0	0	35,527
Litigation Tax - Special Purpose	0	0	15,205
Litigation Tax - Jail, Workhouse, or Courthouse	64,582	0	64,582
Business Tax	0	0	30,632
Mixed Drink Tax	0	0	1,802
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	4,778
Wholesale Beer Tax	0	0	120,425
Interstate Telecommunications Tax	0	0	1,149
Total Local Taxes	<u>65,327</u>	<u>\$</u>	<u>7,204,235</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Animal Vaccination	0	0	5,296
Cable TV Franchise	0	0	3,448

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Beer Permits	0 \$	2,478
Total Licenses and Permits	<u>0 \$</u>	<u>11,222</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	0 \$	3,050
Officers Costs	0	4,675
Drug Control Fines	0	1,450
Data Entry Fee - Circuit Court	0	741
<u>Criminal Court</u>		
DUI Treatment Fines	0	1,282
<u>General Sessions Court</u>		
Fines	0	5,595
Officers Costs	0	17,705
Game and Fish Fines	0	1,228
Drug Control Fines	0	3,634
Jail Fees	0	2,542
DUI Treatment Fines	0	1,901
Data Entry Fee - General Sessions Court	0	4,641
<u>Juvenile Court</u>		
Fines	0	77
Officers Costs	0	344
Data Entry Fee - Juvenile Court	0	118
<u>Chancery Court</u>		
Officers Costs	0	431
Data Entry Fee - Chancery Court	0	3,434

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
Other Fines, Forfeitures, and Penalties	0 \$	3,496
Other Fines, Forfeitures, and Penalties	0 \$	56,344
Total Fines, Forfeitures, and Penalties		
<u>Charges for Current Services</u>		
General Service Charges		
Patient Charges	0 \$	789,812
Work Release Charges for Board	0	360
<u>Fees</u>		
Telephone Commissions	0	4,912
Constitutional Officers' Fees and Commissions	0	3,985
Data Processing Fee - Register	0	4,194
Probation Fees	0	360
Data Processing Fee - Sheriff	0	1,908
Sexual Offender Registration Fee - Sheriff	0	2,100
Data Processing Fee - County Clerk	0	626
<u>Other Charges for Services</u>		
Other Charges for Services	0	1,984
Total Charges for Current Services	0 \$	810,241
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	32,031 \$	32,031
Lease/Rentals	0	7,805
Sale of Materials and Supplies	0	38
Commissary Sales	0	2,254

(Continued)

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

	<u>Capital Projects Fund</u>		
	<u>General Capital Projects</u>		<u>Total</u>
<u>Other Local Revenues (Cont.)</u>			
<u>Recurring Items (Cont.)</u>			
Sale of Gasoline	0 \$		5,312
Sale of Recycled Materials	0		12,595
Miscellaneous Refunds	0		13,868
<u>Nonrecurring Items</u>			
Sale of Equipment	0		56,288
Damages Recovered from Individuals	0		3,100
Performance Bond Forfeitures	0		3,260
Total Other Local Revenues	<u>32,031 \$</u>		<u>136,551</u>
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of-Salary</u>			
County Clerk	0 \$		123,073
Circuit Court Clerk	0		40,797
General Sessions Court Clerk	0		71,968
Clerk and Master	0		103,375
Juvenile Court Clerk	0		3,967
Register	0		49,800
Sheriff	0		6,224
Trustee	0		236,114
Total Fees Received from County Officials	<u>0 \$</u>		<u>635,318</u>
<u>State of Tennessee</u>			
General Government Grants	0 \$		23,877
Juvenile Services Program	0 \$		23,877

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0 \$	11,400
<u>Health and Welfare Grants</u>		
Health Department Programs	0	215,592
<u>Public Works Grants</u>		
Litter Program	0	36,306
<u>Other State Revenues</u>		
Flood Control	0	1,209
Income Tax	0	14,500
Resort District Sales Tax	0	148,481
Beer Tax	0	18,055
Alcoholic Beverage Tax	0	41,626
State Revenue Sharing - T.V.A.	0	1,007,972
Contracted Prisoner Boarding	0	15,540
Gasoline and Motor Fuel Tax	0	1,614,437
Petroleum Special Tax	0	9,614
Registrar's Salary Supplement	0	15,164
Other State Grants	0	144,047
Other State Revenues	0	28,184
Total State of Tennessee	0 \$	3,346,004
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	0 \$	234,129
Homeland Security Grants	0	1,492
Law Enforcement Grants	0	12,671
Other Federal through State	0	79,689

(Continued)

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

	<u>Capital Projects Fund</u>		
	General Capital Projects	Total	
<u>Federal Government (Cont.)</u>			
<u>Direct Federal Revenue</u>			
Police Service (Lake Area)	0 \$	8,360	
Forest Service	0	43,200	
<u>Total Federal Government</u>	<u>0 \$</u>	<u>379,541</u>	
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	0 \$	291,870	
Contracted Services	0	21,531	
<u>Citizens Groups</u>			
Donations	0	2,410	
<u>Other</u>			
Other	0	58,598	
<u>Total Other Governments and Citizens Groups</u>	<u>0 \$</u>	<u>374,409</u>	
<u>Total</u>	<u>97,358 \$</u>	<u>12,953,865</u>	

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, 2015

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 719,790	\$ 0	\$ 0	\$ 0	\$ 0	719,790
Trustee's Collections - Prior Year	24,398	0	0	19	0	24,417
Circuit/Clerk and Master Collections - Prior Years	16,808	0	0	2,657	0	19,465
Interest and Penalty	4,470	0	0	6	0	4,476
Payments in-Lieu-of Taxes - T.V.A.	220	0	0	0	0	220
Payments in-Lieu-of Taxes - Local Utilities	73,972	0	0	0	0	73,972
Payments in-Lieu-of Taxes - Other	13,102	0	0	0	0	13,102
<u>County Local Option Taxes</u>						
Local Option Sales Tax	839,799	0	0	0	0	839,799
Business Tax	37,146	0	0	0	0	37,146
Mixed Drink Tax	1,664	0	0	0	0	1,664
<u>Statutory Local Taxes</u>						
Bank Excise Tax	686	0	0	0	0	686
Interstate Telecommunications Tax	1,321	0	0	0	0	1,321
Total Local Taxes	\$ 1,733,376	\$ 0	\$ 0	\$ 2,682	\$ 0	\$ 1,736,058
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 862
Total Licenses and Permits	\$ 862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 862
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 140	\$ 0	\$ 0	\$ 0	\$ 0	\$ 140
Lunch Payments - Children	0	0	148,040	0	0	148,040
Lunch Payments - Adults	0	0	16,367	0	0	16,367

(Continued)

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

	General Purpose School	Special Revenue Funds				Total
		School Federal Projects	Central Cafeteria	School Transportation		
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
A la carte Sales	0 \$	0 \$	25,367 \$	0 \$	0 \$	25,367
Receipts from Individual Schools	32,696	0	19,580	0	0	52,276
<u>Other Charges for Services</u>						
Other Charges for Services	42,934	0	0	0	0	42,934
Total Charges for Current Services	\$ 75,770 \$	0 \$	209,354 \$	0 \$	0 \$	285,124
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	17,718 \$	0 \$	1,587 \$	0 \$	0 \$	19,305
Miscellaneous Refunds	130,853	0	13,358	0	0	144,211
<u>Nonrecurring Items</u>						
Sale of Property	406	0	0	0	0	406
Other Local Revenues	62	0	0	0	0	62
Total Other Local Revenues	\$ 149,039 \$	0 \$	14,945 \$	0 \$	0 \$	163,984
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	62,528 \$	0 \$	0 \$	0 \$	0 \$	62,528
<u>State Education Funds</u>						
Basic Education Program	10,871,384	0	0	0	0	10,871,384
Early Childhood Education	409,487	0	0	0	0	409,487
School Food Service	0	0	11,938	0	0	11,938
Other State Education Funds	195,278	0	0	0	0	195,278
Career Ladder Program	60,093	0	0	0	0	60,093
Career Ladder - Extended Contract	25,345	0	0	0	0	25,345

(Continued)

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

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation		
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	\$ 1,808,209	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,808,209
Total State of Tennessee	\$ 13,432,324	\$ 0	\$ 11,938	\$ 0	\$ 0	\$ 13,444,262
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 544,446	\$ 0	\$ 0	\$ 544,446
USDA - Commodities	0	0	73,643	0	0	73,643
Breakfast	0	0	231,977	0	0	231,977
USDA - Other	0	0	1,653	0	0	1,653
Vocational Education - Basic Grants to States	0	32,895	0	0	0	32,895
Title I Grants to Local Education Agencies	0	449,838	0	0	0	449,838
Special Education - Grants to States	0	379,841	0	0	0	379,841
Special Education Preschool Grants	0	10,141	0	0	0	10,141
Rural Education	0	34,042	0	0	0	34,042
Eisenhower Professional Development State Grants	0	60,508	0	0	0	60,508
Other Federal through State	60,871	0	0	0	0	60,871
<u>Direct Federal Revenue</u>						
Public Law 874 - Maintenance and Operation	239,035	0	0	0	0	239,035
Total Federal Government	\$ 299,906	\$ 967,265	\$ 851,719	\$ 0	\$ 0	\$ 2,118,890
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 18,375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,375
Total Other Governments and Citizens Groups	\$ 18,375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,375
<u>Total</u>	\$ 15,709,652	\$ 967,265	\$ 1,087,956	\$ 2,682	\$ 0	\$ 17,767,555

Exhibit J-7

Stewart County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	21,378	
Social Security		1,350	
Employer Medicare		316	
Audit Services		3,997	
Dues and Memberships		1,800	
Total County Commission			\$ 28,841

County Mayor/Executive

County Official/Administrative Officer	\$	77,775	
Secretary(ies)		25,262	
Longevity Pay		650	
Overtime Pay		230	
Social Security		6,198	
Pensions		7,207	
Employee and Dependent Insurance		11,953	
Life Insurance		211	
Unemployment Compensation		72	
Employer Medicare		1,450	
Communication		4,002	
Data Processing Services		9,756	
Dues and Memberships		1,750	
Postal Charges		3,273	
Rentals		88	
Travel		2,459	
Office Supplies		3,833	
Other Charges		545	
Office Equipment		294	
Total County Mayor/Executive			157,008

Election Commission

County Official/Administrative Officer	\$	57,459	
Part-time Personnel		15,675	
Election Commission		6,050	
Election Workers		12,245	
Social Security		4,783	
Pensions		4,010	
Life Insurance		98	
Unemployment Compensation		146	
Employer Medicare		1,119	
Communication		2,055	
Data Processing Services		12,572	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		3,738	
Maintenance and Repair Services - Office Equipment		30	
Postal Charges		676	
Printing, Stationery, and Forms		1,858	
Rentals		744	

(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.)

Travel	\$	1,109	
Office Supplies		978	
Office Equipment		755	
Voting Machines		7,640	
Total Election Commission			\$ 133,790

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		26,105	
Longevity Pay		600	
Social Security		5,204	
Pensions		6,278	
Employee and Dependent Insurance		22,778	
Life Insurance		195	
Unemployment Compensation		72	
Employer Medicare		1,217	
Communication		1,737	
Dues and Memberships		522	
Operating Lease Payments		5,613	
Postal Charges		500	
Office Supplies		943	
Office Equipment		3,105	
Total Register of Deeds			138,712

County Buildings

Custodial Personnel	\$	40,732	
Maintenance Personnel		60,217	
Part-time Personnel		21,932	
Longevity Pay		1,500	
Overtime Pay		123	
Social Security		7,461	
Pensions		6,617	
Employee and Dependent Insurance		9,068	
Life Insurance		451	
Medical Insurance		190	
Dental Insurance		436	
Unemployment Compensation		424	
Employer Medicare		1,745	
Communication		2,101	
Contracts with Private Agencies		3,927	
Data Processing Services		7,700	
Maintenance Agreements		13,983	
Maintenance and Repair Services - Buildings		24,857	
Maintenance and Repair Services - Vehicles		2,769	
Medical and Dental Services		48	
Pest Control		1,900	
Rentals		7,500	

(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.)

Custodial Supplies	\$	5,198	
Electricity		48,225	
Gasoline		4,944	
Office Supplies		37	
Uniforms		527	
Water and Sewer		3,995	
Other Charges		143	
Principal on Notes		3,169	
Interest on Notes		8,663	
Maintenance Equipment		1,498	
Total County Buildings			\$ 292,080

Other General Administration

Accounting Services	\$	746	
Contracts with Private Agencies		150	
Dues and Memberships		250	
Operating Lease Payments		5,528	
Legal Services		12,100	
Legal Notices, Recording, and Court Costs		8,232	
Penalties		555	
Duplicating Supplies		1,024	
Transfers to Other Funds		6,514	
Other Charges		3,605	
Total Other General Administration			38,704

Preservation of Records

Operating Lease Payments	\$	245	
Office Supplies		1,001	
Office Equipment		193	
Total Preservation of Records			1,439

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	57,459	
Longevity Pay		250	
Social Security		3,190	
Pensions		4,010	
Employee and Dependent Insurance		14,861	
Life Insurance		98	
Medical Insurance		64	
Dental Insurance		139	
Unemployment Compensation		72	
Employer Medicare		746	
Total Accounting and Budgeting			80,889

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
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(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.)

Deputy(ies)	\$	29,949	
Assessment Personnel		24,103	
Clerical Personnel		23,078	
Longevity Pay		1,300	
Board and Committee Members Fees		1,040	
Social Security		7,805	
Pensions		9,839	
Employee and Dependent Insurance		43,756	
Life Insurance		391	
Medical Insurance		127	
Dental Insurance		557	
Unemployment Compensation		216	
Employer Medicare		1,825	
Communication		1,756	
Contracts with Private Agencies		3,000	
Data Processing Services		6,596	
Dues and Memberships		1,700	
Operating Lease Payments		587	
Maintenance and Repair Services - Vehicles		597	
Postal Charges		4,169	
Travel		238	
Gasoline		606	
Office Supplies		1,362	
Motor Vehicles		5,500	
Office Equipment		492	
Total Property Assessor's Office			\$ 234,432

County Trustee's Office

County Official/Administrative Officer	\$	63,843
Deputy(ies)		61,660
Longevity Pay		450
Social Security		7,360
Pensions		8,411
Employee and Dependent Insurance		18,843
Life Insurance		340
Medical Insurance		127
Dental Insurance		139
Unemployment Compensation		218
Local Retirement		150
Employer Medicare		1,721
Communication		3,886
Data Processing Services		8,560
Dues and Memberships		527
Operating Lease Payments		1,467
Postal Charges		4,871
Travel		2,157
Data Processing Supplies		5,873

(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.)

Office Supplies	\$	1,865	
Other Charges		593	
Office Equipment		4,799	
Total County Trustee's Office			\$ 197,860

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		76,753	
Longevity Pay		2,350	
Social Security		8,446	
Pensions		9,813	
Employee and Dependent Insurance		17,169	
Life Insurance		383	
Medical Insurance		186	
Dental Insurance		406	
Unemployment Compensation		216	
Employer Medicare		1,975	
Communication		1,992	
Data Processing Services		7,118	
Dues and Memberships		507	
Postal Charges		3,100	
Travel		37	
Office Supplies		2,909	
Office Equipment		625	
Total County Clerk's Office			197,828

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		50,613	
Part-time Personnel		999	
Longevity Pay		850	
Jury and Witness Expense		8,035	
Social Security		7,141	
Pensions		6,151	
Employee and Dependent Insurance		2,293	
Life Insurance		297	
Medical Insurance		90	
Dental Insurance		284	
Unemployment Compensation		150	
Local Retirement		790	
Employer Medicare		1,670	
Communication		2,477	
Data Processing Services		7,978	
Dues and Memberships		407	
Operating Lease Payments		2,691	
Postal Charges		2,166	

(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.)

Food Supplies	\$	131	
Office Supplies		2,857	
Other Charges		12	
Office Equipment		475	
Total Circuit Court			\$ 162,400

General Sessions Judge

Judge(s)	\$	89,455	
Longevity Pay		700	
Other Per Diem and Fees		15,536	
Social Security		6,313	
Pensions		6,808	
Employee and Dependent Insurance		8,669	
Life Insurance		98	
Unemployment Compensation		65	
Employer Medicare		1,476	
Dues and Memberships		395	
Travel		1,602	
Office Supplies		206	
Total General Sessions Judge			131,323

General Sessions Court Clerk

Deputy(ies)	\$	47,658	
Longevity Pay		850	
Social Security		2,991	
Pensions		3,326	
Life Insurance		183	
Medical Insurance		32	
Dental Insurance		122	
Unemployment Compensation		169	
Employer Medicare		700	
Communication		1,886	
Data Processing Services		3,662	
Operating Lease Payments		734	
Postal Charges		2,198	
Office Supplies		2,832	
Other Charges		530	
Office Equipment		3,975	
Total General Sessions Court Clerk			71,848

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		34,468	
Part-time Personnel		3,630	
Longevity Pay		800	
Social Security		6,059	
Pensions		6,861	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Employee and Dependent Insurance	\$	12,193	
Life Insurance		228	
Medical Insurance		64	
Dental Insurance		139	
Unemployment Compensation		167	
Employer Medicare		1,417	
Communication		1,734	
Data Processing Services		4,350	
Dues and Memberships		587	
Legal Notices, Recording, and Court Costs		2,788	
Postal Charges		3,919	
Printing, Stationery, and Forms		96	
Office Supplies		2,079	
Total Chancery Court			\$ 145,422

Juvenile Court

Probation Officer(s)	\$	26,380	
Youth Service Officer(s)		38,077	
Longevity Pay		950	
Social Security		3,718	
Pensions		4,499	
Employee and Dependent Insurance		5,504	
Life Insurance		195	
Medical Insurance		64	
Dental Insurance		139	
Unemployment Compensation		144	
Employer Medicare		870	
Communication		4,010	
Contracts with Government Agencies		625	
Contracts with Private Agencies		1,320	
Operating Lease Payments		2,446	
Maintenance and Repair Services - Vehicles		652	
Postal Charges		876	
Travel		3,211	
Gasoline		856	
Office Supplies		4,953	
Office Equipment		5,250	
Total Juvenile Court			104,739

District Attorney General

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

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		345,443	

(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.)

Investigator(s)	\$	58,981	
Lieutenant(s)		8,693	
Sergeant(s)		63,311	
Salary Supplements		11,400	
Dispatchers/Radio Operators		221,478	
Clerical Personnel		41,018	
Part-time Personnel		31,994	
School Resource Officer		96,686	
Longevity Pay		11,550	
Overtime Pay		41,797	
Other Salaries and Wages		6,040	
In-service Training		7,278	
Social Security		56,567	
Pensions		55,422	
Employee and Dependent Insurance		234,669	
Life Insurance		3,012	
Medical Insurance		992	
Dental Insurance		2,784	
Unemployment Compensation		2,332	
Employer Medicare		13,229	
Communication		9,134	
Contracts with Private Agencies		1,750	
Data Processing Services		4,775	
Dues and Memberships		1,599	
Operating Lease Payments		2,446	
Maintenance and Repair Services - Buildings		135	
Maintenance and Repair Services - Equipment		980	
Maintenance and Repair Services - Vehicles		28,822	
Medical and Dental Services		3,353	
Postal Charges		960	
Towing Services		500	
Travel		1,315	
Custodial Supplies		1,798	
Electricity		10,319	
Gasoline		58,151	
Law Enforcement Supplies		3,140	
Office Supplies		3,790	
Propane Gas		1,010	
Tires and Tubes		12,919	
Uniforms		5,306	
Water and Sewer		1,523	
Premiums on Corporate Surety Bonds		64	
Other Charges		2,428	
Law Enforcement Equipment		6,282	
Office Equipment		3,402	
Other Equipment		959	
Total Sheriff's Department			\$ 1,551,764

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Supervisor/Director	\$	39,975	
Guards		271,375	
Longevity Pay		3,250	
Overtime Pay		12,700	
In-service Training		300	
Social Security		18,690	
Pensions		19,365	
Employee and Dependent Insurance		64,502	
Life Insurance		1,188	
Medical Insurance		419	
Dental Insurance		1,264	
Unemployment Compensation		1,095	
Employer Medicare		4,371	
Contracts with Government Agencies		213,290	
Contracts with Private Agencies		46,366	
Operating Lease Payments		734	
Maintenance and Repair Services - Buildings		2,780	
Maintenance and Repair Services - Equipment		78	
Medical and Dental Services		57,997	
Travel		4,800	
Custodial Supplies		3,044	
Drugs and Medical Supplies		3,013	
Electricity		19,049	
Food Supplies		72,301	
Office Supplies		269	
Prisoners Clothing		261	
Uniforms		2,075	
Water and Sewer		10,953	
Other Charges		360	
Building Construction		64,888	
Office Equipment		21	
Other Equipment		290	
Total Jail			\$ 941,063

Fire Prevention and Control

Contributions	\$	100,000	
Total Fire Prevention and Control			100,000

Other Emergency Management

Supervisor/Director	\$	33,802	
Part-time Personnel		3,286	
Longevity Pay		700	
Social Security		2,033	
Pensions		2,359	
Employee and Dependent Insurance		14,861	
Life Insurance		98	
Medical Insurance		48	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Unemployment Compensation	\$	98	
Employer Medicare		475	
Communication		2,488	
Contracts with Private Agencies		13,050	
Maintenance and Repair Services - Buildings		986	
Maintenance and Repair Services - Equipment		1,472	
Maintenance and Repair Services - Vehicles		1,166	
Travel		135	
Electricity		3,921	
Gasoline		1,960	
Office Supplies		134	
Tires and Tubes		165	
Communication Equipment		2,451	
Office Equipment		150	
Total Other Emergency Management			\$ 85,838

County Coroner/Medical Examiner

Other Salaries and Wages	\$	3,297	
Social Security		204	
Pensions		230	
Unemployment Compensation		4	
Employer Medicare		48	
Medical and Dental Services		19,380	
Other Contracted Services		6,000	
Total County Coroner/Medical Examiner			29,163

Public Health and Welfare

Local Health Center

Advertising	\$	645	
Communication		1,468	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		15,316	
Maintenance and Repair Services - Equipment		675	
Postal Charges		86	
Rentals		1,425	
Other Contracted Services		5,312	
Custodial Supplies		40	
Food Supplies		165	
Office Supplies		1,173	
Other Charges		718	
Furniture and Fixtures		585	
Total Local Health Center			27,808

Rabies and Animal Control

Travel	\$	601	
Other Contracted Services		10,500	
Total Rabies and Animal Control			11,101

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	54,572	
Medical Personnel		483,644	
Secretary(ies)		5,957	
Longevity Pay		6,100	
Overtime Pay		252,836	
Other Salaries and Wages		3,916	
In-service Training		1,175	
Social Security		46,698	
Pensions		46,016	
Employee and Dependent Insurance		127,761	
Life Insurance		1,832	
Medical Insurance		605	
Dental Insurance		1,821	
Unemployment Compensation		1,878	
Employer Medicare		10,921	
Advertising		55	
Communication		12,478	
Debt Collection Services		43,630	
Dues and Memberships		130	
Operating Lease Payments		2,597	
Licenses		1,940	
Maintenance and Repair Services - Buildings		4,036	
Maintenance and Repair Services - Equipment		2,683	
Maintenance and Repair Services - Vehicles		26,686	
Medical and Dental Services		816	
Postal Charges		8	
Towing Services		250	
Travel		1,953	
Tuition		4,993	
Disposal Fees		6,416	
Custodial Supplies		648	
Diesel Fuel		29,017	
Drugs and Medical Supplies		39,638	
Electricity		16,593	
Food Supplies		833	
Gasoline		2,851	
Office Supplies		1,537	
Propane Gas		6,448	
Tires and Tubes		6,382	
Uniforms		4,673	
Water and Sewer		2,145	
Refunds		10,068	
Other Charges		309	
Furniture and Fixtures		672	
Office Equipment		2,566	
Other Equipment		1,136	
Total Ambulance/Emergency Medical Services			\$ 1,279,919

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Communication	\$	671	
Contracts with Private Agencies		200	
Data Processing Services		300	
Dues and Memberships		50	
Postal Charges		18	
Printing, Stationery, and Forms		500	
Travel		2,779	
Other Contracted Services		33,701	
Office Supplies		7,076	
Other Supplies and Materials		505	
Other Charges		10,880	
Total Alcohol and Drug Programs			\$ 56,680

Other Local Health Services

Advertising	\$	17,214	
Contracts with Private Agencies		1,920	
Office Supplies		2,556	
Total Other Local Health Services			21,690

Waste Pickup

Temporary Personnel	\$	18,781	
Social Security		1,164	
Pensions		112	
Unemployment Compensation		122	
Employer Medicare		272	
Maintenance and Repair Services - Vehicles		95	
Medical and Dental Services		144	
Rentals		360	
Travel		934	
Disposal Fees		643	
Gasoline		402	
Instructional Supplies and Materials		11,657	
Tires and Tubes		380	
Other Supplies and Materials		1,512	
Motor Vehicles		3,000	
Total Waste Pickup			39,578

Other Public Health and Welfare

Medical Personnel	\$	88,614	
Clerical Personnel		58,824	
Custodial Personnel		23,339	
Part-time Personnel		5,097	
Longevity Pay		1,950	
Social Security		10,238	
Pensions		10,326	
Employee and Dependent Insurance		33,248	
Life Insurance		521	

(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.)

Medical Insurance	\$	149	
Dental Insurance		325	
Unemployment Compensation		562	
Employer Medicare		2,394	
Contracts with Private Agencies		880	
Medical and Dental Services		144	
Printing, Stationery, and Forms		459	
Travel		5,020	
Liability Insurance		98	
Workers' Compensation Insurance		4,364	
Total Other Public Health and Welfare			\$ 246,552

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

County Official/Administrative Officer	\$	39,797	
Assistant(s)		45,167	
Librarians		47,825	
Longevity Pay		2,350	
Overtime Pay		6,478	
Other Salaries and Wages		550	
Social Security		8,500	
Pensions		7,726	
Employee and Dependent Insurance		11,191	
Life Insurance		368	
Medical Insurance		175	
Dental Insurance		383	
Unemployment Compensation		569	
Employer Medicare		1,988	
Communication		4,930	
Dues and Memberships		460	
Operating Lease Payments		3,720	
Maintenance Agreements		1,100	
Maintenance and Repair Services - Buildings		1,888	
Maintenance and Repair Services - Equipment		35	
Medical and Dental Services		96	
Postal Charges		250	
Rentals		360	
Travel		2,654	
Other Contracted Services		350	
Custodial Supplies		1,847	
Electricity		8,054	
Food Supplies		28	
Library Books/Media		18,881	

(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 Supplies	\$	4,670	
Propane Gas		4,372	
Other Charges		1,106	
Office Equipment		3,704	
Total Libraries			\$ 231,572

Other Social, Cultural, and Recreational

Supervisor/Director	\$	19,482	
Paraprofessionals		29,250	
Longevity Pay		800	
Social Security		2,843	
Pensions		1,360	
Employee and Dependent Insurance		3,211	
Life Insurance		98	
Medical Insurance		37	
Dental Insurance		81	
Unemployment Compensation		306	
Employer Medicare		665	
Dues and Memberships		30	
Travel		8,031	
Food Supplies		1,226	
Instructional Supplies and Materials		4,101	
Workers' Compensation Insurance		500	
Total Other Social, Cultural, and Recreational			72,021

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	53,934	
Communication		1,877	
Contributions		2,300	
Dues and Memberships		356	
Office Equipment		1,967	
Total Agricultural Extension Service			60,434

Soil Conservation

Secretary(ies)	\$	23,331	
Longevity Pay		750	
Social Security		1,467	
Pensions		1,628	
Life Insurance		98	
Dental Insurance		139	
Unemployment Compensation		72	
Employer Medicare		343	
Total Soil Conservation			27,828

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Tourism

Advertising	\$	500	
Contributions		10,000	
Total Tourism			\$ 10,500

Tourism-resort District

Advertising	\$	1,470	
Communication		3,703	
Contracts with Private Agencies		924	
Contributions		20,250	
Dues and Memberships		7,559	
Maintenance and Repair Services - Buildings		2,041	
Maintenance and Repair Services - Equipment		74	
Pest Control		360	
Custodial Supplies		1,295	
Electricity		22,217	
Food Supplies		266	
Office Supplies		571	
Road Signs		100	
Water and Sewer		1,011	
Other Charges		185	
Furniture and Fixtures		1,924	
Office Equipment		969	
Total Tourism-resort District			64,919

Housing and Urban Development

Contracts with Other Public Agencies	\$	1,518	
Contracts with Private Agencies		25,623	
Engineering Services		1,855	
Evaluation and Testing		1,702	
Building Construction		46,798	
Total Housing and Urban Development			77,496

Other Economic and Community Development

Consultants	\$	6,350	
Contributions		1,500	
Building Construction		239,946	
Total Other Economic and Community Development			247,796

Veterans' Services

Supervisor/Director	\$	35,905	
Part-time Personnel		14,745	
Longevity Pay		400	
Social Security		3,152	
Pensions		2,506	
Life Insurance		145	
Medical Insurance		64	
Dental Insurance		139	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Unemployment Compensation	\$	145	
Employer Medicare		737	
Communication		3,766	
Dues and Memberships		120	
Operating Lease Payments		986	
Maintenance and Repair Services - Buildings		449	
Postal Charges		495	
Travel		739	
Office Supplies		315	
Office Equipment		1,510	
Total Veterans' Services			\$ 66,318

Other Charges

Legal Notices, Recording, and Court Costs	\$	3,586	
Remittance of Revenue Collected		50,539	
Liability Insurance		95,178	
Premiums on Corporate Surety Bonds		7,868	
Refunds		1,662	
Trustee's Commission		97,517	
Workers' Compensation Insurance		62,078	
Total Other Charges			318,428

Miscellaneous

Contributions	\$	93,881	
Dues and Memberships		4,263	
Total Miscellaneous			98,144

Total General Fund \$ 7,798,512

Drug Control Fund

Public Safety

Drug Enforcement

Other Charges	\$	20,442	
Total Drug Enforcement			\$ 20,442

Other Operations

Other Charges

Trustee's Commission	\$	29	
Total Other Charges			29

Total Drug Control Fund 20,471

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	3,985	
Total Chancery Court			\$ 3,985

Total Constitutional Officers - Fees Fund 3,985

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,228	
Accountants/Bookkeepers		33,969	
Secretary(ies)		30,167	
Advertising		578	
Communication		3,262	
Data Processing Services		5,911	
Dues and Memberships		2,496	
Postal Charges		331	
Printing, Stationery, and Forms		431	
Other Contracted Services		753	
Drugs and Medical Supplies		203	
Electricity		5,102	
Office Supplies		1,235	
Water and Sewer		237	
Other Charges		2,137	
Total Administration			\$ 157,040

Highway and Bridge Maintenance

Foremen	\$	111,256	
Equipment Operators - Heavy		184,369	
Equipment Operators - Light		114,921	
Truck Drivers		180,310	
Laborers		82,415	
Explosive and Drilling Services		446	
Other Contracted Services		18,300	
Asphalt - Cold Mix		2,977	
Asphalt - Hot Mix		107,145	
Asphalt - Liquid		39,906	
Concrete		7,548	
Crushed Stone		93,702	
Fertilizer, Lime, and Seed		132	
Ice		692	
Riprap		6,662	
Pipe - Metal		17,255	
Road Signs		3,206	
Salt		22,563	
Structural Steel		54	
Wood Products		4,399	
Total Highway and Bridge Maintenance			998,258

Operation and Maintenance of Equipment

Foremen	\$	43,245	
Laborers		32,889	
Freight Expenses		886	
Laundry Service		2,911	
Licenses		70	
Maintenance and Repair Services - Equipment		7,525	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Rentals	\$	1,627	
Disposal Fees		5,332	
Other Contracted Services		2,525	
Diesel Fuel		67,206	
Equipment and Machinery Parts		38,585	
Garage Supplies		10,701	
Gasoline		28,745	
Lubricants		8,205	
Propane Gas		4,532	
Tires and Tubes		20,227	
Other Charges		195	
Total Operation and Maintenance of Equipment			\$ 275,406

Other Charges

Building and Contents Insurance	\$	2,401	
Liability Insurance		30,923	
Trustee's Commission		21,782	
Vehicle and Equipment Insurance		18,022	
Workers' Compensation Insurance		38,388	
Other Charges		384	
Total Other Charges			111,900

Employee Benefits

Longevity Pay	\$	16,550	
Social Security		51,939	
Pensions		57,165	
Employee and Dependent Insurance		1,099	
Life Insurance		2,376	
Medical Insurance		165,350	
Dental Insurance		2,377	
Unemployment Compensation		6,950	
Employer Medicare		12,147	
Total Employee Benefits			315,953

Capital Outlay

Engineering Services	\$	41,318	
Communication Equipment		620	
Highway Equipment		19,500	
Office Equipment		1,535	
Total Capital Outlay			62,973

Total Highway/Public Works Fund \$ 1,921,530

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	16,000	
Principal on Notes		205,950	
Total General Government			\$ 221,950

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Principal on Debt (Cont.)</u>			
<u>Education</u>			
Principal on Bonds	\$	1,660,000	
Principal on Notes		<u>79,308</u>	
Total Education			\$ 1,739,308
 <u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	200,221	
Interest on Notes		<u>24,005</u>	
Total General Government			224,226
 <u>Education</u>			
Interest on Bonds	\$	573,820	
Interest on Notes		<u>17,604</u>	
Total Education			591,424
 <u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	48,924	
Other Debt Service		<u>500</u>	
Total General Government			49,424
 <u>Education</u>			
Other Debt Issuance Charges	\$	12,730	
Other Debt Service		<u>250</u>	
Total Education			<u>12,980</u>
Total General Debt Service Fund			\$ 2,839,312
 <u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Communication Equipment	\$	<u>21,199</u>	
Total General Administration Projects			\$ 21,199
 <u>Public Safety Projects</u>			
Architects	\$	44,323	
Liability Insurance		9,370	
Trustee's Commission		644	
Building Construction		5,198,713	
Motor Vehicles		<u>162,846</u>	
Total Public Safety Projects			5,415,896
 <u>Education Capital Projects</u>			
Contributions	\$	18,375	
Building Improvements		<u>68,790</u>	
Total Education Capital Projects			<u>87,165</u>
Total General Capital Projects Fund			<u>5,524,260</u>
Total Governmental Funds - Primary Government			<u>\$ 18,108,070</u>

Exhibit J-8

Stewart County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Stewart County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,441,424	
Career Ladder Program		33,000	
Career Ladder Extended Contracts		25,500	
Homebound Teachers		27,105	
Educational Assistants		301,489	
Other Salaries and Wages		250	
Certified Substitute Teachers		200	
Non-certified Substitute Teachers		38,500	
Social Security		289,718	
Pensions		419,770	
Medical Insurance		746,874	
Unemployment Compensation		3,204	
Employer Medicare		67,950	
Other Contracted Services		500	
Instructional Supplies and Materials		39,627	
Other Supplies and Materials		29,453	
Fee Waivers		2,201	
Other Charges		7,903	
Regular Instruction Equipment		91,411	
Total Regular Instruction Program			\$ 6,566,079

Alternative Instruction Program

Teachers	\$	44,285	
Educational Assistants		12,044	
Social Security		747	
Pensions		841	
Unemployment Compensation		53	
Employer Medicare		817	
Other Supplies and Materials		400	
Total Alternative Instruction Program			59,187

Special Education Program

Teachers	\$	632,743	
Career Ladder Program		4,000	
Social Security		37,571	
Pensions		57,546	
Medical Insurance		105,485	
Unemployment Compensation		336	
Employer Medicare		8,787	
Contracts with Private Agencies		14,548	
Total Special Education Program			861,016

Vocational Education Program

Teachers	\$	457,979	
Career Ladder Program		4,000	
Educational Assistants		11,683	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Social Security	\$	25,923	
Pensions		39,524	
Medical Insurance		77,003	
Unemployment Compensation		252	
Employer Medicare		6,063	
Instructional Supplies and Materials		34,832	
Total Vocational Education Program			\$ 657,259

Support Services

Attendance

Supervisor/Director	\$	40,873	
Career Ladder Program		1,000	
Social Security		2,413	
Pensions		3,785	
Medical Insurance		8,098	
Unemployment Compensation		13	
Employer Medicare		564	
Travel		933	
Other Contracted Services		29,380	
Other Supplies and Materials		3,314	
In Service/Staff Development		500	
Attendance Equipment		1,750	
Total Attendance			92,623

Health Services

Supervisor/Director	\$	58,824	
Medical Personnel		115,317	
Social Security		10,419	
Pensions		14,992	
Medical Insurance		18,879	
Unemployment Compensation		241	
Employer Medicare		2,437	
Travel		3,200	
Drugs and Medical Supplies		697	
Food Supplies		610	
Other Supplies and Materials		7,004	
In Service/Staff Development		275	
Other Charges		500	
Total Health Services			233,395

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		287,360	
Secretary(ies)		15,859	
School Resource Officer		28,891	
Other Salaries and Wages		4,177	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	17,639	
Pensions		25,434	
Medical Insurance		16,115	
Unemployment Compensation		168	
Employer Medicare		4,419	
Evaluation and Testing		8,879	
Other Supplies and Materials		14,754	
Total Other Student Support			\$ 425,695

Regular Instruction Program

Supervisor/Director	\$	122,318	
Career Ladder Program		2,000	
Librarians		206,217	
Secretary(ies)		27,980	
Social Security		21,241	
Pensions		32,212	
Medical Insurance		71,041	
Unemployment Compensation		167	
Employer Medicare		4,968	
Travel		9,965	
Library Books/Media		7,949	
Other Supplies and Materials		157	
Total Regular Instruction Program			506,215

Special Education Program

Supervisor/Director	\$	62,169	
Psychological Personnel		46,980	
Secretary(ies)		25,348	
Social Security		7,777	
Pensions		11,636	
Medical Insurance		18,922	
Unemployment Compensation		65	
Employer Medicare		1,819	
Travel		1,573	
Total Special Education Program			176,289

Vocational Education Program

Travel	\$	901	
Total Vocational Education Program			901

Other Programs

On-behalf Payments to OPEB	\$	62,528	
Total Other Programs			62,528

Board of Education

Secretary to Board	\$	3,000	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Board and Committee Members Fees	\$	19,560	
Social Security		1,399	
Employer Medicare		327	
Dues and Memberships		7,798	
Legal Services		11,319	
Other Contracted Services		11,674	
Other Supplies and Materials		340	
Liability Insurance		36,537	
Premiums on Corporate Surety Bonds		1,874	
Trustee's Commission		64,480	
Workers' Compensation Insurance		179,605	
In Service/Staff Development		12,508	
Criminal Investigation of Applicants - TBI		995	
Other Charges		2,769	
Total Board of Education			\$ 354,185

Director of Schools

County Official/Administrative Officer	\$	93,100	
Career Ladder Program		1,000	
Secretary(ies)		25,348	
Clerical Personnel		29,761	
Social Security		8,558	
Pensions		11,652	
Medical Insurance		10,259	
Unemployment Compensation		65	
Employer Medicare		2,001	
Communication		19,819	
Travel		1,037	
Office Supplies		6,928	
Other Charges		26,398	
Total Director of Schools			235,926

Office of the Principal

Principals	\$	264,159	
Career Ladder Program		3,000	
Accountants/Bookkeepers		82,094	
Assistant Principals		211,606	
Secretary(ies)		75,662	
Social Security		36,312	
Pensions		50,804	
Medical Insurance		71,285	
Unemployment Compensation		411	
Employer Medicare		8,866	
Data Processing Services		300	
Other Supplies and Materials		1,277	
Other Charges		29,153	
Total Office of the Principal			834,929

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	83,949	
Social Security		5,071	
Pensions		2,112	
Medical Insurance		5,469	
Unemployment Compensation		39	
Employer Medicare		1,186	
Data Processing Services		12,506	
Travel		385	
Data Processing Supplies		1,183	
Office Supplies		272	
In Service/Staff Development		90	
Total Fiscal Services			\$ 112,262

Operation of Plant

Guards	\$	907	
Custodial Personnel		316,383	
Social Security		19,687	
Pensions		9,110	
Unemployment Compensation		790	
Employer Medicare		4,604	
Other Fringe Benefits		799	
Maintenance and Repair Services - Equipment		715	
Pest Control		5,212	
Disposal Fees		7,058	
Other Contracted Services		7,086	
Custodial Supplies		58,608	
Electricity		548,247	
Natural Gas		113,970	
Water and Sewer		61,230	
Boiler Insurance		5,996	
Building and Contents Insurance		109,240	
Other Charges		87,294	
Total Operation of Plant			1,356,936

Maintenance of Plant

Supervisor/Director	\$	45,000	
Maintenance Personnel		201,862	
Social Security		15,051	
Pensions		12,268	
Medical Insurance		29,682	
Unemployment Compensation		202	
Employer Medicare		3,520	
Maintenance and Repair Services - Buildings		48,390	
Maintenance and Repair Services - Equipment		34,839	
Maintenance and Repair Services - Vehicles		214	
Rentals		969	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Supplies and Materials	\$	98,816	
Other Charges		4,221	
Maintenance Equipment		20,241	
Total Maintenance of Plant			\$ 515,275

Transportation

Supervisor/Director	\$	26,253	
Mechanic(s)		72,115	
Bus Drivers		504,845	
Social Security		36,403	
Pensions		26,327	
Medical Insurance		22,097	
Unemployment Compensation		1,302	
Employer Medicare		8,514	
Other Fringe Benefits		748	
Contracts with Private Agencies		6,438	
Maintenance and Repair Services - Vehicles		3,000	
Medical and Dental Services		1,000	
Travel		1,175	
Other Contracted Services		320	
Diesel Fuel		228,547	
Gasoline		40,006	
Lubricants		7,325	
Tires and Tubes		40,072	
Vehicle Parts		133,824	
Other Supplies and Materials		1,728	
Vehicle and Equipment Insurance		33,728	
In Service/Staff Development		1,500	
Other Charges		39,564	
Administration Equipment		1,774	
Transportation Equipment		27,987	
Total Transportation			1,266,592

Central and Other

Other Salaries and Wages	\$	38,565	
Social Security		2,066	
Pensions		2,692	
Medical Insurance		12,229	
Unemployment Compensation		21	
Employer Medicare		483	
Maintenance and Repair Services - Equipment		14,221	
Other Contracted Services		40,483	
Other Supplies and Materials		1,275	
Administration Equipment		514	
Data Processing Equipment		10,140	
Total Central and Other			122,689

(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	\$ 8,073	
Total Food Service		\$ 8,073

Community Services

Supervisor/Director	\$ 21,470	
Clerical Personnel	4,868	
Social Security	1,672	
Unemployment Compensation	41	
Employer Medicare	391	
Other Fringe Benefits	637	
Total Community Services		29,079

Early Childhood Education

Supervisor/Director	\$ 27,248	
Teachers	189,319	
Educational Assistants	74,251	
Social Security	16,860	
Pensions	24,496	
Medical Insurance	35,072	
Unemployment Compensation	280	
Employer Medicare	3,943	
Other Charges	31,964	
Total Early Childhood Education		403,433

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 11,762	
Total Regular Capital Outlay		11,762

Interest on Debt

Education

Interest on Notes	\$ 11,900	
Total Education		11,900

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 187,979	
Total Education		187,979

Total General Purpose School Fund \$ 15,092,207

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 102,047
Educational Assistants	59,051

(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.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	36,500	
Non-certified Substitute Teachers		25,000	
Social Security		12,228	
Pensions		15,338	
Medical Insurance		29,167	
Unemployment Compensation		206	
Employer Medicare		2,818	
Instructional Supplies and Materials		64,165	
Regular Instruction Equipment		81,363	
Total Regular Instruction Program			\$ 427,883

Special Education Program

Teachers	\$	90,368	
Educational Assistants		174,473	
Speech Pathologist		39,275	
Other Salaries and Wages		6,000	
Non-certified Substitute Teachers		5,000	
Social Security		18,111	
Pensions		20,205	
Medical Insurance		7,509	
Unemployment Compensation		305	
Employer Medicare		4,456	
Other Fringe Benefits		686	
Instructional Supplies and Materials		1,176	
Other Charges		8,147	
Total Special Education Program			375,711

Vocational Education Program

Vocational Instruction Equipment	\$	19,033	
Total Vocational Education Program			19,033

Support Services

Other Student Support

Travel	\$	9,955	
Other Supplies and Materials		5,901	
In Service/Staff Development		20,000	
Other Charges		5,538	
Total Other Student Support			41,394

Regular Instruction Program

Supervisor/Director	\$	36,279	
Other Salaries and Wages		17,464	
Social Security		966	
Pensions		1,408	
Unemployment Compensation		21	
Employer Medicare		752	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	979	
Other Supplies and Materials		3,319	
In Service/Staff Development		19,836	
Total Regular Instruction Program			\$ 81,024

Special Education Program

Other Contracted Services	\$	630	
Other Supplies and Materials		3,558	
Other Charges		12,600	
Total Special Education Program			16,788

Vocational Education Program

Travel	\$	1,402	
Total Vocational Education Program			1,402

Total School Federal Projects Fund \$ 963,235

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	66,342	
Clerical Personnel		25,766	
Cafeteria Personnel		323,502	
Other Salaries and Wages		7,122	
Social Security		25,946	
Pensions		24,459	
Medical Insurance		18,954	
Unemployment Compensation		842	
Employer Medicare		6,068	
Other Fringe Benefits		282	
Communication		358	
Maintenance and Repair Services - Equipment		12,993	
Travel		543	
Other Contracted Services		14,100	
Food Preparation Supplies		20,827	
Food Supplies		428,514	
Office Supplies		2,288	
Uniforms		3,631	
USDA - Commodities		73,643	
Other Supplies and Materials		9,296	
In Service/Staff Development		2,566	
Other Charges		11,217	
Food Service Equipment		524	
Motor Vehicles		7,500	
Total Food Service			\$ 1,087,283

Total Central Cafeteria Fund 1,087,283

(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	\$	27	
Total Board of Education			\$ 27
<u>Transportation</u>			
Transportation Equipment	\$	85,958	
Total Transportation			85,958
Total School Transportation Fund			<u>\$ 85,985</u>
Total Governmental Funds - Stewart County School Department			<u><u>\$ 17,228,710</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, 2015

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 367,676
Total Cash Receipts	<u>\$ 367,676</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 363,999
Trustee's Commission	3,677
Total Cash Disbursements	<u>\$ 367,676</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
Cash Balance, June 30, 2015	<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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Stewart County's basic financial statements, and have issued our report thereon dated September 30, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-001(C), 2015-002, 2015-003, and 2015-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stewart County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2015-001(A,B).

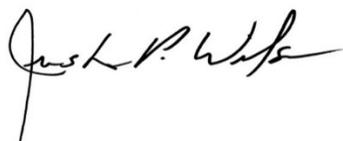
Stewart County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2015

JPW/sb



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Stewart County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Stewart County's major federal programs for the year ended June 30, 2015. Stewart County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stewart County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Stewart County's compliance.

Opinion on Each Major Federal Program

In our opinion, Stewart County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Stewart County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Stewart County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stewart County's internal control over compliance.

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

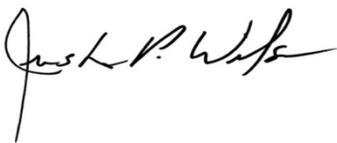
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Stewart County's basic financial statements. We issued our report thereon dated September 30, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2015

JPW/sb

Stewart County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	\$ 231,977
National School Lunch Program	10.555	N/A	544,446 (5)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	73,643 (5)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	3,582
Passed-through State Department of Finance and Administration:			
Schools and Roads - Grants to States	10.665	(2)	60,871
Total U.S. Department of Agriculture			<u>\$ 914,519</u>
U.S. Department of Defense:			
Passed through State Department of General Services:			
Section 1033 Excess Property Program	12.Unknown	(2)	\$ 37,841
Total U.S. Department of Defense			<u>\$ 37,841</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 25,623
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	33004-84213	208,506
Total U.S. Department of Housing and Urban Development			<u>\$ 234,129</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23629	\$ 270
Enforcing Underage Drinking Laws Program	16.727	(2)	242
Total U.S. Department of Justice			<u>\$ 512</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(3)	\$ 12,671
Total U.S. Department of Transportation			<u>\$ 12,671</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00315-120	\$ 1,160
Total U.S. Institute of Museum and Library Services			<u>\$ 1,160</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 239,035
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	443,871
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	377,927
Special Education - Preschool Grants	84.173	N/A	14,628
Career and Technical Education - Basic Grants to States	84.048	N/A	32,825
Rural Education	84.358	N/A	34,350
Improving Teacher Quality State Grants	84.367	N/A	59,772
Total U.S. Department of Education			<u>\$ 1,202,408</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(2)	\$ 55,933
Total U.S. Department of Health and Human Services			\$ 55,933
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-08815	\$ 18,850
Homeland Security Grant Program	97.067	34101-15514	1,492
Total U.S. Department of Homeland Security			\$ 20,342
Total Expenditures of Federal Awards			\$ 2,479,515

State Grants		Contract Number	
Litter Program - State Department of Transportation	N/A	40100-42215	\$ 22,306
Lottery for Education Afterschool Program - State Department of Education	N/A	33109-09015	70,796
Library Pavilion Grant - Tennessee Secretary of State	N/A	(4)	1,800
Three Star Grant - State Department of Economic and Community Development	N/A	33007-39514	9,975
Rebuild and Recover Grant - Tennessee Housing Development Agency	N/A	RR-13-003	51,873
Local Health Services - State Department of Health	N/A	34360-16815	215,592
State Supplement - State Department of Children's Services	N/A	35910-20398	9,000
Child and Family Intervention - State Department of Children's Services	N/A	35910-20367	14,607
Early Childhood Education - State Department of Education	N/A	(2)	409,487
Coordinated School Health - State Department of Education	N/A	(2)	130,000
Connect Tennessee - State Department of Education	N/A	(2)	6,085
Safe Schools - State Department of Education	N/A	(2)	12,760
Family Resource Centers - State Department of Education	N/A	(2)	29,612
Total State Grants			\$ 983,893

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) Z14GHS327: \$10,753; Z15GHS326: \$1,918.
(4) 30504-01015-20: \$1,000; 30504-02114-15: \$800.
(5) Total for CFDA No. 10.555 is \$618,089.

Stewart County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-002	153	General ledger payroll liability accounts were not reconciled with payroll reports and payments

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-006	157	Duties were not segregated adequately

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-007	158	Multiple employees operated from the same cash drawer

STEWART COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Stewart County is unmodified.
2. The audit of the financial statements of Stewart County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Stewart County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) was determined to be a major program.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Stewart County qualified 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 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 DIRECTOR OF SCHOOLS

FINDING 2015-001 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

(A. and B. – Noncompliance Under *Government Auditing Standards*; C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies were noted in budget operations. These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

- A. Expenditures exceeded appropriations approved by the County Commission in one of 26 major appropriation categories (the legal level of control) of the General Purpose School Fund, and two of seven major appropriation categories of the School Federal Projects Fund. These amounts are reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Support Services - Transportation	\$ 6,289
School Federal Projects:	
Instruction - Vocational Education Program	19,033
Support Services - Vocational Education Program	1,402

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

- B. Salaries in 21 of 58 line items exceeded appropriations in the General Purpose School Fund by amounts ranging from \$198 to \$18,773. In the School Federal Projects Fund one of 11 salary line items exceeded appropriations by \$2,000. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county

will not exceed expenditures that accompany this resolution. Therefore, the expenditures for salaries that exceeded line-item appropriations were not approved by the County Commission.

- C. The School Department inappropriately posted several general journal entries totaling \$206,335 to various line items at year end in an attempt to keep expenditures from exceeding appropriations in the General Purpose School Fund instead of requesting budget amendments from the County Commission. Many of these journal entries resulted in expenditures being coded to accounts that did not reflect the true nature of the expenditure. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool. Audit adjustments were posted to reverse these improper journal entries to properly present the financial statements in this report.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. When necessary, budget amendments should be submitted to the County Commission for their consideration. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions.

MANAGEMENTS RESPONSE – DIRECTOR OF SCHOOLS

If expenditures exceed appropriations, a budget amendment will be submitted to the Board of Education and the County Commission for their consideration.

FINDING 2015-002

GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments each month in the General Purpose School and School Federal Projects funds. As a result, unidentified balances accumulated in the liability accounts for several payroll deductions. Sound business practices dictate that payroll liability accounts should be reconciled with payroll reports and payments monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. This deficiency resulted from a lack of management's oversight and failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

MANAGEMENTS RESPONSE – DIRECTOR OF SCHOOLS

Payroll and accounting staff will work together each month to insure that liability accounts reflect a zero balance at the end of each month. An additional staff member was added in the payroll department on August 1, which will spread the work load more evenly and will allow greater attention to detail on this issue.

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

FINDING 2015-003

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

RECOMMENDATION

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

MANAGEMENTS RESPONSE – DIRECTOR OF SCHOOLS

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

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

FINDING 2015-004

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.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below 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.

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. 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.

**STEWART COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015**

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